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Divider Title:                     **March 31, 1997**                    

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## The collapsing coffee defense

For months now, the White House has steadfastly asserted that no fund-raising activity ever occurred at the 103 coffees that were held at the White House from January 1995 to August 1996. Indeed, the White House has been equally adamant in denying that the coffees themselves were fund-raising events, despite the fact that attendees contributed \$27 million to the Democratic National Committee (DNC). According to the administration and the DNC, fund-raising solicitations occurred *after* the coffees, never before or during. The DNC and White House have also repeatedly claimed that no price tag was ever established for attending the coffees.

The release of a second batch of papers by former White House Deputy Chief of Staff Harold Ickes obliterates the already-shaky White House and DNC contention that the coffees were not fund-raising events. (The first batch, it will be recalled, revealed that the president personally authorized a plan to invite wealthy contributors to White House coffees and to use Lincoln Bedroom sleepovers as a fund-raising technique.)

The latest papers from Mr. Ickes include eight-column accounting sheets that list White House coffees among more conventional fund-raising vehicles, such as dinners at hotels. The White House systematically attached specific fund-raising goals to the various events without distinguishing between traditional dinners and the novel coffees, many of which were expected to yield \$400,000 each. Over a 10-day period in January 1996, for example, the monthly report listed three separate coffees, attaching a \$400,000 goal to each. Monthly reports sent by Mr. Ickes to the president tracked the DNC's progress in achieving the fund-raising targets for both the dinners and the coffees.

Responding to the latest documents, Lanny Davis, the White House spokesman on campaign-finance matters, once again insisted that "no solicitations for funds were made at these White House events." Adding the ever-present caveat — "as far as our poli-

cies were concerned" — Mr. Davis reiterated, "[T]here was no requirement to make a contribution in order to attend these events."

As to Mr. Davis's first assertion, The Washington Times reported this week that witnesses testifying before the federal grand jury investigating Democratic fund-raising have said party officials, in the presence of President Clinton, often asked coffee guests to contribute to the party or the president's campaign. According to a source familiar with the testimony, the president sat silently while the entreaties were made. Continuing to insist that the president never personally solicited contributions at the coffees, officials confirmed to The Times that Mr. Clinton was in attendance when party officials asked those invited to contribute to the president's re-election. Evidently seeking to shield the president from the activities of other party officials, administration officials emphasized to The Times that the president himself violated no laws barring the solicitation of money on federal property.

Regarding Mr. Davis' second assertion — the price-tag defense — Democratic fund-raisers across the country have repeatedly debunked the White House's claim that no contribution requirement was made of coffee attendees. "I don't understand why they continue to deny the obvious," one Democratic fund-raiser told the New York Times last month. According to both fund-raisers and contributors, with the permission of the party's top officials, slots on the guest lists for White House coffees were routinely sold for \$50,000 and \$100,000. The DNC finance division compiled the guest lists. In one case, DNC documents themselves revealed that two controversial coffee guests and contributors, Pauline Kanchanalak and Duangnet Kronenberg, delivered their respective \$85,000 and \$50,000 donations the same day they attended a coffee. As with so many other similar situations, DNC press secretary Amy Weiss Tobe labeled it "a coincidence."

Who knows what other "coincidences" lurk in the unreleased papers of Mr. Ickes?

## Tough news from Little Rock

As questions about the financing of his reelection campaign continue to dog Bill Clinton — and even threaten to interfere with his ability to conduct foreign policy vis-a-vis China — the action last week in Little Rock will only add to his burdens.

Whitewater independent counsel Kenneth W. Starr, The Washington Times' Jerry Seper reported, filed papers in U.S. District Court in Little Rock requesting more time to assess David Hale's assistance to his case. The law allowed Mr. Starr one year after Hale's March 25, 1996, sentencing for defrauding the Small Business Administration to file a motion seeking a reduction in his 28-month prison sentence. But a judge can extend that deadline if the prosecutor shows the witness' help is still needed. Mr. Starr's filings showing just that are now before the court.

This seems to be bad news indeed for former Arkansas Gov. Jim Guy Tucker, who was convicted of fraud in the first Whitewater trial. Tucker faces trial in September on charges of submitting false statements to Hale's lending company to get \$300,000 in loans he and his business partner didn't really qualify for. Obviously, Hale is uniquely qualified to know the details of that loan and to share them with prosecutors preparing for the next Tucker trial. Indeed, Mr. Starr told the court that he needs Hale's assistance in that trial, and that Hale is providing "material information" about "highly complex financial arrangements." Mr. Seper also reports that Mr. Starr advised the court that he plans to keep his evaluation of Hale's assistance from the public, "because of the sensitivity of some of the information provid-

ed" — sparking some speculation that there may be additional charges forthcoming against new targets.

And what is it, anyway, about \$300,000 loans and Little Rock movers and shakers? That is the identical amount Hale insists then-Gov. Bill Clinton pressured him to lend illegally to Susan McDougal, to try to clean up the financial mess (including the Whitewater development Mr. Clinton was a partner in) she and her husband, James B. McDougal, had made at Madison Guaranty Savings & Loan Association. According to Mr. Seper, sources close to the Starr investigation report that Jim McDougal backs Hale's account of that loan.

With characteristic vehemence, Mr. Clinton dismissed Hale's accusations as "a bunch of bull". And what may come back to haunt Mr. Clinton, particularly in light of McDougal's corroboration of Hale's story, is the fact that the president also swore — under oath in videotaped testimony during the McDougal-Tucker trial — that he knows nothing about that loan to Susan McDougal, and that he certainly never pressured Hale to lend the money.

Mr. Starr's request for more time is pretty strong evidence that the counsel indeed plans to ask for a reduction for Hale as a reward for his cooperation. And — like the three sentencing postponements Mr. Starr has so far gotten for Jim McDougal — it is also a fairly strong indication that prosecutors believe both men have useful and credible information to share about the shady business practices that seem to have been standard operating procedure among Little Rock elites.

# The Portrait of a Hustler

## Inside Johnny Chung's mad scramble to the top

BY MELINDA LIU

**J**OHNNY CHUNG LIKED TO TELL FRIENDS HOW HE WON HILLARY CLINTON'S HEART. It was March 1993, and the nearly penniless fax-software salesman was convinced an Oval Office picture of himself with the new president would impress investors. Bunking at a friend's house, NEWSWEEK has learned, he spent days calling the White House, hoping for a sympathetic voice. To brush him off, Mrs. Clinton's chief of staff, Maggie Williams, told Chung the First Lady was visiting her ailing father in Little Rock. Chung saw his chance. He hopped a plane and surprised Hillary by leaving her a note at the hospital. He bragged to friends that she was deeply touched by the gesture.

The First Lady says she has "no recollection" of the encounter. But even if Chung, a Taiwan-born California entrepreneur, is just spinning tales, he obviously did something right: over the next three years he made 49 trips to the White House. He's now a key figure in the Clinton cash scandal; the Democrats have returned his \$366,000 in murky contributions—and the Feds want to know how an unknown hustler won such easy access at the top.

In 1992, after watching the presidential debates, Chung wrote Clinton and George Bush to promote his "blast fax" system. Bush never replied, but Hillary sent Chung a letter saying his business was "on the right track." California Gov. Pete Wilson had already agreed to a free trial. With one political client, Chung signed up state offices in Florida, too.

Chung knew just what to do with the money. In August '94 he gave the Democratic National Committee \$10,000 to attend his first Clinton fund-raiser. He gave an additional \$40,000 to bring business associates to a Los Angeles luncheon with the First Lady. He then arranged for two executives from the Chinese Haomen beer company to have their picture taken with the Clintons at the White House Christmas party.

Haomen used the photo as an ad back in China. In February '95 Chung got a call from a Beijing official who'd seen the picture. He asked Chung to cohost a U.S. visit by six senior Chinese officials and entrepreneurs. Chung said he'd try to get them face time with Clinton. "He realized these were VIPs who could bring big-time credibility," Chung's lawyer, Brian Sun, told NEWSWEEK. He brought his guests to Clinton's radio address; they also met the First Lady and ate in the White House Mess. That same week Chung handed Maggie Williams a \$50,000 check to the DNC. In all, he used his Clinton reputation to help start at least seven businesses and attracted more than \$3 million in capital and "consulting fees." Sun says Chung took no money from the China delegation.

Most curious is Chung's relationship with Chao-ying Liu, daughter of China's most senior general. Liu Huaqing, NEWSWEEK has learned she is also an executive with China Aerospace Corp., Beijing's state-run rocket manufacturer. Chung met her in Hong Kong, and helped her get a U.S. visa. In July 1996, he took her to a \$10,000-a-plate fund-raiser in L.A., where she shook hands with Clinton. Two weeks later, Chung helped Liu open a company called Marswell Investment. Chao-ying Liu also invested \$300,000 in Chung's fax company. NEWSWEEK has learned federal officials are investigating whether these transactions may have helped funnel Chinese money into U.S. campaigns. (Chung's lawyer flatly denies it.) Chung used to be offended when people called him a small-time "hustler." Now it may be his strongest defense.

with Bill Clinton or Al Gore—and like many others, he got it. Under Fowler and the finance chairman Marvin Rosen, the DNC was furiously raising money for the 1996 election: admission to White House events was for sale. White House sources now say that Fowler, a longtime party operative from South Carolina, was more interested in getting the cash than checking out where it came from. In public, he was overshadowed by the DNC's titular chairman, Sen. Christopher Dodd; in the day-to-day business of running the campaign, he was surrounded by White House operatives who held the real power. Sources also say Fowler resented his lack of control and tried to intervene on policy issues for big-money donors. Tamraz gave \$20,000 on July 26 and later got into four different White House social events, including a presidential

screening of the space aliens thriller "Independence Day" with Clinton. After giving \$50,000 more, Tamraz subsequently asked for a meeting with Vice President Gore, but that meeting did not occur.

Tamraz heard he had been banned from the White House and counterattacked through the DNC. In October he had dinner with Marvin Rosen and complained that he was being frozen out. "Here's a guy who had risked his life ... then I get treated like this," he told NEWSWEEK. "Of course I resented it." Rosen promised to look into it. Fowler then solicited another contribution—\$100,000 for the Virginia state Democratic Party. Tamraz also says he told Fowler and others that his White House-access problem could be easily



**SAY CHEESE:** Chung relished proximity to the president

cured if somebody would check him out with the CIA.

What happened next is disputed by just about everybody involved. The CIA says Fowler called to suggest giving Tamraz a little help; Fowler denies making the call. Nevertheless, a second CIA background memo on Tamraz was produced, and this one omitted at least some of the damaging information contained in the first. It was sent to Sheila Heslin at the NSC, and according to CIA sources, Fowler paved the way with a call to Heslin in which he suggested that she "review" her recommendation on the pipeline project and said she "would be getting material from the CIA that would help her change her opinion." (Fowler denies making the call.) Appalled at

the political intrusion in the policy process, Heslin told a superior, Nancy Soderberg, who called Fowler and chewed him out. She also took her complaint to the NSC's legal counsel, who reported it to the CIA.

One issue here is propriety: did the CIA succumb to political pressure on behalf of a campaign contributor and longtime asset? That is what the agency's inspector general, on the orders of Director-designate George Tenet, is trying to find out. Heslin, now on maternity leave, has said she never asked for the second memo on Tamraz—and if that is true, someone at the CIA may have crossed the ethical line by responding to

pressure from Fowler. CIA sources say there is "preliminary" evidence that Heslin asked for the second memo. They also say the agency's lawyers sanitized this report for fear of libeling Tamraz. Both reports came from a division of the CIA's operations directorate that was headed by a much-decorated agency veteran, William Lofgren. In December, *NEWSWEEK* has learned, Lofgren and his staff smelled trouble and wrote a report on the controversy for the then Director John Deutch—but Deutch's office has no record of it. The implication, to Lofgren's friends in the agency, is that Lofgren is the fall guy for the high command's failure to in-

vestigate whether the DNC had tried to manipulate the agency.

But NSC officials think someone in Lofgren's section fabricated the story that Heslin ordered the second report to cover up the fact that they had violated CIA rules against yielding to political influence. In any event, Lofgren has since resigned from the CIA—and briefly went to work for Roger Tamraz as a consultant. Now the campaign-money mess is, as George Tenet says, "extremely serious" for the agency. It may be for Bill Clinton as well.

With KAREN BRESLAU, MARK HOSENBALL and MATTHEW COOPER

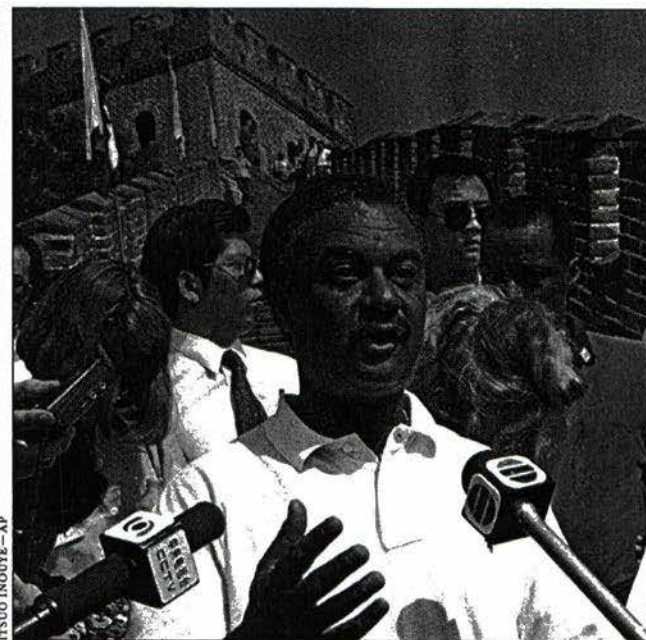
## The Root of the Problem

A former insider on how Ron Brown's dealmaking culture may be at the bottom of the money mess

BY JEFFREY E. GARTEN

**B**Y WASHINGTON standards, the Department of Commerce was a sexy place to be in the first Clinton term. Long a sleepy agency with little clout, Commerce had Ron Brown, a smooth Washington operator and intimate of the president's, at the helm. And we—I was the under secretary for trade, the point man for firms doing business abroad—had a mission: Brown called it "commercial diplomacy," the intersection of foreign policy, government power and business deals. We used Washington's official muscle to help firms crack overseas markets. The culture was electric: we set up an economic "war room" and built a "trading floor" that tracked the world's largest commercial projects.

Now my old shop has been connected to the Democratic fund-raising scandal—John Huang, the suspicious DNC official, was a Commerce official first. You can't understand the 1996 money mess without grasping the environment in which commercial diplomacy was born. It is, after all, the major thrust of the president's foreign policy: Al Gore is in Asia this week talk-



THE PITCHMAN: Brown at work in '94 at the Great Wall

ing about just these issues.

In our single-minded drive to help American companies, we dramatically expanded our commercial involvement in big emerging markets like China, India and Brazil. This push attracted a lot of foreigners who wanted to play in the new game. Our firms needed partners, local suppliers, help setting themselves up—and for the most part these were ter-

rific relationships. But there were people, like the Riadys or Charlie Trie or Johnny Chung, who may have thought they could gear this process to their own enrichment by buying special influence. If you open a wild bazaar, as we did, you have to expect the occasional pickpocket.

Here's how our basic policy worked. In 1994, for example, Raytheon was in heated com-

petition with a French firm for a Brazilian contract to build an environmental-surveillance system for the Amazon. Our French foe was heavily subsidized by its government, so we swung into action. Brown made two trips to Brazil, and I made two. The head of NASA called his Brazilian counterpart and said our cooperation with them in outer space would be lost if the French got the deal; the EPA chief did the same. The Export-Import Bank extended the most far-reaching financing available, and Clinton called the president of Brazil. Raytheon won—and Massachusetts got 20,000 new jobs.

We still face brutal competition from companies abroad that enjoy increasing support from their governments—chiefly France, Germany and Japan. This comes at a time when we have to bolster exports to keep trade deficits like the one with China under control and increase the number of high-paying American jobs. And I believe the long-term future of foreign policy will be driven by how best to expand America's commercial reach. This will no doubt attract shady characters who will try to profit at the margins. It would, however, be a tragedy to throw the baby out with the bathwater.

GARTEN, dean of the Yale School of Management, is the author of "The Big 10: The Big Emerging Markets and How They Will Change Our Lives," to be published in May.

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# President's Cabinet carries a lower profile

Members have taken a lesser role in policy-making, as White House staffs have gained more power

By Richard Benedetto  
USA TODAY

With the Senate Labor Committee poised to vote on the controversial nomination of Alexis Herman as Labor secretary when Congress returns in April, President Clinton's second-term Cabinet is nearly complete.

But the group selected to run the government until 2001 has some observers asking: Whatever happened to Cabinet members of stature?

Where, they say, are the George C. Marshalls, Henry Kissingers, John Foster Dulleses and Dean Achesons who stood tall in Cabinets past?

While they clearly stand out in U.S. history, the fact is that Cabinet officers of such stature have been rare in recent years due in large part to the diminution of the Cabinet role in policy-making and the rise in power of White House staffs.

Most policy- and decision-making in modern administrations goes on in the White House. High-stature Cabinet officers used to running their own shows in private life have trouble fitting in effectively.

At the same time, presidents have refrained from choosing too many high-profile Cabinet officers for fear that their notoriety might make them too controversial, or too aggressive, and sap vital energy from administration business at hand.

Or maybe even worse, they might overshadow the president.

"Rather than stars, it's much better to have people who are in line with what you want to do and extraordinarily good at playing behind the scenes," says Ross Baker, a Rutgers University political scientist.

Heavy media and Senate scrutiny of the personal and financial backgrounds of nominees in recent years also causes many potential candidates of high stature to shy away.

Recent confirmation battles over allegations of drinking and womanizing against George Bush's nomination of Sen. John Tower as Defense secretary and over Clinton attorney general nominee Zoe Baird's failure to pay Social Security taxes for a nanny are cases in point.

In today's supercharged atmosphere, one can envision a Marshall or a Dulles saying, "Who needs this?" notes William Ridings, co-author of *Rating the Presidents*.

So rather than seek marquee names to run government departments and provide policy advice, presidents fill Cabinets with people who are loyal, politically connected and reflective of the ethnic and gender mix the president deems proper.

Clinton didn't declare that he wanted the highest quality Cabinet. He said he wanted a Cabinet that "looks like America." And he spent a lot of time putting together the right combination of qualified women, Hispanics and blacks in the top positions. Those are all important constituencies of his Democratic Party.

"It's not that the quality of these appointees is bad. They are pretty much

symbols and gestures to interest groups each department must deal with, rather than strong political figures in their own right," Baker says.

In the first Cabinet, in 1789, there were three departments: State, War and Treasury. President Washington wouldn't make any crucial decision without consulting with his secretaries: Thomas Jefferson, Henry Knox and Alexander Hamilton.

With glittering names like those in the first Cabinet, it's little wonder that some people perceive a stature gap now.

In those early years, the Cabinet was considered a training ground for the presidency. Presidents Jefferson, Madison, Monroe, John Quincy Adams, Van Buren and Buchanan were Cabinet officers first.

But in the 20th century, only two presidents had Cabinet experience: Taft and Hoover. Bush had Cabinet rank as CIA director and United Nations ambassador.

For the most part, Cabinets have been relatively faceless, with but a few stars. And those shined brightest in crisis: Secretary of War Henry Stimson in World War II, Treasury Secretary Henry Morgenthau Jr. during the Depression, Secretary of State James Monroe during the War of 1812.

Most recently, James Baker III, secretary of State under Bush, built his reputation on his role in the Persian Gulf war and shaping the Middle East peace process.

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But with the nation at peace and the economy in good shape, it's difficult for a secretary of State or Treasury to impress the citizenry. Having the right people in those jobs, crisis or not, can be crucial to the success of an administration.

Clinton put the financial community at ease with his selection of Treasury secretaries: Lloyd Bentsen, a veteran senator, and then Robert Rubin, a top Wall Street executive.

But his reputation in handling foreign policy suffered with the relatively lackluster performance of Warren Christopher as secretary of State. Clinton hopes to raise his ratings with Madeleine Albright, former United Nations ambassador.

"By and large, Cabinets have not been filled by people who had greater reputations going in than coming out. The George C. Marshalls are rare exceptions," says Stephen Hess, a Brookings Institution presidential scholar.

Indeed, for every Monroe or Hamilton, there have been dozens of anonymous officers who labored effectively. So obscure was Housing Secretary Samuel Pierce that Ronald Reagan, who appointed him, mistook him for a mayor at a party.

And few remember Lauro Cavazos, Edward Madigan, Edward Levi, Richard Lyng, Shirley Hufsteler, Aaron Landrieu and C. William Verity. All served in Cabinets over the past 20 years without making much of a dent on the public consciousness.

Historically, the Cabinet has played a modest role as a presidential advisory body. Usually, the longer a president is in office, the less he relies on his Cabinet for advice.

In his first four years, Clinton held 21 formal Cabinet meetings. They were called largely to inform members about administration policy rather than to ask them to shape it.

One recent exception was Bush,

who put several close friends confidants in his Cabinet.

"It was a Cabinet with a built-in comfort zone," says Shirley Anne Warsaw, Gettysburg College political scientist and author of *The Domestic Presidency: Policy Making in the White House*.

John Kennedy, who put together a Cabinet and staff referred to as "the best and the brightest," complained at the outset that he didn't know anyone he was appointing, so he named his brother Robert attorney general.

But some who came into Cabinets with stature proved ill-suited for the jobs and gave their presidents fits:

▶ Gen. Alexander Haig found it difficult to play second fiddle as Reagan's secretary of State.

▶ Les Aspin, the highly respected chairman of the House Armed Services Committee, took the helm at Defense for Clinton and was dumped in little more than a year.

▶ Walter Hickel, interior secretary under Richard Nixon and a former Alaska governor, was fired for opposing Nixon's backing of construction of the Alaska oil pipeline.

And Abraham Lincoln's selection of William Seward as secretary of State and presidential rival Salmon Chase as Treasury secretary caused much difficulty. The two had followings of their own, perceived themselves smarter than Lincoln and felt free to undermine him at every turn.

But Lincoln's self-confidence allowed him to keep the upper hand. On one decision, Lincoln polled his Cabinet and was unanimously outvoted. He proclaimed, "Seven nays and one aye, the ayes have it," and followed his own counsel.

So where the Clinton Cabinet to date may appear to be lackluster, presidential historian Robert Dallek says, it's probably no more so than many others in recent years.

"Overall, it's a pretty experienced team with holdovers like Donna Shalala, Janet Reno, Robert Rubin and Bruce Babbitt. And don't forget, Madeleine Albright was United Nations ambassador for four years before taking over as secretary of State, and Bill Cohen takes over at Defense with a certain measure of standing among his former Senate colleagues," Dallek says.

In the end, he adds, "Cabinet officers generally define their stature by how much running room the president gives them and how aggressive they are in pushing their programs."

For Clinton's Cabinet, the leash tends to be longer in foreign affairs, his weaker suit. But in domestic affairs, run mainly from the White House, Cabinet officers must be content playing second or third fiddle.

USA TODAY  
TUESDAY, MARCH 25, 1997

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# Clinton's Financing Issues Fall Betwixt and Between

By NEIL A. LEWIS

WASHINGTON, March 22 — Each new revelation of how President Clinton and his political associates raised political donations has brought denunciations that their activities were unseemly, or even unethical.

But were they illegal?

A review of relevant laws, plus interviews with legal experts, suggests that it may be difficult to prove that any crime was committed by officials in the Administration or the Democratic Party based on information known so far. But some of the activities could involve infractions of the civil law.

The latest disclosures concern coffees at which President Clinton played host last year to help raise money for the Democratic Party. Despite White House efforts to portray these events as something less than overt fund-raisers, new documents show that the White House closely monitored how much money was expected from them and how much was raised. The documents, turned over to Congress by Harold M. Ickes, the White House's former senior political aide, and made available on Saturday, show that the coffees had systematic fund-raising targets, often of \$400,000 per event.

The coffees were one of five areas that have been scrutinized by the press; the Justice Department and outside lawyers. The others are: the Democratic National Committee's accepting donations from foreigners; Vice President Al Gore's soliciting donors while he was on Federal property; the rewarding of once and

## Some restrictions date to the 19th century.

future donors with overnight stays in the White House's Lincoln Bedroom, and the First Lady's chief of staff's accepting a check on behalf of the Democratic National Committee.

These activities are governed by a set of arcane and ambiguous laws, some dating to the 19th century.

Senior officials in the Justice Department and the Federal Election Commission said it is almost certain, given what is known about the fund-raising activities by the Democrats, that no criminal laws were broken. The major reason that most experts believe none of those known activities constitutes a crime is that all the donations were made to the party, and not to a specific candidate. The laws that prohibit activities like soliciting money while in Federal office buildings seem to explicitly exclude this "soft money," as these kinds of donations are called.

"Soft money is, in large part, an across-the-board defense," said Kenneth A. Gross, a Washington lawyer and former enforcement chief of the Federal Election Commission.

For example, the solicitation of donors by Mr. Gore has produced much debate about whether it was illegal because the Vice President was on Federal property at the time. Mr. Gore has argued that what matters is that the people he was soliciting were not on Federal property because the law drafted in 1883 was designed to prevent political leaders from pressing people who work for them to make contributions.

But under the law as amended in 1980 and currently interpreted by Justice Department guidelines, that issue is not relevant.

The law that governs where a solicitation can be made explicitly states that it concerns only contributions as defined by the Federal Election Campaign Act, which is generally accepted to exclude soft money.

The law, Section 607, reads in part that it is forbidden for anyone "to solicit or receive any contribution within the meaning of section 301(8) of the Federal Election Campaign Act of 1971 in any room or building occupied in the discharge of official duties." Under normal interpreta-

tion of the statute, the law refers specifically to money collected under the Federal Election Campaign Act and excludes all other types of donations like soft money.

"The question of whether Mr. Gore's activities were acceptable or improper is entirely separate from the question of whether they were illegal," Mr. Gross said. "The fact that the donations were of soft money makes it clear that no crime was committed."

That is a view apparently shared by career officials in the Justice Department who deal with such issues. An internal Justice Department analysis of the law written last October by Craig Donsanto, the department's top expert in election law in the criminal division, noted that soft money is excluded from the criminal laws governing donations.

A senior Justice Department official confirmed that a computer memorandum first reported by Legal Times "is longstanding policy of the criminal division."

Attorney General Janet Reno apparently does not believe, for example, that the fund-raising activities by senior Administration members have violated criminal laws. She has used that position in resisting calls that she ask that an independent prosecutor be appointed.

The White House has insisted that the coffee meetings with the President and the nights in the Lincoln Bedroom were not solicitations. But even if they were, they occurred in family quarters of the White House, which are exempt from fund-raising regulations, according to a 1979 Justice Department opinion that exonerated President Jimmy Carter, who held a fund-raising event in the non-official part of the White House.

But the tentative judgment that no crimes were committed in the course of Democratic fund-raising could change if the authorities discovered evidence of outright bribery or a conspiracy to evade the law. It is a felony to bribe a public official or to give money as a direct reward in exchange for taking official action.

But it is difficult for prosecutors to prove a crime when they have to show a relationship between the gift and the action. Only the most heavy-handed of modern-day lobbyists or favor-seekers would think of resorting to an outright bribe when there is a wholly legal way to transfer money to politicians: political donations.

A task force in the department's criminal division working with 25 agents of the Federal Bureau of Investigation has been using a Federal grand jury to take testimony and obtain documents that could yet uncover a crime.

Like the Gore solicitation, most of the other issues that have emerged so far involve soft money and would be outside the bounds of the criminal law. But one possible exception is the receipt of foreign donations.

The section of the campaign finance law that prohibits accepting foreign money is more complicated than the criminal statutes that explicitly exclude soft money.

The election law does not explicitly limit its reach to money regulated under the election law act. Rather, it refers to "any elections," which might cover soft money depending on how it is used.

Lawrence Noble, the general counsel of the F.E.C., said in an interview that the commission has brought only civil actions against people who accepted foreign donations in connection with specific elections. But if the commission were to find that some soft money was used to influence specific elections, that could lead to a new interpretation that the law was violated, thereby causing civil penalties to be imposed.

Among the documents made available on Saturday is a memorandum from Mr. Ickes to senior Democratic National Committee officials that shows there was a plan on Nov. 12, 1995, to have Mr. Clinton make 18 to 20 calls to raise money personally and have Mr. Gore make 10 calls in hopes of raising \$1.2 million in the final weeks of the year. The memorandum does not make clear whether the two men actually made those calls.

The New York Times

MONDAY, MARCH 24, 1997

# White House: Coffees not fund-raisers

Denial comes despite documents showing dollar targets were set for most events

By Judy Keen and Judi Hasson  
USA TODAY

The White House insisted Sunday that coffees hosted by President Clinton were appropriate even though newly disclosed documents show that fund-raising goals of \$400,000 were set for most of them.

The dollar targets for most of the 103 coffees seem to contradict repeated statements from Clinton and his aides that the White House coffees were not fund-raising events.

"We have previously stated that many of these coffees had fund-raising goals as well as political goals," White House special counsel Lanny Davis said on Sunday.

"As far as we were concerned, there was no requirement to make a contribution in order to attend any of these events and there was no solicitation for funds at these events," Davis said.

Disclosure of the fund-raising goals is sure to intensify calls for an independent probe. The Senate voted Wednesday to urge Attorney General Janet Reno to name an independent counsel. She has until mid-April to respond.

It is against the law to solicit or accept campaign donations on federal property, including the White House. But the Justice Department has said that law does not apply to "soft money" donations such as those raised in conjunction with the coffees. Such donations are unlimited by federal law because they are made to political parties rather than specific candidates.

"There was nothing either illegal or improper about these coffees, and

the decision on independent counsel should be made by the attorney general on the merits," Davis said. Reno has rejected all previous demands from members of Congress that she appoint an independent counsel.

The \$400,000 targets and actual amounts raised at the coffees were outlined in monthly memos sent by Harold Ickes to the president, Vice President Gore and campaign staff. Ickes is a former deputy White House chief of staff.

The spread sheets are among papers Ickes gave to a House committee that is investigating questionable fund-raising practices.

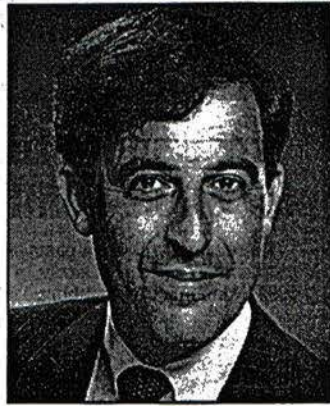
Kent Cooper of the nonpartisan Center for Responsive Politics called the documents "solid proof of a prior plan to systematically fund-raise at White House coffees."

Cooper, whose group tracks political donors, said the new information "should certainly force anyone to reconsider what we've been told about the purpose of these coffees."

On March 7, Clinton said, "As long as there was no specific price tag put on those coffees, just the fact that they would later be asked to help the president or the party does not render them improper."

Clinton has acknowledged that many of those invited to coffees were later solicited for contributions. He has said that he "genuinely enjoyed" the coffees because they gave him a chance to talk to people about issues that concerned them.

"I don't think that a political party or the president should say, 'If you want access to us, you have to contribute,'" Clinton said March 7. "I



Davis: Says there was no requirement to make a donation to attend a coffee

never did that."

Paul Rothstein, a law professor at Georgetown University, said fund-raising goals may not make the coffees illegal. But they do make it appear "as though the White House was for sale," he said.

"It brings us close to the ethical line," Rothstein said. "It's the difference between treading lightly on public expectations and driving a truck through it."

The monthly schedules of events in Ickes' files do not distinguish the coffees from other standard fund-raising dinners and galas. The documents show "projected revenue" and "raised revenue."

A USA TODAY computer analysis shows that several coffees easily exceeded the \$400,000 goals:

► On March 28, 1996, the White House held a coffee for Democratic National Committee (DNC) supporters. Guests included Farhad Azima, a Kansas City aviation executive who has battled federal regulators in the past, along with top executives of large corporations.

The donors and their companies gave more than \$800,000 before or after the event.

► A Feb. 6, 1996, guest list included alleged arms smuggler Wang Jun, who heads a weapons company owned by the Chinese military, and Mark Jimenez, a Miami computer executive with business dealings in Paraguay. Congressional investigators are trying to find out whether Jimenez lobbied Clinton on behalf of Paraguay's President Juan Carlos Wasmosy. Individuals or their firms gave nearly \$700,000 to the DNC.

► Azima, whose \$64,000 donation was deemed "inappropriate" and returned by the DNC, also came to an Oct. 2, 1995, coffee with executives from Boeing Co., Miramax Films and MCI Communications. Guests or their firms contributed more than \$1 million before or after that event.

Contributing: Barbara Hansen



Ickes: Outlined fund-raising goals



Cooper: Papers show true intent

# Who Is Marsha Scott?

Another Arkansas transplant becomes mired in some questionable White House activities

By KAREN TUMULTY WASHINGTON

**W**HEN IT COMES TO UNRAVELING A Washington scandal, the best clues often come from the most clueless. They are the bit players so earnestly inept that it is hard to separate what was diabolical from what was merely dumb. So it was in the best Washington tradition that congressional investigators were focusing their attention last week on a former interior designer with a remarkable knack for placing herself near the hot spots of trouble for her old friend, Bill Clinton.

Marsha Scott, the chief of staff in the Presidential Personnel Office, is one of several well-entrenched Clinton aides from Arkansas whose influence and portfolio far outweigh their title. It was Scott who developed a taxpayer-funded database that congressional investigators suspect was

with visits to the White House mess, special policy briefings, trinkets, White House tours and the like. Of particular interest to congressional investigators is her proposal that the White House also set up "links" with government agencies, so it could obtain "information/resources" for those early supporters—a plan that sounds very much like trading official favors for con-

ment are merely misguided loyalty. Those inclined to be less charitable say Scott, whose current job carries a six-figure salary, is not particularly sophisticated and got carried away with her own self-importance. It is a measure of her personal closeness with the Clintons that neither camp is willing to be quoted on the record.

Scott's proposals for what is known as donor servicing, which she explicitly characterized as an effort to build a base for the 1996 campaign, were so outrageous that the White House did not bother to try to defend them. Presidential spokesman Michael McCurry showed his disdain from the briefing room podium, where he described Scott as "quite voluble" and added, "I think Marsha Scott may have had many dreams, but the important thing is what happened."

Congressional investigators agree—and they are tantalized by the possibilities. Given the fact that the White House actually built Scott's database, they say, it is logical to question whether it carried out the rest of her plan. McCurry argued that a memo from then director of administration David Watkins had stipulated that the computer file was not to be used for political purposes—although the fact that Watkins was subsequently forced to resign for misuse of government property did not help the press secretary's case. For her part, Scott seemed unfazed by either Watkins' warn-

ing or a similar one from the White House counsel's office; her most damaging memos were written months after theirs.

In her pleas for support and cooperation from top White House officials, Scott frequently invoked the First Couple, writing then deputy chiefs of staff Erskine Bowles and Harold Ickes, for instance, that her project "is the President's idea and it is a good one." Such heavy name-dropping has irked many of her White House colleagues, starting from her first day as head of the Office of Correspondence. At her initial meeting with the veteran staff, some of whom had answered letters for John Kennedy, Scott announced, "I was Bill's girlfriend from our hippie days."

Washington has been hard on the Arkansas transplants, both the diabolical and the dippy. One has gone to jail. Others have gone back home. The rest still work in the White House behind what amounts to almost permanent presidential protection. But given the Clintons' tendency to cut friends loose when they become a problem, Marsha Scott may not be able to count on that protection for long. ■



THE WHITE HOUSE  
WASHINGTON

CONFIDENTIAL

MEMORANDUM TO:

Harold Ickes  
Bruce Lindsey  
The First Lady

FROM:

Marsha Scott

DATE:

June 28, 1994

SUBJECT:

Recommendation for Design of New Database

As you know, over the past year I and my staff have had extensive interaction with Percy people and their system in Arkadelphia. We spent two days in Arkadelphia working with people to learn their operation and so...

used to track political benefactors. She attended 18 of the now famous White House coffees for big givers. Whitewater prosecutor Kenneth Starr is expected to have a few questions about a Los Angeles Times report that she made frequent prison visits to her old school chum Webster Hubbell, who has since announced that he will no longer cooperate with Starr's investigation. And for the darkest conspiracy theorists, there is this fact to chew on: Scott dropped by deputy counsel Vince Foster's office to offer her own friendly counsel the day before he committed suicide.

Scott's name came up again last week, with the release of a pile of memos from 1993 and 1994 in which she outlined ways to court the President's political supporters

contributions. Republicans found the documents highly provocative. "When it involves using government assets to aid in the political campaign," says Indiana Congressman David McIntosh, a leader of the House fundraising probe, "that steps over the line and is, in fact, illegal."

Scott grew up in Arkansas, the daughter of a former Miss Arkansas and an all-American halfback. She met and briefly dated the future President while they were still in their teens, when both were working for the late Senator William Fulbright. Scott was living in Santa Cruz, California, when Clinton decided to run in 1992 and tapped her to manage his Northern California campaign. Her defenders at the White House insist that she is well-intentioned and that her lapses in judg-

**A LOYALIST:**  
Scott told the letter writers that she was "Bill's girlfriend from our hippie days."

*This sounds promising. Please advise. REC*

# WHAT DID CHINA WANT?



The contributions made by Johnny Chung and others to the Clinton White House backfire on Beijing

By RICHARD LACAYO



**LOTS OF SUGAR:** Chearavanont had coffee with Clinton

FROM THE START, agents knew they were just peering at tea leaves. The two investigators from the FBI's supersecret "Division Five," as the national-security arm is called, reported to the White House on June 3, 1996. In their briefcases they carried classified information that even they didn't fully understand. A surveillance operation launched earlier that year by the satellite spymasters at the National Security Agency had alerted the FBI that the Chinese government might be planning an effort to funnel money into American politics.

The sketchy plan had been pieced together by analysts from various electronic communications in which the Chinese mentioned as many as 30 candidates for Congress by name. Officials told TIME that six were considered the most serious targets for possible laundered money because they were mentioned more than once in

the intercepts. The FBI didn't have much more—no names of donors, no conduits for the money, no dates. It was just giving the White House a heads-up. Be careful with the information, said the two G-men. National Security Council aides Rand Beers and Ed Appel were too careful. They never sent word up the line to their boss, Anthony Lake, much less to the President, that potential donors with China connections should now merit far more scrutiny.

And so next day, when a Democratic fund raiser named John Huang requested White House clearance for a Thai industrialist to have coffee with the President, no alarms went off. No one made much of the fact that Dhanin Chearavanont, 57, chairman of the CP Group, is believed to be the largest single foreign investor in China and an economic adviser to Beijing. When an aide to campaign czar Harold Ickes asked "if it would be problematic if this individual met briefly w/ POTUS," the green light came quickly from the NSC: "O.K. by Asia Affairs." Among the 11 NSC officials informed of the meeting: Rand Beers.

It's small wonder that the NSC, the FBI and the White House got into a memorable shouting match last week over who had

been told what and when about the alleged Chinese attempt to throw some money around. But on the eve of Vice President Al Gore's trip to Beijing, what really had the capital buzzing was whether the emerging picture of China's role represented a new obsession or just confirmed an old habit. Traditionally China has relied on commercial allies, like U.S. multinationals, to promote its interests. What investigators want to know now is whether it also tried to buy up the President's party, and for good measure some members of Congress.

If so, the effort didn't start yesterday. Five years ago, when candidate Clinton was first running for office, he used to flay

## EARLY WARNINGS

The FBI told Clinton, Feinstein, Bore, Hiss and Campbell, among others, that they might be targets of the covert operation.





JEFFREY AARONSON—NETWORK ASPEN; FAR LEFT: GANMA LIANSON

**HIGH-TECH THREAT: U.S. companies bring their latest products to factories like this Xerox plant in Shanghai, but experts say China flouts intellectual-property rights**

ment most-favored-nation status, a guarantee of minimum tariffs. China is the only one of the 191 most favored nations whose status is renewed each year by a vote in Congress. That ensures a humiliating annual review on Capitol Hill of how Beijing punishes dissidents, suppresses Tibet and sells missiles to rogue states. Along with winning permanent MFN status, China wants to be admitted to the World Trade Organization, a goal the U.S. and other nations are obstructing until China lowers trade barriers.

Ironically, the world's last communist power largely relies on the FORTUNE 500 to advance its economic agenda. Whenever Congress considers China's MFN status, such companies as Lockheed Martin, Motorola, Intel, General Motors and IBM lobby on China's side. For Boeing, the stakes could not be higher: Beijing is expected to spend \$124 billion on new planes over the next 20 years, making it the world's fastest-growing airline market. "When the U.S.-China relationship goes in the tank, so do our order books," says Boeing spokesman Thomas Tripp.

For years Beijing has envied the popularity that Taiwan enjoys in Congress. But it resisted advice to imitate Taiwan and hire pricey Washington lobbyists to make its case. That changed in May 1995, when Taiwan's President Lee Teng-hui was granted a visa to visit the U.S. to attend an alumni gathering at Cornell University. It was a step that followed a nearly unanimous vote in both houses of Congress. The Chinese were stunned by what appeared to be a departure from the U.S. policy of not having official contacts with Taiwan. "The Lee visit was a failure of their own guys to make an imprint [in Washington]," says James Lilley, who was U.S. Ambassador to China under George Bush. "So their bosses told them to get off their asses and start moving."

Thus perhaps did 1996 become for China the year of living dangerously, at least in its dealings with the U.S. Beijing used some conventional means of cultivating favor, like inviting members of Congress for get-acquainted trips. Ma Yuzhen, China's personable former ambassador to Britain, was put in charge of improving his nation's image abroad. At the Chinese embassy in Washington, more staff members were assigned to handle Capitol Hill.

By early last year, however, the National Security Agency picked up intercepts of provocative communications among Chinese officials. They included discussions of a covert operation aimed at influencing the

President Bush for going easy on China and warn that "if other nations refuse to play by our trade rules, we'll play by theirs." China and its commercial partners wanted to be sure that Clinton would never make good on his word.

Despite China's decade-plus economic liberalization, its critics in the U.S. still see the country as a monolith obsessed with growing ever stronger through unfair trade practices. The view goes something like this: Beijing believes it can export whatever it wants while barring imports on any pretext it chooses. It can undercut other manufacturing nations by the use of cheap labor. It can steal ideas and ignore copy-

rights without much risk of retaliation. And it can essentially blackmail multinational companies into transferring jobs and technology as the price of cracking open a market of 1.2 billion people. Taken together, those practices help account for the tripling of the U.S. trade deficit with China since Clinton took office, to \$40 billion a year. In 1995, Intel chief Andy Grove said he thought his biggest competition in 10 years would come from China. Asked last year if he stood by that forecast, Grove replied yes—"but probably in eight years."

Given the growing trade imbalance, it especially irritates some American lawmakers that China is pressing for perma-



AP/WIDE

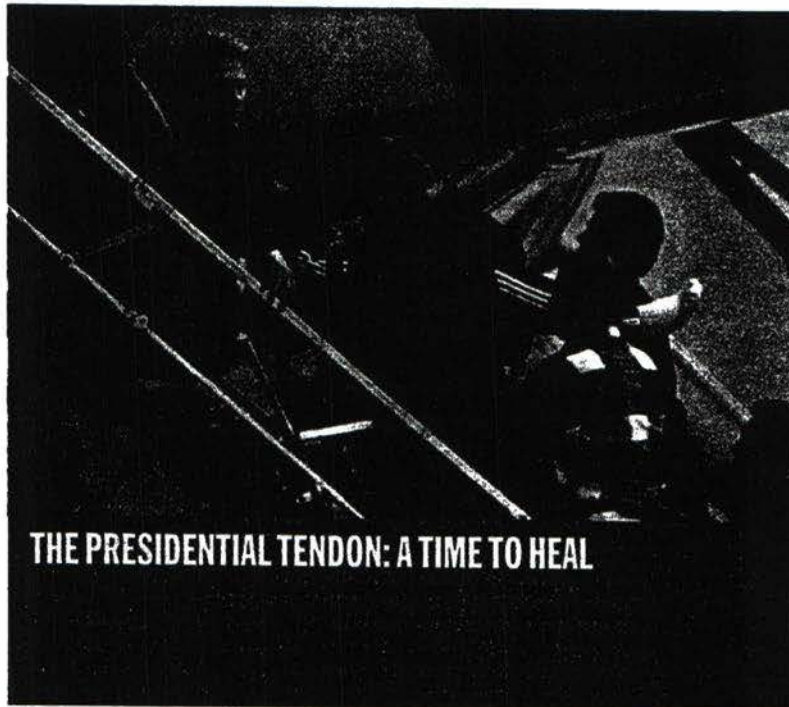
1996 elections. Other intercepts indicated that front companies for the Chinese government might try to funnel cash. A few months later the NSA took its information to the FBI, which began a probe. Of the six U.S. lawmakers who emerged as major targets, four were from California, where the business community began courting the Chinese soon after Richard Nixon renewed ties in 1972. Democratic Senators Dianne Feinstein and Barbara Boxer are longtime supporters of China's MFN status. (Feinstein's husband has extensive business interests there.) Representative Nancy Pelosi, a Democrat, is a leading opponent. Representative Tom Campbell, a Republican, sits on the House International Relations Committee. Another target was New York Senator Daniel Patrick Moynihan, a Democrat critical of China's occupation of Tibet. (The sixth has still not been identified.)

When the agents came to alert the lawmakers, they didn't have many specifics to offer. "They just said, 'Be extra vigilant,'" says Campbell. "The intonation suggested that it might be something as stupid as a sack of cash. Like I might be invited to a dinner and told, 'There's some money for you in the other room.'"

One person who did not get the word was Bill Clinton. At a press conference last week he complained that he had not been informed about the warnings of Chinese influence delivered by FBI agents in June. "The President should know," he insisted. That led to a highly unusual public statement by the FBI contradicting the President and insisting that the agents had never demanded that the aides keep their own superiors in the dark. By midweek the issue appeared settled. Attorney General Janet Reno said it had all been a misunderstanding between the briefers and the briefed over just how closely the information was to be held.

And here the story of the China connection gets squiggly. Officials tell TIME that NSA/FBI intelligence ultimately will not show that the Chinese government intended to organize payments directly to U.S. campaigns. They suspect the money would have come from businesses with operations in China, including subsidiaries in Taiwan or Hong Kong.

For now, the probes are examining



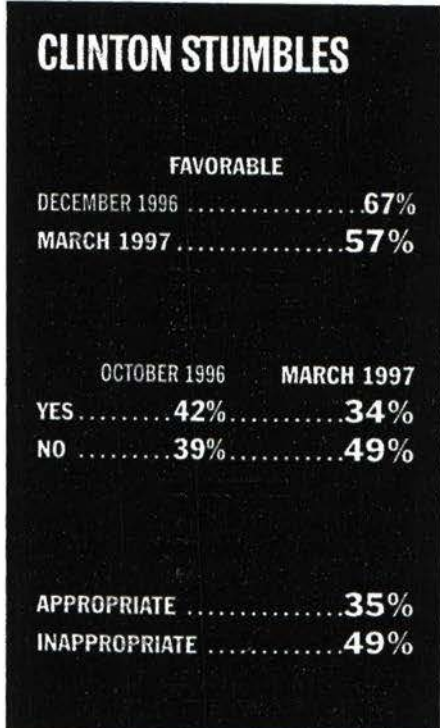
THE PRESIDENTIAL TENDON: A TIME TO HEAL

MARITA LAVANDIER/AP

several paths down which they believe Chinese money may have flowed. A prime focus is the Lippo Group, the Indonesia-based conglomerate with major development projects in six Chinese cities. Its most famous former employee is Huang, the Commerce Department official turned fund raiser for the D.N.C., who stayed in regular contact with Lippo no matter what his occupation. Also under scrutiny are the CP Group of Thailand, headed by Cheara-

vanont and represented in Washington by former Democratic fund raiser Pauline Kanchanalak, and San Kin Yip Group of Macau, a business partner of fund-raiser Charlie Trie. Like Lippo, both companies are owned by ethnic Chinese and have ties to Beijing officials. Federal investigators are also looking into the business practices of Johnny Chung, the Chinese-American entrepreneur who gave the Democrats \$366,000 during a period in which he helped raise about \$1.5 million from foreign investors.

The blowup over the Chinese connection has already made it doubtful that Beijing will get Congress to grant it permanent MFN status this year. Even longtime supporters are worried about appearing to be in China's pocket. In Long Beach, California, residents are protesting a city plan to lease the abandoned Long Beach Naval Station to the China Ocean Shipping Company Americas, a firm controlled by the Chinese government. California Senators Feinstein and Boxer, who are ordinarily dependable China boosters, have asked the Pentagon to look into the security implications of the lease. House Speaker Newt Gingrich is having second thoughts about visiting China this month as part of an Asian tour by members of Congress. Last week a group of prominent conservatives met with Gingrich to insist that he highlight human rights in his discussions with Chinese officials. Gore leaves next week on his long-scheduled China trip. At a press briefing in Beijing last week, Chinese Foreign Ministry spokesman Cui Tiankai had to spend much of his time fending off questions about the campaign-finance scandals. Said he: "There have been rumors in the American press that China did this or that, but eventually this will all prove to be untrue." Then Cui added, "We'd like to have a normal relationship with the U.S. Congress." When one considers how America's own special interests pour money into Washington, that's not entirely reassuring. —Reported by James Carney, Elaine Shannon and Michael Weisskopf/Washington and Jaime A. FlorCruz/Beijing, with other bureaus



For more information, see our Web report at [time.com/reports/chinafunds](http://time.com/reports/chinafunds)

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Divider Title:                     **March 23, 1997**                    

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## WHITE HOUSE KEPT CLOSE TAB ON CASH RAISED AT COFFEES

### GIFT EXPECTATIONS CLEAR

One Proposal Listed Potential  
Contributions If Gore and  
Clinton Called Donors

**A** BY ALISON MITCHELL

WASHINGTON, March 22 — Despite White House efforts to portray the coffees at which President Clinton played host last year as something short of overt fund-raisers, new documents show explicitly that the White House kept close tabs on how much money was anticipated and how much was raised by each coffee.

The documents — turned over to Congress by Harold M. Ickes, the White House's former senior political aide — show that coffees that the President held at the White House in 1996 had systematic fund-raising targets associated with them, often of \$400,000 for a session.

One document — a memorandum from Mr. Ickes to senior officials of the Democratic National Committee — also shows that there was a plan on Nov. 12, 1995, to have President Clinton make 18 to 20 calls to raise money personally and Vice President Al Gore make 10 calls in hopes of raising \$1.2 million in the final weeks of the year.

The memo does not make clear whether the President and Vice President actually made those calls. At a news conference on March 7, Mr. Clinton said that "I never have liked" making fund-raising phone calls but that he could not rule out the possibility and that he might have made such a call as President.

The dozens of previously undisclosed documents give further insight into precisely how the White House political operation, in conjunction with the Democratic National Committee, was using the more than 100 coffees led by Mr. Clinton in the White House Map Room and by Mr. Gore in his ceremonial office in the Old Executive Office Building to bring in millions of dollars for Democratic campaigns.

While acknowledging that many of the guests were donors or potential donors, the White House has said repeatedly that money was not solicited at the coffee sessions, nor were particular dollar targets set for someone to attend.

But time and again, monthly schedules of events for the President show that coffees had precise projected revenue attached to them, with many of them budgeted to raise \$400,000. One January 1996 schedule of events shows that a Jan. 17 coffee session with the President was projected to raise \$400,000. Another such coffee on Jan. 25 was to bring in an additional \$400,000. And a third coffee, one day later, was projected to

Continued on Page 24, Column 1

Continued From Page 1

bring in yet another \$400,000. The schedule denoted such coffees with the White House acronym for President of the United States: Potus.

A Feb. 6 coffee session, which has become well-known because it was attended by the head of a Chinese arms trading company, also had a projected revenue goal of \$400,000.

The documents track not only how much money the coffee sessions were projected to raise but also how much of the money had been raised to date. They also show how much each coffee would cost the party. And they make no distinction between the coffees and more traditional fund-raising dinners, which also are listed with budgeted revenue projections and accounts of sums raised to date.

One April 25, 1996, memorandum shows that Mr. Clinton and Mr. Gore were given the April fund-raising schedule, suggesting that both men were personally being kept abreast of each month's fund-raising intake.

The President and Vice President are not barred by law from making fund-raising calls, though it is illegal for any person to solicit contributions for Federal campaigns on Federal property "occupied in the discharge of official duties."

The White House has said that no campaign funds were actually solicited in the White House. Moreover, the President's coffees were held in the Map Room, a part of the White House residence, not a White House office. And the large dollar figures being raised suggest that the funds were soft-money contributions to a political party and, according to interpretations by the Justice Department, are thus not covered by the law.

Lanny J. Davis, the White House spokesman on campaign finance matters, issued a statement tonight:

"As we have previously stated, these events were for the purpose of generating support for the President and his campaign, including financial support. We always hoped that individuals attending these events would be willing to support and work for the President, including making a financial contribution."

The statement continues: "Two facts, however, remain uncontradicted as far as we are concerned. First, no solicitations for funds were made at these White House events. And second, as far as our policies were concerned, there was no requirement to make a contribution in order to attend these events."

Asked about the memo from Mr. Ickes setting the specific amounts of money Mr. Clinton and Mr. Gore could be expected to raise personally

## Files give insight into the White House political operation.

through telephone calls of solicitation, Mr. Davis simply repeated the answer that Mr. Clinton gave at a recent news conference.

"As the President has previously indicated, he may have been asked to make fund-raising calls, but he does not recall that he ever made any such calls," Mr. Davis said.

The documents are among hundreds of pages of papers that Mr. Ickes has turned over to Congressional committees investigating the Democratic Party's fund-raising in the past Presidential campaign.

A first batch of the documents were made public by the White House itself last month, including one that showed that Mr. Clinton personally approved a plan two years ago under which the Democratic Party rewarded some top donors and fund-raisers with meals, coffees, golf outings and morning jogs with him and overnight stays in the White House.

Mr. Davis only answered questions about the new documents after they were obtained independently by The New York Times. He said the White House had planned to release the new ones itself but had been waiting until after the summit meeting in Helsinki, Finland, between President Clinton and President Boris N. Yeltsin of Russia.

In some cases, the documents amount to precise spread sheets for all Democratic fund-raising with running totals breaking out projected revenue and total funds in hand. Some monthly eight-column revenue accounting documents for 1996 misspelled as "principle" the primary host of the fund-raisers, which in most cases was "Potus" — President of the United States.

But the donations were precisely totaled, from tens of millions to the unit of dollars. The shorthand event descriptions are mainly listed by way of locations with the President's various national travels and Washington schedule.

In a few cases, a hint is provided of the kind of guests being solicited. These include listings of "D.C. Greek," "DC Dinner (American Indian)," "DC Dinner (Asian America)," "Los Angeles Gala (Streisand)" and "DC Dinner — Jewish Community."

Flotus — First Lady of the United States — is occasionally shown bringing in money. So is Vpotus, who is Mr. Gore, and so is MEG — Mary Elizabeth Gore, the Vice President's wife, who is better known as Tipper.

Sometimes Cabinet officials are also listed as the main attraction for fund-raising. One such listing for April 29 labels the event taking place simply as "Shalala" — a reference to the Secretary of Health and Human Services, Donna E. Shalala. The site is San Juan. The projected revenue is listed as \$100,000, with \$50,000 raised by the date of the memo.

Another fund-raising event on June 7, 1996 lists as the "principle" simply "Cabinet," without further explanation. The event, in South Carolina, was projected to raise \$50,000 but raised \$60,000.

The New York Times

SUNDAY, MARCH 23, 1997

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| 1996 June Events (as of June 19, 1996)           |           |                    |                   |                |                             |                |             |
|--|-----------|--------------------|-------------------|----------------|-----------------------------|----------------|-------------|
| Date   | Principle | Location/Event     | Projected Revenue | Raised Revenue | Federal \$\$\$              | Projected Cost | Actual Cost |
| 3-Jun  | POTUS     | D.C. Greek         | \$500,000         | \$404,000      | \$39,000                    | \$5,000        | \$2,750     |
| 3-Jun  | POTUS     | DBC Dinner         | \$500,000         | \$450,000      | \$154,500                   | \$5,000        | \$3,500     |
| 3-Jun  | POTUS     | D.C. Coffee        | \$400,000         |                |                             | n/a            | n/a         |
| 3-Jun  | VPOTUS    | Jackson, MS        | \$250,000         | \$200,000      | \$70,000                    | \$25,000       | \$1,000     |
| 4-Jun  | POTUS     | Major Donor Dinner | \$500,000         | \$400,000      |                             | \$5,000        | \$4,000     |
| 6-Jun  | POTUS     | D.C. Coffee        | \$400,000         | \$400,000      |                             | n/a            | n/a         |
| 7-Jun  | ICABINET  | South Carolina     | \$50,000          | \$20,000       | \$5,000                     | \$20,000       | \$70,000    |
| 9-Jun  | POTUS     | Las Vegas          | \$500,000         | \$465,000      | \$135,000                   | \$40,000       | \$20,911    |
| 9-Jun  | POTUS     | San Francisco      | \$750,000         | \$500,000      | \$165,000                   | \$75,000       | \$3,000     |
| 10-Jun   | FLOTUS    | Detroit WLF        | \$150,000         | \$93,221       | \$77,000                    | \$50,000       | \$32,327    |
| 10-Jun   | POTUS     | Los Angeles        | \$1,200,000       | \$900,000      | \$400,100                   | \$120,000      | \$2,077     |
| 10-Jun   | POTUS     | L.A. Sax           | \$200,000         | \$90,000       | \$46,950                    | \$20,000       | \$37,085    |
| 12-Jun   | FLOTUS    | Cincinnati         | \$200,000         | \$100,000      | \$60,550                    | \$25,000       | \$800       |
| 14-Jun   | POTUS     | Boston/McAuliffe   | \$400,000         | \$350,000      |                             | \$5,000        | \$3,500     |
| 14-Jun   | POTUS     | D.C. Major Donor   | \$400,000         | \$300,000      | \$10,000                    | \$5,000        | \$3,500     |
| 17-Jun   | POTUS     | Coffee             | \$400,000         | \$245,000      |                             | n/a            | n/a         |
| 17-Jun   | POTUS     | Jewish event       | \$750,000         | \$500,000      | \$171,000                   | \$75,000       |             |
| 17-Jun   | VPOTUS    | Philadelphia       | \$250,000         | \$200,000      | \$14,500                    | \$25,000       |             |
| 18-Jun   | POTUS     | D.C. Coffee        | \$400,000         | \$335,000      | \$0                         | n/a            | n/a         |
| 18-Jun   | POTUS     | D.C. Coffee        | \$400,000         | \$150,000      | \$0                         | n/a            | n/a         |
| 20-Jun   | FLOTUS    | Boston WLF         | \$200,000         |                | \$41,500                    | \$50,000       | \$2,478     |
| 21-Jun   | POTUS     | Houston, TX Gala   | \$1,300,000       |                | \$48,500                    | \$150,000      | \$69,446    |
| 21-Jun   | POTUS     | Houston Sax        | \$100,000         |                |                             | \$10,000       | \$3,000     |
| 22-Jun   | POTUS     | Cleveland          | \$500,000         |                | \$30,000                    | \$50,000       |             |
| 24-Jun   | POTUS     | New York dinner    | \$2,900,000       |                | \$106,950                   | \$300,000      | \$132,183   |
| 24-Jun   | FLOTUS    | Seattle dinner     | \$200,000         |                | \$39,100                    | \$50,000       |             |
| Funds in but not deposited:                      |           |                    |                   | \$315,000      |                             |                |             |
| Proceeds from past events:                       |           |                    |                   | \$342,000      | \$103,775                   |                |             |
| Upcoming Events:                                 |           |                    |                   | \$140,000      | \$40,300                    |                |             |
| Donor-Directed/Media Fund/Coordinated Campaigns: |           |                    |                   | \$101,325      |                             |                |             |
| Event Totals:                                    |           |                    | \$13,800,000      | \$6,899,221    | \$1,751,725                 | \$1,090,000    | \$341,557   |
|  |           |                    |                   |                | Federal total as of 6/19/96 |                |             |
| Miscellaneous Expenses:                          |           |                    |                   |                |                             | \$150,000      | \$50,000    |
| Salaries:  |           |                    |                   |                |                             |                | \$260,000   |
| TOTALS:  |           |                    | \$13,800,000      | \$6,899,221    |                             | \$1,220,000    | \$651,557   |
| Direct Mail:                                     |           |                    | \$2,100,000       | \$1,342,522    |                             |                |             |
| GRAND TOTAL:                                     |           |                    | \$16,200,000      | \$8,241,743    |                             |                |             |
| Raised as of June 19, 1996                       |           |                    | This month        | Year-to-date   |                             |                |             |
| Major Donor:                                     |           |                    | \$6,899,221       | \$44,665,592   |                             |                |             |
| Direct Mail:                                     |           |                    | \$1,342,522       | \$11,583,286   |                             |                |             |
| Total:   |           |                    | \$8,241,743       | \$56,248,878   |                             |                |             |

A spreadsheet used by the White House and the Democratic National Committee to track fund-raising events, including the White House coffees. This page covers last June. "POTUS" is President of the United States, "VPOTUS" is the Vice President, "FLOTUS" is the First Lady.

The New York Times

SUNDAY, MARCH 23, 1997

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The Washington Post

# Clinton Told of Cash Raised From Coffees

By Sharon LaFraniere  
Washington Post Staff Writer

President Clinton and Vice President Gore were routinely notified of how much political cash was expected—and raised—from each White House coffee, documents show.

In regular memos to Clinton and Gore, former deputy chief of staff Harold Ickes treated the coffees just like any other fund-raising event. He gave both a projected and actual amount in contributions—usually \$400,000.

The documents have not been released publicly but were described to The Washington Post by three individuals who have seen them. It was known previously that the Democratic National Committee, which organized the events, projected how much it would pull in from each event, and kept track of the contributions that came in. But the president has depicted the meetings in his public comments principally as opportunities to talk about issues, not as money-makers.

In his March 7 news conference, Clinton said of the coffees: "I genuinely enjoyed them. And I did not believe they were improper."

"I get frustrated going to meetings . . . where all you do is shake hands with somebody or you take a picture, no words ever [exchange]," he said. "I look for ways to have genuine conversations with people. I learn things when I listen to people."

The documents suggest that to the DNC and the president's political team, the coffees were political fund-raisers in everything but name and the timing of

the solicitations. There is no evidence that guests were solicited in the president's presence; DNC fund-raisers typically waited until afterward.

Two DNC officials, speaking under condition of anonymity, have said the party's finance chairman, Marvin Rosen, told some supporters that \$50,000 would buy them an invitation to a coffee with Clinton. But the White House has repeatedly said that if that happened, it was against the president's wishes.

Lanny J. Davis, White House special counsel, said the Ickes memos revealed little new. "As we have previously stated, these coffee events were organized with the hope and the expectation that they would generate support for the president, including financial support. It shouldn't be a surprise that the DNC people set targets and in many instances were successful in meeting their objectives."

In the memos, Ickes, the president's top political aide, also reported on how much the DNC expected to raise from other events such as "D.C. dinners" and "D.C. lunches." Copies of the memos were sent to a broad range of White House and DNC officials, including Chief of Staff Leon E. Panetta, Evelyn Lieberman, his deputy chief staff for operations, and Margaret A. Williams, the first lady's chief of staff.

One former DNC official said the party wanted the president to see by the cash totals that the coffees were worth his time. With the president's support, the DNC scheduled many of them, even to the point that Lieberman warned staff that political demands might cut in to time for official business.

Between January 1995 and August 1996, the DNC set up at least 34 presidential coffees with donors or prospective donors. Together the president, vice president, first lady and the vice president's wife hosted more than 100 White House coffees with political supporters during that time.

Ickes' report including the Jan. 17, 1996, coffee was typical. It projected \$400,000 in contributions from the guests, and listed the same amount as "actual." Not all that came in at once, according to Federal Election Commission records. But the guests or their companies coughed up at least \$160,000 within a month of the event.

Staff writer Ira H. Chinoy and staff researcher Alice Crites contributed to this report.

## TV: Albright, Netanyahu, Berger, Lugar, DeLay

Guests to be interviewed on major television talk shows:

House Majority Whip Tom DeLay (R-Tex.); United Nations Ambassador Bill Richardson and former presidential adviser Dick Morris on "Fox News Sunday" (WTTG), 9 a.m.

Former senators Nancy Landon Kassebaum (R-Kan.) and Howard H. Baker Jr. (R-Tenn.), former vice president Walter F. Mondale, former presidential candidate Patrick J. Buchanan, former National Economic Council chairman Laura D'Andrea Tyson, and national security adviser Samuel R. "Sandy" Berger on "Meet the Press" (NBC, WRC), 10:30 a.m.

Israeli Prime Minister Benjamin Netanyahu, former vice presidential candidate Jack Kemp, Rep. Bill Paxon (R-N.Y.), Sen. Richard G. Lugar (R-Ind.), Rep. Nancy Pelosi (D-Calif.) and State Department Middle East coordinator Dennis Ross on "This Week" (ABC, WJLA), 11:30 a.m.

Secretary of State Madeleine K. Albright on "Face the Nation" (CBS, WUSA), 11:30 a.m.

Prime Minister Netanyahu; former food and drug commissioner David A. Kessler; Jerry Taylor, Cato Institute director of natural resource studies; and New Jersey Attorney General Peter Verniero on "Late Edition With Frank Sesno" (CNN), noon.

# Nominees Now Face 'Trial by Fire'

## Senate Confirmation Process Has Evolved Into Political Warfare

By Helen Dewar  
Washington Post Staff Writer

There was a time when senators would sooner read each other's mail than poke through the highly personal and sometimes spicy FBI files on the high-level administration appointees on whose nominations they voted.

But demands for access to FBI files have become almost routine in high-stakes confirmation fights—a weapon used by both parties, most recently the Republicans in their successful derailing of President Clinton's nomination of Anthony Lake to head the CIA.

The argument over senators' access to FBI files is just one part of a broader controversy over what some critics have described as the triumph of "gotcha politics" in the way the Senate considers presidential appointees.

The confirmation process is "trial by fire, whether Republicans or Democrats control the Senate," said Kenneth M. Duberstein, a former chief of staff for President Ronald Reagan who has been involved in a number of confirmation fights. "It has become a political campaign rather than a coming together for governing."

"Advice and consent has become harass and maim," said Sen. Patrick J. Leahy (D-Vt.), ranking Democrat on the Senate Judiciary Committee. Added Sen. John McCain (R-Ariz.): "When it gets nasty these days, it really gets nasty."

In the last few years, the warfare has spread far beyond a nominee's qualifications.

In 1995, Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.) held up approval of 19 ambassadorial nominations for months in an attempt to force the administration to reorganize foreign policy agencies. The ambassadors were eventually approved but the fight over agency reorganization continues.

Now, as the Senate proceeds at a snail's pace to confirm Clinton's judicial nominations (17 last year and one so far this year), some House Republicans are talking about trying to impeach "judicial activists" who are already on the bench.

G. Calvin Mackenzie, a Colby College government professor who directed a recent Twentieth Century Fund study of nominations and confirmations, appropriately called "Obstacle Course," has found a lot to worry about.

The whole process has become a "battlefield for every partisan and ideological war in Washington" and a "relentless game of political payback" that often claims some of the best qualified people as casualties because they don't want to "endure water torture," Mackenzie said in an interview last week. "Increasingly the president gets turned down and goes not to his second or third choice but the 13th or 14th."

The process, Mackenzie argued, "repels the people it should attract." And it disgusts the American people, added Duberstein. "People outside the Beltway shake their heads in disbelief," he said.

Now as before, most of a president's roughly 3,000 nominees pass through the Senate with few wounds

and little notice. They have to slog through reams of questionnaires and often endure long waits. But most get a polite—and some say far too cursory—reception. In most cases, former senators get an easy ride from the still-clubby Senate.

Many senators, including Arien Specter (R-Pa.), believe the confirmation process gets a bum rap. "By and large, it works out reasonably well," and there are usually good reasons why some nominations rise to the level of high controversy, he said.

It is the exceptions—the nominees for top offices who come with heavy ideological or personal baggage—who unleash the furies and get the attention, creating an impression for the country of "Washington as a spectacle," as Duberstein put it.

The problem, according to some critics, is a kind of perversion of the "Golden Rule": Democrats led the way into FBI files when President George Bush tapped John G. Tower as secretary of defense and Clarence Thomas for the Supreme Court. Now Republicans are doing unto Democrats as Democrats did unto them as they pushed for access to the full, unabridged files on Lake and now, George J. Tenet, Clinton's new choice for the CIA job.

The same ideological trophy hunting goes on among outside interest groups. Liberals ganged up on and defeated Robert H. Bork, who was nominated to the Supreme Court by Reagan, just as conservatives have pounced on one Clinton nominee after another. Groups on both sides of these ideological divides have often used the nomination fights as fodder in their membership and fund-raising drives.

As often as not for highly controversial nominations, the confirmation process—usually including televised hearings—becomes more of a battleground over causes than individuals. Abortion became the issue when the Senate rejected Clinton's nomination

See SENATE, A11, Col. 1

SENATE, From A10

of Henry W. Foster Jr. as surgeon general in 1995. Racism and feminism became the dominant themes in the case of Thomas, an African American who was accused of sexual harassment by Anita F. Hill, a former aide, during tumultuous hearings in 1991.

As Democrats and Republicans alternate in control of the White House and Congress, each party—reinforced by allies among interest groups—pushes against the outer limits of established conduct in an ever-escalating cycle that keeps ratcheting up the partisan contentiousness of the process.

Lake had many problems, including concern on the part of the ranking

Democrat on the intelligence committee, Sen. Bob Kerrey (Nebr.), that he had not done enough as Clinton's national security adviser to make sure that foreign political donors did not gain access to the White House by giving money to the Democrats. But Lake also gave Republicans an opportunity to put Clinton's foreign policy on trial, and he quickly became the easiest of Clinton's second-term nominees to target for rejection. Many of the rest were riskier to challenge because they were women, Hispanic, African American or, in one case, a Republican.

"Republicans were bound to pick a fight over one of the president's nominees," said Thomas E. Mann, director of governmental studies at the Brookings Institution, "and Tony Lake fit the bill better than any of the other nominees."

In the case of the FBI files, Republicans are "setting the bar very, very high" and will regret doing so when they regain the White House, said Kerrey.

But Sen. Orrin G. Hatch (R-Utah), chairman of the Judiciary Committee and a member of the intelligence panel, said Republicans are not frightened by such threats. "We know they [the Democrats] will do it again because they've done it all before," he said.

The fight over the files is important for several reasons. FBI files of judicial nominees and some top law enforcement nominees are made available to Judiciary Committee members but normally are not employed in other confirmation proceedings, largely because of accuracy and privacy concerns.

Intelligence committee Chairman Richard C. Shelby (R-Ala.) said the information was needed to assure full confidence that one of the government's most sensitive jobs is in the right hands. Foes contended that the files are filled with unsubstantiated information—"useless and uncorroborated garbage," in Mackenzie's view—that can easily be leaked and used to damage innocent people's reputations.

When summaries of Tower's files were made available to senators, tidbits were "in the newspapers within 24 hours," recalled Sen. John Glenn (D-Ohio). "It was wrong then, and it's wrong now," he added.

Another source of tension arose over Shelby's plan to subpoena national security staffers to answer questions about Lake, which Kerrey said could lead to a constitutional clash over executive privilege.

While confirmation controversies are as old as the republic, there were no public hearings until early in this century, and it was the late 1960s before any were televised, according to Mackenzie, who cites two milestones in the recent evolution of the process.

First was the period from the late 1960s to late 1970s, starting with the GOP's blocking of President Lyndon B. Johnson's efforts to confirm Abe Fortas as chief justice. By the mid-1970s, frictions subsided to the point that Common Cause issued a study titled "The Senate Rubberstamp Machine." But by the late 1970s, the Senate again tightened its scrutiny of nominees.

The second jolt came in 1987 when liberals went after Bork, followed by the raucous struggles over Tower and Thomas.

"What's different now is less that they go after someone but the way in which it's done," said Mann of the Brookings Institution. "It's the harshness, the personal attacks and the escalating demands, in this [Lake's] case, the FBI files and demanding testimony by NSC officials."

A lot has changed, Mackenzie noted, since Felix Frankfurter turned down an initial invitation to attend his own confirmation hearing for the Supreme Court in 1939 because he did not want to miss the classes he was teaching at Harvard. The Senate accepted the snub and confirmed him anyway.

The Washington Post

SUNDAY, MARCH 23, 1997

## The great White House firesale

An avalanche of disclosures revealing how the Democratic Party and the Clinton administration cavalierly commingled their insatiable fund-raising appetites with foreign-policy, national-security, immigration and intelligence issues suggests that the Clinton White House is institutionally incapable of distinguishing between the roles of commander in chief and solicitor in chief.

Everything, it seems, was to be subordinated to fund-raising concerns. Indeed, a 1994 White House memo to the Democratic National Committee (DNC) outlined a slew of "activities" the party needed to "coordinate" to reach its "very aggressive goal of \$40 million this year." They included improving "coordination" in appointments to boards and commissions, inviting donors to the president's weekly radio address, providing mess privileges and overnight stays at the White House and (our favorite) arranging "photo opportunities with principles (sic)."

The most disturbing appointments involve the President's Foreign Intelligence Advisory Board (PFIAB). As *The Washington Times'* Bill Gertz recently reported, President Clinton appointed two Democratic fatcats, Stanley Shuman and Richard Bloch, neither of whom had any foreign-policy or intelligence experience, to PFIAB in 1995. As it later developed, Mr. Shuman, who had donated \$42,000 to the DNC during the 1993-1994 electoral cycle and was among the president's 938 friends and supporters to stay overnight in the Lincoln Bedroom, gave the DNC \$105,000 during the 1995-1996 cycle. Mr. Bloch donated \$115,000 to the DNC in 1995 and 1996. While it is the president who ultimately makes the appointments to PFIAB, whose members receive blanket access to all categories of secret intelligence, the National Security Council (NSC) routinely makes recommendations to the president. At his ill-fated confirmation hearings, former National Security Adviser Anthony Lake conveniently could not recall whether he reviewed the appointments of Mr. Shuman and Mr. Bloch. The White House has denied that the highly coveted PFIAB seats were auctioned off for bids in excess of \$100,000.

The NSC hardly distinguished itself in handling the June 1996 FBI briefing that alerted two mid-level NSC intelligence officials to evidence the FBI had uncovered suggesting China was illegally funneling money into congressional campaigns. Although the FBI also briefed at least seven congressmen, the State Department, the CIA, the Justice Department and the House and Senate intelligence committees, the president claims neither he nor senior White House staff learned of the FBI's warnings until last month. The White House implausibly insists — and the FBI emphatically denies — that the FBI briefers told the NSC staffers not to share the information. Pouring cold water on the White House's claim, Attorney General Janet Reno, who supervises the FBI, revealed that she tried to contact Mr. Lake by telephone in May 1996 to warn him of the illegal Chinese contributions. Mr. Lake conveniently failed to return Miss Reno's call. Meanwhile, John Huang, the DNC's vice chairman of finance, accelerated his aggressive efforts to siphon millions of dollars illegally from foreign corporations and nationals and improperly from many Asian Americans who clearly did not have the means to make the donations attributed to them.

Before his DNC fund-raising ventures, Mr. Huang had been the Indonesia-based Lippo Group's top U.S. executive and a Commerce official. The FBI is now investigating him in a wide-ranging probe into economic espionage and national-security concerns. Although Mr. Huang served only 18 months at Commerce, where he made scores of phone calls to his former Lippo employer, *The Washington Times'* Jerry Seper reported in January that he held top-secret clearances for 36 months, including a year after he resigned to raise millions for the DNC.

The NSC also figured prominently in the activities of Pauline Kanchanalak, a Thai businesswoman who was feverishly seeking permission to hold the inaugural session of the U.S.-Thai Business Council in the White House. Working through Mr. Huang, who was leaning hard on the White House to host the meeting, Ms. Kanchanalak donated more than \$250,000 to the DNC, all of it later returned because the source of the funds was questionable. As she was showering the DNC with her contributions in 1996, Ms. Kanchanalak met twice with Sandra Kristoff, the NSC's top Asia staffer, to lobby on behalf of the business council she was helping to create. This is now the subject of a federal investigation.

Ms. Kanchanalak was not the only major donor who had little trouble gaining access to the NSC. Florida computer executive Mark Jimenez and his firm donated more than \$800,000 to the Democratic Party since 1993. He visited the White House 12 times and has met with the NSC's chief Latin America staffer and an assistant secretary of state. Last April Mr. Jimenez warned the White House of a coup in Paraguay, where his firm has major holdings. The day of the coup he donated \$100,000 to the DNC.

In February 1996, Mr. Jimenez escorted a Paraguayan presidential adviser to one of Mr. Clinton's coffees. Ten days later he donated \$50,000 to the DNC. His company contributed \$175,000 in April and again in September. A month after the coffee, President Clinton issued a waiver to Paraguay cancelling U.S. sanctions for cocaine smuggling. The White House denies any quid pro quo.

Even when the NSC warned the White House to be wary of the intentions of some of the questionable characters underwriting the DNC, the Democratic Party managed either to ignore the NSC's concerns or to circumvent them. Consider Johnny Chung, the premier influence peddler who was a White House guest more than 50 times as he was pouring \$391,000

into the DNC. The NSC's China expert, Robert Suettinger, was asked about the propriety of disseminating photos featuring the president, Mr. Chung and six Chinese businessmen — one of them an arms dealer — who visited the White House in April 1995 for a radio address. Mr. Chung purchased the prized access by donating \$50,000 to the DNC only days before, personally giving his check to the first lady's chief of staff inside the White House. "The joys of balancing foreign policy considerations against domestic politics," Mr. Suettinger mused in his reply. Giving his approval to release the photos to Mr. Chung, Mr. Suettinger presciently observed, "[T]o the degree it motivates him to continue contributing to the DNC, who am I to complain?" Within days of seeking the photos, Mr. Chung donated another \$125,000 to the DNC.

But Mr. Suettinger also issued a warning, calling Mr. Chung a "hustler" and predicting that "he will become a royal pain." Sure enough, five months later in September 1995, Mr. Chung sought a letter of support before he travelled to China to personally intervene directly with Chinese President Jiang Zemin in a high-stakes diplomatic gambit on behalf of Harry Wu, a naturalized U.S. citizen and labor activist imprisoned by China. Mr. Suettinger of the NSC warned that Mr. Chung "could conceivably do damage" in the Harry Wu case. He recommended that the United States "be very careful about the kinds of political favors he is granted." But DNC Chairman Don Fowler was only too happy to oblige Mr. Chung. Ignoring the NSC's warning, Mr. Fowler's letter mentioned that Mr. Chung was "a friend and a great supporter of the DNC." For good measure, the DNC, even as it was soliciting more cash from Mr. Chung, pressured Energy Secretary Hazel O'Leary to meet with an executive of a Chinese petrochemical firm as a favor to Mr. Chung.

At no time was Mr. Fowler more brazen than in his determination to overturn a recommendation by an NSC staffer that another Democratic high roller, Roger Tamraz, be barred from White House meetings. At the time, Mr. Tamraz was a fugitive from Lebanon sought by Interpol for questioning about the embezzlement of \$200 million from his failed bank. Mr. Tamraz was also a major benefactor of the Democratic Party, having donated \$177,000 and raised much more from his wealthy friends. He sought White House approval of a controversial pipeline he wanted to build from the Caspian Sea to Turkey. Personally intervening to reverse the NSC's recommendation that the White House avoid Mr. Tamraz, Mr. Fowler, according to NSC staffer Sheila Heslin, arranged for the CIA to deliver to her a favorable report about Mr. Tamraz. Mr. Fowler's actions became so obtrusive that NSC Deputy Director Nancy Soderberg telephoned him to tell him to cease and desist. In the end, Mr. Tamraz visited the White House four times after the NSC raised the flag. The CIA is now investigating what Acting Director George Tenet has called "extremely serious" allegations of "improper contacts and inquiries between [DNC] and CIA officials."

**The Washington Times**  
SUNDAY, MARCH 23, 1997

The NSC also warned Vice President Al Gore to approach the now-notorious Buddhist temple fundraiser with "great caution," speculating that the staggers of the Taiwan-related event "may have a hidden agenda." The vice president ignored the advice, went anyway and raised \$140,000, of which the DNC has promised to return \$64,000.

The arms dealer who accompanied Johnny Chung to hear the president's radio address wasn't the only Chinese arms trader to be a guest at the White House. Wang Jun, a former officer in the People's Liberation Army (PLA) and the chairman of Poly Technologies, which is tightly connected to the PLA, attended a White House coffee in February 1996 with two Arkansas cronies, Charles Yeh Lin Trie and Ernest Green. (This was the same coffee attended by Mr. Jimenez and the adviser to Paraguay's president.) For 15 months before Mr. Wang's White House meeting, Poly Technologies had been the subject of a massive probe by the U.S. Customs Service, which identified the firm as a major supplier of 2,000 AK-47 automatic weapons that were to be smuggled and delivered to drug lords and gangs operating in the United States. After Mr. Wang's background became public, the president regretted his visit, pleading ignorance, willful or otherwise.

The day after the coffee Mr. Green, who was seeking investment-banking business in China with Mr. Wang's financial corporation, donated \$50,000 to the DNC. A month later Mr. Trie delivered \$640,000 to the president's legal defense fund, which later returned the money because it was unable to verify the ultimate sources of the funds. Were the legal-defense donations being laundered because the real source of the money was a foreign country? About the same time, Mr. Trie, whom Mr. Clinton appointed to the Commission on U.S. Pacific Trade and Investment, was writing to the president urging him to reconsider deploying aircraft carriers in the China-Taiwan dispute, lest they provoke war with China.

On immigration policy, the administration floundered in March 1996 within weeks of a major fundraiser that generated \$1.1 million from Asian Americans paying \$12,500 each. The day after Mr. Huang hosted this gathering at the Hay-Adams Hotel, according to the *Boston Globe*, he wrote a memo to the president about the "top priority" of that night's contributors. They wanted him to reverse his decision to oppose "sibling preference," a policy that allowed foreign-born brothers and sisters of naturalized U.S. citizens to immigrate here. One month later, the president did change his mind, and the administration promptly killed attempts to end "sibling preference."

Is there any policy in this administration that was not put up for sale?

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## ARIANNA HUFFINGTON

# The Ickes factor

I would love to spend a couple of hours inside Harold Ickes' head. What a tortured battleground it must be these days. Ickes the devoted Clinton friend of 25 years is clearly in combat with Ickes the betrayed loyalist who had to read in the newspapers that he was being dumped from the administration as deputy chief of staff and that the job he longed for — White House chief of staff — had gone to Erskine Bowles.

Also in the mental mix is Ickes the tough New York lawyer, now under investigation for his involvement with a Florida businessman who offered to raise money for the Democratic National Committee. Mr. Ickes called this a "just blind-pig stupid" mistake, but he knows stupidity is not a legal defense and he could get up to three years in jail for it.

Somewhere in the mix is the personal drama of reliving elements of his father's fall. There is an eerie parallel between Harold Ickes-pere and Harold Ickes-fils. In 1946, as interior secretary under Harry Truman, Ickes senior testified before a Senate committee about the efforts of a Truman nominee, Edwin Pauley, to influence federal oil policy by raising \$300,000 for the DNC. Truman was not pleased and undermined his secretary by telling the press that "Mr. Ickes can very well be mistaken." Ickes promptly fired off a resignation letter and in his final press conference told a jammed auditorium: "I don't care to stay in an administration where I am expected to commit perjury for the sake of a party."

Will the son now follow in the footsteps of the father and tell a Senate or House committee that he doesn't care to cover up for an administration where he is expected to commit perjury for the sake of a president?

Rep. David McIntosh, who chairs one of the subcommittees on the House Oversight Committee, told me that "Ickes could very well negotiate a form of immunity in exchange for telling the committee what he knows."

There are already leaks about the second batch of documents that Mr. Ickes has just handed over to Congress. Apparently, it contains dollar projections for the White House coffees, making it even harder to pretend there was no illegal fund raising inside the White House.

While Mr. Ickes continues to insist

he is "proud of the president," the papers he has released contain the most embarrassing revelations for the president since he took office.

If there was one moment from which future historians will date the turning point in the president's fortunes, it will be the publication of the president's handwritten memo directing his campaign "to start overnights right away." According to the latest Washington Post/ABC poll, Mr. Clinton's approval rating has dropped by 6 points, and Democrats in the House and Senate are becoming increasingly and publicly reluctant to defend him.

Dick Morris, whose bitter rivalry with Mr. Ickes has been well documented, sees revenge lurking behind Mr. Ickes' actions. "In releasing these documents," he told me, "so prolifically and so early, he was venting some of his anger at the president for having asked him to resign."

So according to Mr. Morris, this is a signaling game. The president asked Mr. Ickes to coordinate the Group of 7 summit, thus signaling "Cool it — I'm not cutting you off." The G-7 clearly was not enough, for Mr. Ickes released the papers to the House without a subpoena and without disclosing their contents to the White House. Last week, Mr. Ickes met with the president at the Oval Office. What was signaled there, we do not know.

Just before he left the White House, Mr. Ickes talked about his father's loss of power: "People who my mother thought had really been fairly close friends just stopped talking to her because she was no longer the wife of the secretary of interior. It made a marked impression on me, and I have never forgotten it."

The only things now that separate Mr. Ickes from Washington powerlessness are the documents he removed from his office in the White House without telling anyone and the memories that could sink an administration.

"Being outside the administration," a Clinton adviser told me, "diminished Ickes' sense of obligation to place the president's interests before his own. So I would distinguish between acting gratuitously to injure the president and acting to protect oneself, even though that might lead to injuring the president." In other words, Mr. Ickes may not be driven by revenge, but he is definitely driven by self-preservation.



Harold Ickes

Having presided over Mr. Clinton's Whitewater damage control, Mr. Ickes knows very well how to fight tooth and nail over the release of documents. He also knows private memos can be lost or shredded. After all, once the legal lobe of his brain began to operate again, he ordered the Florida businessman to shred the fund-raising instructions he had sent him.

Mr. Ickes has said he is not sure whether he would have joined the administration "if I knew when I made the decision everything that was going to happen."

"Everything" clearly includes not just his legal liabilities and the way he was dumped but the way the liberal ideals he had fought for all his life were dumped. As well as being a savvy New York lawyer determined not to be a legal casualty, Mr. Ickes is a true believer and his father's son. These three forces together could win the battle in Mr. Ickes' mind about what comes next. And that would be very bad news for the White House.

Honor thy father or honor thy president? To find out, watch what Mr. Ickes does, not what Mr. Ickes says.

*Arianna Huffington is a nationally syndicated columnist.*

**The Washington Times**  
SATURDAY, MARCH 22, 1997

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# How's This for Gratitude?

By Daphne Kwok  
and Robert Sakinawa

**T**hese days, it's hard to be an Asian-American and a contributor to the Democratic Party. New allegations about illegal or improper donations to the Democratic National Committee from Asians and Asian-Americans seem to surface every week.

In response to these problems, the D.N.C. recently reviewed its donor lists, looking for any improper contributions. But the way this audit was conducted — disproportionately singling out Asian-Americans — confirmed what many of us have feared as this controversy has unfolded over the past six months: That our community has been unfairly singled out for scrutiny.

Clearly, there have been irregularities. Illegal contributions, foreign and domestic, should be investigated. But it is hard not to suspect that Asian-Americans have become the scapegoats for a flawed campaign finance system.

The D.N.C.'s audit looked into seven categories of donors (an eighth is still being investigated). Of those categories, six specifically focused on the Asian-American community, including contributions tied to Charles Yah Lin Trie, Johnny Chung and John Huang, as well as to the Buddhist Temple fund-raiser in Southern California in April 1996 attended by Vice President Al Gore.

Given the problems associated with those fund-raisers, it makes sense that the audit first focused on them. But the audit also looked into contributors who gave more than \$5,000 at any D.N.C.-sponsored event aimed at Asian-Americans. It's not clear whether investigators simply questioned those with Asian surnames or whether there were other signs that might have raised questions. But why didn't the investigators look at all donors who contributed more than \$5,000, regardless of which fund-raiser they attended?

Ernst & Young, the accounting firm that conducted the audit, asked the contributors very personal questions about their finances and credit history, as well as about their citizenship status. For instance, the firm asked, "What is your annual earned income?" At the end of the survey contributors were actually asked to authorize a credit report to verify their information.

Almost all Asian-Americans were suspect; the D.N.C. questioned long-time contributors, active party members and at least one local elected official. Indeed, if Connie Chung had given money to the D.N.C. as "C. Chung," she would probably have received a telephone call from Ernst & Young.

Naturally, donors were not happy to face such interrogations, especially when it was the D.N.C. that actively solicited their money in the first place.

Asian-Americans now find themselves under suspicion in almost every quarter. Because of suspect contributions, we believe the Clinton Administration will hesitate to appoint any Asian-Americans — even for posts where many of them are highly qualified.

Gov. Roy Romer of Colorado, the D.N.C. general chairman, has met with Asian-American groups to try to make amends. But the party has seriously damaged its credibility. Whether Asian-American contributors and voters will turn away from the Democratic Party is a real question.

But the bigger question, as Congressional hearings into fund-raising abuses begin, is whether politicians, the parties and the press will be able to distinguish between Asians who are citizens of other countries and Americans of Asian descent. □

## Abroad at Home

ANTHONY LEWIS

# Again, Scoundrel Time

BOSTON

"Washington has gone haywire," Anthony Lake said in withdrawing his nomination to head the C.I.A. He said it in relation to the Senate confirmation process. I think it is true in a larger, more menacing sense.

Our main national political institutions, Congress and the Presidency, have lost dignity and credibility. Both are dominated to an extraordinary degree by the attitude that the end justifies the means. No means is too brazen, too partisan, too malicious to use in the service of power.

The Lake hearings were an example. There were important questions about the future course of the C.I.A. and Mr. Lake's ability to chart it. But the chairman of the Senate Intelligence Committee, Richard Shelby of Alabama, was not interested in the merits. His purpose was to delay, obfuscate, destroy.

When Senator Shelby demanded to see raw F.B.I. files on Mr. Lake, with all the unsupported gossip and innuendo such files contain, we were quite literally back in the era of Joe McCarthy. It was Senator McCarthy's familiar tactic to demand files on people as a way of smearing them.

The personal charges made against Mr. Lake fell away on fair-minded consideration. One was over the episode during the Bosnian war when the Clinton Administration made no objection to the shipment of Iranian arms to Bosnia, and failed to inform Congress of this non-action. Even on the doubtful assumption

## Anthony Lake's hearings show the new malice in Washington.

that Mr. Lake was responsible, the complaint was unconvincing.

If we had stopped those arms, the Bosnian Serb aggressors would probably have taken Sarajevo and completed their genocide. As for the secrecy, compare that episode for seriousness with the involvement of an-

other national security adviser, Henry Kissinger, in the secret American bombing of Cambodia during the Vietnam War.

Then it was suggested that Mr. Lake was unpatriotic because he had resigned from Mr. Kissinger's staff over the 1970 invasion of Cambodia. The ghastly consequences of that invasion, for Cambodia and for this country, do not figure in the minds of people ready to use patriotism as a partisan weapon.

The principal charge pressed against Mr. Lake, in the committee and the press, was that he had failed as national security adviser to keep campaign contributors of dubious character out of the White House. He tried, but he did fail. Can anyone doubt why? The fault lay not with Mr. Lake but with President Clinton.

That brings us to the real meaning of the Lake hearings. They were designed as an attack, through a subordinate, on a President weakened by his own folly. Bill Clinton has few if any friends in Congress. He could not persuade the traditionally nonpartisan Intelligence Committee to the path of elementary fairness. The Senate majority leader, Trent Lott, was asked to intervene with Senator Shelby and refused.

Some have traced the viciousness of this confirmation proceeding back to the one that denied Judge Robert Bork a seat on the Supreme Court. That falsifies the record. Conservatives talk about "Borking," but Judge Bork was rejected on the merits by senators who thought his ideology made him unfit for the Court. The extremity of the views he is now expressing — such as subjecting the Court's constitutional decisions to votes in Congress — show how wise the Senate's decision was.

No, the antecedent is Joe McCarthy. John Deutch, the previous Director of Central Intelligence, had it right when he said the Lake hearings showed what a "barbarian process" confirmation had become.

Senator Shelby does not have the demagogic talents of a McCarthy. He is just a know-nothing who embarrasses many of his own colleagues. It is enough comment on the state of our institutions that Richard Shelby can determine who will be in charge of intelligence.

After Mr. Lake withdrew, I was talking with a lawyer about the turmoil in government. The country needs repose, I said. He replied: "People have repose. They are buying a second car. The stock market is going up. They don't care about the Government."

True. The public is so disgusted with Washington politicians that it has tuned government out as something that doesn't matter. But it does. □

The New York Times

FRIDAY, MARCH 21, 1997

# OPINIONLINE

What people are saying about Lake's resignation as CIA nominee

## Lake withdrawal: Fair or foul?

*Anthony Lake withdrew his nomination as CIA director Monday. President Clinton accepted and Wednesday nominated acting CIA Director George Tenet to head the spy agency. Some media reaction:*

**CHICAGO TRIBUNE** in an editorial: "Was he the man to lead the CIA into the 21st century? From the beginning, we didn't think so, and Lake's demeanor under fire did nothing to change our minds. ... What the CIA needs at this critical juncture is a strong, independent leader. ... Lake, it's even clearer now, wasn't that leader. ... He was more concerned about preserving his dignity than winning the confirmation battle."

**(New York) DAILY NEWS** in an editorial: "In forcing Tony Lake to abandon his nomination ... his Republican tormentors won the day. But the nation lost ... for it will be a long time before the public well is poison-free. ... On the merits, Lake should be settling in at the CIA. He knew that the revolving door of directors had to stop if the agency was to refocus its mission. Perhaps nothing was as important as his promise to serve through Clinton's term. It is America's loss that he will not be able to keep that promise."

**LOS ANGELES TIMES** in an editorial: "That Lake was not the strongest candidate for the job was clear from the beginning. ... There are blemishes (on his

record). But neither singly nor together would they ordinarily be considered disqualifying. ... Lake, in his withdrawal letter, expressed the concern that the politicizing of the confirmation process meant that the CIA itself might again become compromised by external political interference. That is a danger that must be vigorously and vigilantly resisted ... whether that threat comes from the White House or Congress."

**TOM CURRY**, columnist, MSNBC ([www.msnbc.com](http://www.msnbc.com)):

"In quitting his fight ... Lake huffed that the confirmation process had gone 'haywire' and turned into a 'circus.' But there's historical evidence to show that the process is no more partisan and vindictive than it ever was. ... Had Clinton not been hobbled by the scandal over ... fundraising, Lake would have had smooth sailing. A weakened president invites the Senate to pummel his nominees."

**THE WASHINGTON POST** in an editorial: "In taking himself out of the running ... Anthony Lake showed one of the particular traits that qualified him for the post. ... He wanted to spare the CIA ... further lacerations from the dispute over his nomination. ... Lake himself believes his ordeal shows that 'Washington has gone haywire.' Certainly it has gone intensely partisan. Here the first responsibility falls on (Intelligence Committee chairman) Sen. Richard Shelby. ... He has changed the rules of the game — and for the worse."

**LARS-ERIK NELSON**, syndicated columnist: "In the end, (Lake's) nomination to run the CIA fell victim to

Democratic greed. ... It is the ultimate irony. With all the hustlers, con men, fast-buck artists and palm greasers who have turned the White House into a motel and American politics into a bazaar, the one person to pay the price for peddling access is Anthony Lake, one of the most honorable men ever to grace Washington. Perhaps the Democrats will now recognize how much their greed has cost."

**TOD LINDBERG**, editorial page editor, *The Washington Times*: "Oh sure, after 12 years of badly trashing Republican executive branch officials and nominees, with little regard for the facts and even less for the feelings of those whose lives and reputations were being dragged through the mud, now the Democrats think it's a good time to set aside partisanship and 'gotcha' in favor of policy and governing."

**ST. PETERSBURG (Fla.) TIMES** in an editorial: "Like Robert Bork, John Tower and others before him, would-be CIA director Anthony Lake stalked away from the Senate confirmation process with bitter complaints about the purported injustice he suffered. And as with those other victims of the process, Lake mingled valid grievances with self-serving diversions. It is true that ... (Sen. Richard) Shelby (R-Ala.) opposed Lake's nomination from the start and then started searching for a reason. ... However ... Lake backed out only after Shelby's fishing expedition started hitting on issues that might have reeled him in."

**WILLIAM F. BUCKLEY JR.**, syndicated columnist: "Lake closed his letter to the president by saying, 'I'm very proud of your foreign policy record and of whatever contributions I made to it.' ... But is Lake really proud of our dozen successive policies toward China? Were we correct when Clinton ... waited almost three years before doing anything (about Bosnia)? ... Is Lake proud of the disorientation of NATO? ... Are we doing so well in Iraq? 'Washington has gone haywire,' Lake reported to Clinton. He should have added, 'Don't take this personally.'"

"As Sen. Richard Lugar ... has said ... 'The whole confirmation process has become more and more outrageous.' It is nasty and brutish without being short."

— Anthony Lake,  
withdrawing from  
CIA nomination

USA TODAY  
FRIDAY, MARCH 21, 1997

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# CLINTON PROPOSES ACTING C.I.A. CHIEF AS AGENCY LEADER

## ATTEMPT TO END TURMOIL

### Senators Say Confirmation Is Likely for Nominee, Whose Career Is in Intelligence

A

By TIM WEINER

WASHINGTON, March 19 — Moving to end another political crisis for the nation's intelligence agencies, President Clinton today chose George J. Tenet, a son of Greek immigrants who made his name serving Washington's espionage overseers, as his new nominee for Director of Central Intelligence.

Mr. Tenet, 44, has served as the Deputy Director of Central Intelligence since July 1995 and the Acting Director since December. He would be the 18th chief in the C.I.A.'s 50-year history — and the fifth in six years. In choosing Mr. Tenet, whose confirmation by the Senate appears likely, Mr. Clinton sought to end the turmoil at the top of United States intelligence and what he had called a "cycle of political destruction" that he said brought down his last nominee for the job, Anthony Lake.

Members of the Senate Select Committee on Intelligence said today that they thought Mr. Tenet was likely to be confirmed in April, after the Senate reconvenes from a two-week Easter recess.

Sitting in a wheelchair at the White House, the President said Mr. Tenet had strong ties to Congress from his days as staff director of the Senate Intelligence Committee from 1989 through 1992, a record of serving Mr. Clinton as director of intelligence programs at the National Security Council in 1993 and 1994 and support inside the halls of the C.I.A. from his tenure as second in command.

That is an unusual combination, intelligence officials said today, even though Mr. Tenet's career has mostly been as an aide to Senators and spy chiefs and not as a wielder of power and authority himself.

"He knows that I must have the unvarnished truth," Mr. Clinton said.

Mr. Tenet, in turn, said the nomination was "a bittersweet moment for me: I had hoped to serve with my good friend Tony Lake, as his deputy." But, with the top Democrat on the Intelligence Committee raising questions about his fitness for the office, Mr. Lake withdrew his nomination on Monday. He told the President that he was sick of being "a dancing bear in a political circus."

Mr. Lake bowed out after a twice-postponed and never-completed three-day confirmation hearing in which Republicans on the Intelligence Committee questioned his integrity, his politics and his tough-mindedness. His willingness to continue was also eroded by Senators' questions, news reports and internal Government investigations.

Those inquiries called into doubt Mr. Lake's management of the 151-member National Security Council staff — and how well he might run the 80,000 or so intelligence officers and analysts who would be under his command at the C.I.A. and a dozen other intelligence agencies.

Mr. Lake withdrew with a sad and angry letter, saying, "Washington

Continued on Page A27, Column 1

Continued From Page A1

has gone haywire." But his withdrawal was the second failed nomination of a Director of Central Intelligence for President Clinton, who has now named five men to the post in little more than four years. And it has left the nation's intelligence agencies searching for leadership as they try to plot a course from the cold war to the 21st century.

The withdrawal gave Mr. Tenet the nomination almost by default, several Government and intelligence officials said today. He was in place as Acting Director, a post for which the Senate confirmed him in 1995. He was acceptable to Senate Republicans as a former aide to John Heinz, the late Republican Senator from Pennsylvania, and as the director of the bipartisan Senate Intelligence Committee staff. And Mr. Tenet has a record of loyally serving Mr. Clinton and working closely with other deputies at the Pentagon and the Justice Department.

"You can't have a ship without a captain," Mr. Clinton said today. "I didn't see any point in waiting."

Mr. Tenet, in turn, said there was "no room for partisanship in the conduct of our intelligence community." He pledged to "always be straight and tell you the facts as we know them."

At his confirmation hearings, Mr. Tenet will surely be asked about his service to Mr. Lake as senior director for intelligence programs at the National Security Council in 1993 and 1994. And the Intelligence Committee will ask him whether he will serve at least four years, to bring a measure of stability to the C.I.A. and the other intelligence services.

Since 1991, no one has held the job of Director of Central Intelligence for more than two years. In that time, the Soviet Union has collapsed, old cold-war enemies have become friends of sorts, and the agency has sometimes appeared adrift in a shifting world. Traitors inside the C.I.A. have sold the agency's most precious secrets to Moscow. Station chiefs have been dismissed or disciplined for what the agency has called "a lack of candor" — that is, concealing the truth from their superiors.

Nominee after nominee for the job of Director has pledged to change course, but no one has remained captain of the ship long enough to turn it around. Charting a new course has been hard. United States intelligence, by its charter, is supposed to serve the President's foreign policy, but

## Gaining a nomination almost by default, some officials say.

that policy itself has sometimes seemed elusive after the cold war.

Mr. Tenet made his career as a loyal staff officer on the Senate Intelligence Committee in the 1980's. As the committee's staff director, he helped run the highly contentious and often bitter confirmation hearings for Robert M. Gates, President George Bush's nominee as Director of Central Intelligence. That experience should serve him well when he comes under questioning in April.

The chairman of the Intelligence Committee, Senator Richard C. Shelby of Alabama, called Mr. Tenet "a man of integrity and professionalism." The Senate majority leader, Trent Lott, Republican of Mississippi, also had kind words for the nominee. And Senator Bob Kerrey, a Nebraska Democrat and the committee's vice chairman, whose growing doubts about Mr. Lake helped persuade him to withdraw his nomination on Monday, said Mr. Tenet should be confirmed — and quickly.

"He's been confirmed before; there should be no difficulty with F.B.I. files and the need to subpoena his staff," Senator Kerrey said, referring to demands for information made by the chairman, Senator Shelby, during Mr. Lake's confirmation.

"Tenet's been on both sides of the table, at the committee, where he had the oversight role, and out at the agency, he's had many opportunities to work through serious life-threatening problems," Mr. Kerrey added.

Among the problems he helped solve, said Mr. Kerrey and several intelligence officials, was the "scrub" that was conducted when the C.I.A. struck from its payrolls over 100 foreign agents because they had committed murder, torture or other crimes that outweighed their value as paid informants.

Roughly 900 more foreign agents who reported to case officers from the agency's Directorate of Operations were dismissed because they were dead wood. Aside from saving the C.I.A. millions of dollars, the dismissals were a way of avoiding potential future scandals, the intelligence officials said.

Among the biggest problems that will confront Mr. Tenet if he is confirmed, Mr. Kerrey said, will be insuring that United States intelligence can provide the President with information unobtainable elsewhere.

"We have to manage the intelligence agencies, when they still have one foot in the old age, into a new age of threats, technologies and values," Mr. Kerrey said. "High-quality intelligence is available in the open market — from old sources like newspapers and television — and the C.I.A. sometimes can't compete."

He added: "He's got to move this agency. The intelligence efforts need to change. There's an urgency."

The New York Times

THURSDAY, MARCH 20, 1997

## Party Wars Bog Fund-Raising Query (Washn)

By Elaine S. Povich (c) 1997, Newsday

WASHINGTON Senate and House investigations into campaign fund raising became mired in partisanship Wednesday as Senate Republicans increased pressure on Attorney General Janet Reno to appoint an independent counsel, and House Democrats vowed to block an investigation centered only on White House improprieties.

With the House's top investigator fighting off charges that he shook down a lobbyist for donations, a planned committee meeting on the investigation was put off. Republicans also were trying to define the committee's scope in advance of a House vote on the panel's funding scheduled for Thursday.

In the Senate, a 55-44 party-line vote called on Reno to move to appoint a special counsel to look into campaign fund-raising actions by the Clinton administration. Democrats went with a milder resolution calling on Reno to use her judgment on the issue. The Democratic effort failed on a 58-41 vote, with three Democrats voting with the Republicans.

Senate Majority Leader Trent Lott, R-Miss., said the Senate's prodding of Reno was done because "like the American people, we wonder what it will take to jar the attorney general into triggering the independent-counsel law."

Reno has indicated that campaign fund-raising allegations have not yet risen to the level needed to trigger the independent-counsel statute.

The partisan jockeying illustrates the difficulties inherent in investigations into campaign fund raising. Members of both parties do it, and each accuses the other of improprieties. Rep. Dan Burton, R-Ind., was accused by a former lobbyist for Pakistan of threatening to cut him off from further communication because he had not raised money for the congressman. Republicans cried foul, noting that the lobbyist is a leading Democrat.

"We expect this to be only the beginning of the attacks to discredit members of the oversight committee," said Rep. John Mica, R-Fla., a member of the panel. "It's the White House and the DNC (Democratic National Committee) and others who don't want the investigation to go forward."

Burton's committee is set to look into alleged White House improprieties but not congressional ones. An angry Burton confronted a reporter for The Washington Post, which first reported the Burton-lobbyist story, accusing the paper of being unfair.

Rep. Michael Forbes, R-N.Y., said there doesn't appear to be a "right side" in any of the investigations of campaign finance. "The voters are saying a plague on both your houses. If we make this a partisan investigation we do ourselves a disservice in this Congress," he said. Forbes said an independent counsel was probably the best way to go.

## Acting Director Tenet Is Clinton's Choice to Head CIA (Washn) By William Douglas (c) 1997, Newsday

WASHINGTON President Clinton Wednesday nominated acting CIA Director George Tenet to become permanent head of the beleaguered agency.

Clinton announced his choice just two days after his first nominee, Anthony Lake, withdrew from consideration, blaming a Senate confirmation process that had turned into a "political circus" and an atmosphere in Washington "gone haywire."

Clinton, who Tuesday expressed bitter disappointment with Lake's withdrawal, called Tenet "clearly the best qualified person to move quickly into the leadership" of the CIA.

"He brings a wealth of experience and skill to the challenge of leading our intelligence community into the 21st century," Clinton said from a wheelchair in the White House's Red Room.

Tenet, who stood with his wife and son beside Clinton, expressed gratitude for the nomination but sadness that he would not be working as Lake's deputy.

Then Tenet pledged to run a CIA free of partisanship and prompt with delivering "the best, most objective intelligence we can provide."

White House officials expect Tenet to have a smoother confirmation process than Lake did, because he has already been vetted and confirmed for his current job as deputy CIA director and because of the five years he spent on Capitol Hill as staff director for the Senate Intelligence Committee the body that must confirm him. He served on the National Security Council staff from 1993 to 1995. Tenet became the CIA's deputy director in 1995 and was named acting director last December, replacing John Deutch.

Asked why he thinks Tenet will be confirmed, Clinton said "because he's well-known to the Senate and well-respected by Republicans as well as Democrats."

"So I didn't see any point in waiting around," Clinton said. "Time is we need to get this done and go on."

Indeed, where Sen. Richard Shelby, R-Ala., chairman of the Senate Intelligence Committee, and Sen. Bob Kerrey, D-Neb., had reservations about Lake particularly in light of a Wall Street Journal story Monday suggesting that Clinton election fund-raisers had impact on White House foreign policy contacts because Lake declined to intervene they expressed few concerns about Tenet Wednesday.

"I am pleased the president acted so quickly," said Sen. Majority Leader Trent Lott, R-Miss. "George Tenet's experience in the intelligence community and as a staffer on Capitol Hill are important factors. This looks to be a good choice ... and I expect rapid Senate action on his nomination."

Shelby offered tempered remarks. He complimented Tenet for a "distinguished record of service in the intelligence community."

He promised that Tenet would be given "a fair and thorough examination as it relates to his qualifications" to be CIA director.

If confirmed, Tenet inherits a CIA that has suffered a host of setbacks, including blown covert operations and the damage done by convicted CIA turncoat Aldrich Ames. As director, he would oversee the work of the CIA and 12 other U.S. spy agencies said to employ about 80,000 people and spend about \$30 billion a year among them.

35-20-97

# Tenet's main asset: Easy confirmation

## New nominee to head CIA will likely escape partisan sniping

By Barbara Slavin  
USA TODAY

He chomps a cigar but does not light it, prefers basketball to baseball and is known for a management style former subordinates call "tough love."

But the main asset George Tenet, 44, has in the current Washington political climate is that he is likely to be confirmed quickly as director of Central Intelligence, avoiding the partisan sniping that led Anthony Lake to withdraw his nomination this week.

Asked why he was elevating Tenet, acting CIA director, President Clinton said Wednesday: "Because he's well-known to the Senate and well-respected by Republicans as well as Democrats."

A former staff director of the Senate Select Committee on Intelligence that will weigh his nomination, Tenet is the least controversial choice. "Under the circumstances, he is the only, I mean best choice they had," says Richard Stolz, a former CIA deputy director.

The man who chose Tenet as his deputy, former CIA director John Deutch, is more complimentary. "He's the most spectacular deputy who has ever been in Washington," he says. "He'll be very popular in the White House and in Congress, and I predict he will be one of the great directors."

Tenet, a native of New York with degrees from the School of Foreign Service at Georgetown University and Columbia's School of International Affairs, came to Washington in 1985 and served on the staff of a Republican, the late senator John Heinz of Pennsylvania.

From 1987 to 1993, he was staff director of the Senate in-

telligence committee. David Boren, then chairman, credits Tenet with helping shape important reforms such as an independent audit unit to oversee secret CIA accounts.

"He's smart, honest and won't put up with any nonsense," the former Oklahoma senator said Wednesday.

Robert Gates, who underwent a difficult confirmation process as CIA director while Tenet was on the committee, also praises Tenet as "a very good man who clearly knows and understands the business."

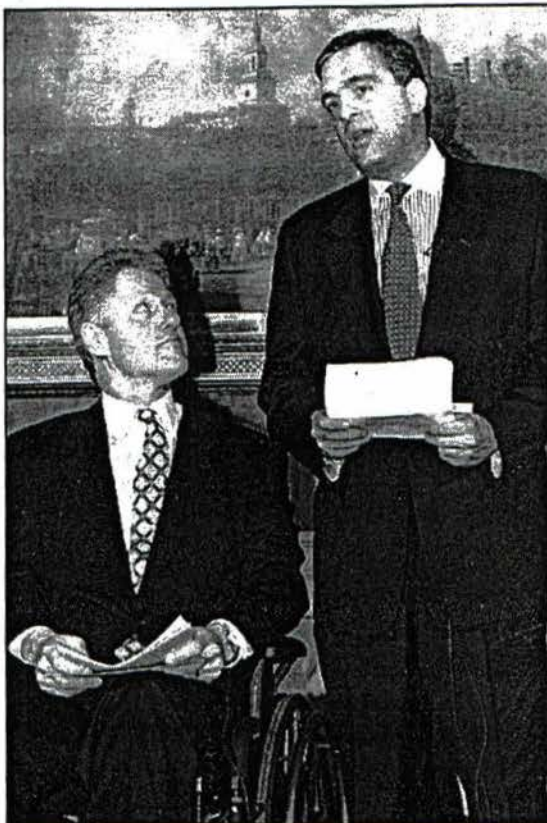
Tenet left the committee to work on Clinton's national security transition team and was Lake's principal adviser on intelligence in the National Security Council (NSC) until Deutch tapped Tenet to be his deputy in the summer of 1995.

His departure from the NSC before the fund-raising frenzy that brought suspect characters into the White House should help him win confirmation. But staffers say he should not expect a cake walk.

Sen. Richard Shelby, R-Ala., spent much of the week-long Lake hearings questioning Lake about the access of fund-raisers. He indicated Tuesday that Tenet would have an easier ride. "I know George Tenet," Shelby told a news conference after Lake announced his withdrawal. "We believe he's capable. We'll get the hearing and move with it."

Senate intelligence committee Vice Chairman Bob Kerrey, D-Neb., also said Tenet should expect speedy confirmation.

"The feeding frenzy has exhausted itself and the second person through has an easier time," notes Ross Baker, a political scientist at Rutgers Uni-



By Gary Cameron, Reuters

Acting CIA director: President Clinton says he chose George Tenet because he's well-respected by both political parties.

versity. He cited the easy confirmation of Supreme Court Justice Antonin Scalia in 1986 after the Senate "chewed up" William Rehnquist before confirming him as chief justice.

Tenet has testified before the Senate committee as acting CIA director. In an appearance Feb. 5, he appeared to get on easily with committee members as he outlined U.S. national security priorities.

Deutch says Tenet was instrumental in focusing the CIA's energies on so-called "hard targets," such as rogue states and the proliferation of nuclear weapons. He praises him for "insisting on analysis before going after these targets and cooperating with other law enforcement agencies" in catching alleged traitors within the CIA.

Lake seemed to touch a raw nerve in many conservatives because of his professorial demeanor and the fact that he quit the Nixon White House in 1970 to protest the U.S. bomb-

ing of Cambodia.

Tenet may arouse some opposition from his left. He headed a review by CIA officials who decided not to restore a top-level security clearance for Richard Nuccio because he shared classified information with then-Rep. Robert Torricelli, D-N.J., last year. Torricelli, now a senator, then went public with the information, about the CIA's involvement with a Guatemalan colonel implicated in the murder of one U.S. citizen and the spouse of another.

Some CIA critics worry whether Tenet will be able to ride herd on the CIA's directorate of operations.

Others wonder whether he will have the stature, at his relatively young age, to make his voice heard among more senior Cabinet figures. "He's a bright young man," says Stolz. The question is not how he'll be treated by CIA spy masters but "how he will be treated by the secretary of State and secretary of Defense."

USA TODAY

THURSDAY, MARCH 20, 1997

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# LEADING DEMOCRAT TELLS OF DOUBTS ON C.I.A. NOMINEE

## WHITE HOUSE WAS WARNED

### Senator Kerrey's Reservations May Have Persuaded Lake Not to Fight the G.O.P.

AI

By ELAINE SCIOLINO

WASHINGTON, March 18 — The highest-ranking Democrat on the Senate Intelligence Committee said today that he warned the White House last Saturday that he had developed strong reservations about Anthony Lake's qualifications to be the nation's spymaster and that Mr. Lake might not win Senate confirmation.

The Senator, Bob Kerrey of Nebraska, whose views carry considerable weight with the eight other Democrats on the Intelligence Committee, said he had told both John D. Podesta, the deputy chief of staff, and Charles Ruff, the White House counsel, that he needed more information about Mr. Lake's handling of National Security Council barriers against White House political and fund-raising operations.

Specifically, Mr. Kerrey said in a telephone interview, he was deeply concerned about articles in *The Wall Street Journal* about a major Democratic contributor with a checkered background, Roger Tamraz, who got unusual access to National Security Council staff members. Mr. Tamraz ended up meeting with President Clinton several times, despite objections from a security council staff official. Mr. Lake apparently did not know about the incident.

Mr. Kerrey said that his concerns had not been allayed by conversations with both White House officials again on Monday. He then called Mr. Lake. Shortly afterward, Mr. Lake met with Mr. Clinton and withdrew his nomination, blaming the confirmation process, which he described in a letter to the President as "nasty and brutish without being short."

Today Mr. Clinton repeated Mr. Lake's assertion, blaming the Republicans and a process of "political destruction" for sabotaging the nomination.

But the fact that Mr. Kerrey was concerned that Mr. Lake's nomination was in trouble as early as last Saturday raised questions about whether the White House could have responded in a way that might have preserved the nomination.

Although there were ugly moments in the three days of Senate questioning of Mr. Lake, it was by no means as difficult and mean-spirited as the process endured by Robert M. Gates to become Director of Central Intelligence in 1991. But as the confirmation process dragged on with no fixed date for a vote, a much more basic question was raised by senators: whether a man who seemed to have difficulty running a 151-person National Security Council staff could run the more than 18,000-person Cen-

Continued From Page A1

tral Intelligence Agency and the 12 other intelligence agencies.

Mr. Kerrey said he and other senators were also troubled by the fact that the F.B.I. had briefed two of Mr. Lake's senior staff members in the security council about potential efforts by China to use campaign donations to try to influence the 1996 Presidential election and Mr. Lake never knew about it.

"It never went to the top, never went to the President," Mr. Kerrey said. "I think it goes to the management capability. Was he capable of managing?"

Mr. Kerrey's comments undercut White House efforts to cast Mr. Lake today as a victim of partisanship.

Although Mr. Kerrey never said directly that he would vote in favor of Mr. Lake, the White House saw his role as crucial because he is the ranking Democrat on the committee that conducted the nomination hearings.

Asked how the White House had responded to Mr. Kerrey's warnings, Michael D. McCurry, the White House press secretary, said that officials had begun sounding out Capitol Hill on the degree of support for Mr. Lake. Still, there was an overall feeling in the White House that Mr. Lake had the votes for confirmation both in the committee and in the Senate as a whole.

Despite Mr. Lake's extraordinary intellect and his loyalty to the President as national security adviser, he was not known for running an efficient National Security Council. He jealously guarded access to the President, who was often briefed by Mr. Lake on Cabinet-level meetings rather than attending them himself.

His relationship with his deputy and successor in the job, Samuel R. Berger, became increasingly strained, although both men put on a public display of amity, and Mr. Lake was known to criticize Mr. Berger openly in meetings, current and former White House officials said.

Mr. Lake also did not hide his impatience with other senior national security aides. He was repeatedly rude to Madeleine K. Albright, now the Secretary of State, showing his exasperation by drumming his fingers, gazing around the room or cutting her off in meetings, senior Administration officials said.

Much of the actual day-to-day management of the security council was left to Nancy E. Soderberg, effectively the third-ranking security council member. A close ally of Mr. Lake who had been given the task of shepherding his nomination through the Senate, she, like Mr. Lake, was not known for a crisp, decisive management style.

At times, important Administration officials could not get time with Mr. Lake. In August 1994, for example, when thousands of Cubans were fleeing to Florida, Gov. Lawton Chiles of Florida warned Attorney General Janet Reno that he was prepared to arrest them.

Former and current White House officials said Ms. Reno had tried unsuccessfully to reach Mr. Lake, although the Justice Department disputes that account. Frustrated, they said, she finally got through to a senior staff member of the National Security Council, who relayed her message to him, that "Florida was about to blow up in our faces."

Within two days, the policy toward Cuban refugees changed. But the Cuba incident may have been a prelude to Ms. Reno's inability to get in contact with Mr. Lake regarding warnings that China might be trying to use campaign donations to affect the 1996 election.

Mr. Lake has insisted repeatedly that he worked throughout his four years as the President's National Security Adviser to keep his staff out of partisan politics. He chose not to attend the weekly political meetings

the President held throughout the campaign in the White House. Instead, it was Mr. Berger who went.

But that very distance may have contributed to an atmosphere where security council warnings did not get beyond the foreign policy apparatus, some officials said.

"The level of communication between the N.S.C. and the rest of the White House staff was virtually nonexistent," said Dick Morris, the former political strategist to Mr. Clinton. "Lake was completely paranoid about any political interference in foreign affairs or any semblance of

### Questions on how the security council was managed.

it. As such, he sharply discouraged contacts between White House staff and N.S.C. people."

Mr. Berger said today that he was examining what the rules should be for contact between the council and the rest of the White House. "On the one hand, we want to isolate the N.S.C. from political considerations," he said. "On the other hand, we don't want to insulate the N.S.C. from the world and from people who have something to contribute."

Recently released documents leave the suggestion that council warnings about individuals were not always heeded and did not go all the way up the chain of command in the council — although Administration officials contend that in each case the council staff members had no reason to know.

Vice President Al Gore chose to attend a fund-raiser at the Hsi Lai Temple in Los Angeles last April even after Robert L. Suettinger, one of the National Security Council's Asia affairs specialists, warned a Gore aide that "from the perspective of Taiwan/China balancing this would clearly be a Taiwan event and would be seen as such."

"I guess my reaction would be one of great, great caution," Mr. Suettinger's warning continued.

On another occasion a year earlier, Mr. Suettinger was asked by Melanie B. Darby, a low-level security council staff member, whether photographs should be distributed of Mr. Clinton with Chinese business officials who had been brought to his radio address by Johnny Chung, a Democratic fund-raiser. Mr. Suettinger said he "did not see any lasting damage to U.S. foreign policy" from giving out the pictures. But he added a caution about Mr. Chung, suggesting that he was "a hustler." Mr. Chung, however, continued to have access to the White House.

It was in this milieu that *The Wall Street Journal* published the articles about Mr. Tamraz, the oil financier who attended events with Mr. Clinton even after the security council warned against contact with him.

Sheila Heslin, a council official, met him in June 1995 and recommended to her superiors that he have no further contact with the White House, *The Journal* said. When the Democratic national chairman, Donald L. Fowler, tried to intercede on his behalf, she notified the N.S.C. counsel and Ms. Soderberg, the council's deputy assistant to the President, officials said. Ms. Soderberg warned off Mr. Fowler, officials said, but did not report to Mr. Berger or Mr. Lake because she believed she had taken care of the matter.

The New York Times

WEDNESDAY, MARCH 19, 1997

Continued on Page A20, Column 1

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Divider Title:                     **March 18, 1997**                    

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BC-CONGRESS-TIME

U.S. Senate committee approves comp time bill

WASHINGTON (Reuter) - A bill that would let private employees take time off instead of extra pay when they work overtime was approved by the Senate Labor Committee Tuesday but faces an uncertain future.

The bill, titled "The Family Friendly Workplace Act", would also let employees arrange flexible work schedules with their employers to meet family and personal needs. It passed the Republican-controlled panel on a 10-8 party line vote.

"This bill represents an important step in providing employees in the private sector greater latitude to balance the conflicting demands of work and family," said Labor Committee Chairman James Jeffords, a Vermont Republican.

The White House has threatened a veto of the measure. The full House will vote on the issue this week.

Labor unions are also opposed, saying employers would be able to discriminate against workers who want overtime pay and would be able to control when employees could use the comp time.

The AFL-CIO instead has recommended expanding the current family and medical leave law to cover more workers and provide additional time off to meet family needs.

Federal employees have been able to take "comp time" and "flex time" for several years.

The bill now goes to the full Senate with action expected in April.

HR 829

# Senate Panel's Questions Built to Breaking Point

**A1** By John F. Harris  
and R. Jeffrey Smith  
Washington Post Staff Writers

A week after President Clinton nominated Anthony Lake to be CIA director, the questions were already mounting. "Is Tony Lake in trouble?" a reporter asked. "And will you go to the mat for him?"

"No and yes," Clinton shot back.

Three months later, the real answers are clear: Yes and no.

Yes, Lake's nomination was imperiled from the beginning. Key Republicans in the Senate saw the nominee as a symbol of Clinton's foreign policy, and a vulnerable one at that, and went hunting for his scalp.

No, Clinton did not in the end go to the mat for Lake. A White House spokesman said last night that he wanted to, and told Lake he would let the nomination fight go on for a year if necessary, but Lake decided that would be too destructive to the agency he was asked to lead.

As it happened, "the mat" was  
See ANALYSIS, A6, Col. 1

## ANALYSIS, From A1

the wrong metaphor for the Lake nomination, which proved to be not so much a fight as a morass. The questions raised by the Republicans—probably no single one of which would have killed the nomination on its own—kept piling on until their cumulative weight was unbearable.

Two large questions linger in the wake of Lake's withdrawal. One is how Clinton will respond to what amounts to the latest in a long series of stumbles as he attempts to put his personal imprint on the intelligence community—whoever he chooses to replace Lake will be his fifth nominee to head the agency in five years. The other is what the bitter episode will mean for Clinton's hopes for a new season of Washington bipartisanship.

There is vast resentment at the White House at what many senior aides believe was Lake's unfair treatment by Senate intelligence committee Chairman Richard C. Shelby (R-Ala.) and his GOP allies.

The Republicans, for their part, have shown that they do not think Clinton's reelection was so impressive it should prevent them from humiliating a man who spent the first term as one of Clinton's most senior advisers.

During the election campaign Clinton had no hesitation about attacking Republicans as extremists out to rob senior citizens of their Medicare, but since then he has toned down his rhetoric and sermonized about the biblical injunction to be "repairers of the breach." Yet while the president has extended "the hand of bipartisanship," press secretary Michael McCurry said, "there are clearly some on Capitol Hill who have spit on that hand. Hopefully, there are others who want to engage and make progress."

Many White House officials—large numbers of whom have had their own tangles with congressional investigators—privately share the view Lake offered in his letter to Clinton that "Washington has gone haywire" and can be a "nasty and brutish" place. His letter even carries echoes of the suicide note left by former White House aide Vincent Foster, who complained that in Washington destroying people is sport.

At least part of the controversy over Lake concerned what he knew about Democratic fund-raising among foreign donors, showing how the campaign finance scandal is beginning to haunt the administration across a wide spectrum of issues.

Some White House advisers expect the Lake episode will be a discrete controversy. In this view, Clinton and Republicans will decide to cooperate or fight each other on the budget or other issues based on what's in it for them, not on whether each side thinks the other is nice or honorable.

In withdrawing, Lake follows in the footsteps of retired Air Force Gen. Michael P.C. Carns, whom Clinton had tapped for the top CIA job in March 1995 and who bowed out after a week of publicity about the fact that he had brought a Filipino housekeeper to Washington.

Carns was to have been the replacement for R. James Woolsey, who resigned with White House blessing after becoming a lightning rod for criticism of the CIA's handling of the scandal surrounding Moscow's secret 10-year employment of CIA officer Aldrich H. Ames.

One of Woolsey's failings, colleagues said, was his inability to get along with the chairman of the Senate panel that oversees the CIA's activities, then Dennis DeConcini (D-Ariz.). Bitter feuding between the two carried over into legislative deliberations on the CIA's budget, and ultimately provoked the White

House to replace Woolsey with then-Deputy Secretary of Defense John M. Deutch.

Deutch, for a while, was hailed as the right man for the job. A brash, opinionated academic who cultivated close relations with key members of Congress and threatened to make war on the agency's slackers, Deutch ultimately came to be seen by others in the administration as someone who was too interested in empire-building and too willing to break bureaucratic crockery.

Last December, after he gave some truthful but politically embarrassing testimony about military gains by Iraqi President Saddam Hussein, Deutch was rewarded by being passed over for the job of secretary of defense in a second Clinton term. He was quick to denounce the CIA job as not worth the trouble it brings, saying in an interview a few days later that he regretted taking the post.

The controversy that swirls almost continuously around the agency was manifested in the broad range of questions thrown at Lake during his confirmation hearings: What about the CIA's role in Bosnia? What about mismanagement of its operations? Why is its morale so poor?

But some of the questions also had little to do with the CIA, and everything to do with the desire of Republicans to blacken the foreign policy record of the Clinton administration—which Lake had helped to create.

Even as Republicans accused him of being a Machiavellian mastermind of secret operations in Bosnia, they said the fact that he was not informed by his own staff about rumors of political influence-buying by China raised questions about his management skills. He was at once too far in the loop and too far out of it. Either way, White House aides said last night, Lake simply couldn't win

The Washington Post

TUESDAY, MARCH 18, 1997

FINAL

# Lake Quits as CIA Nominee, Citing 'Nasty' Process

By Walter Pincus  
Washington Post Staff Writer

Anthony Lake suddenly withdrew as President Clinton's nominee to be CIA director yesterday, saying that continued Republican opposition led him to conclude over the weekend that there was no end in sight for his confirmation process.

In an impassioned, 2½-page letter to the president, Lake said that "Washington has gone haywire" in partisanship and called the process he had gone through "nasty and brutish without being short." The former national security adviser asserted he had sufficient votes for Senate confirmation but said he could no longer tolerate postponements that were hurting the CIA and National Security Council staff.

Lake's nomination was opposed from the start by Republicans led by Sen. Richard C. Shelby (Ala.), chairman of the Senate Select Committee on Intelligence. Shelby twice delayed the start of Lake's confirmation hearings, while raising questions about Lake's foreign policy role in Clinton's first term, personal stock investments; management ability and other issues.

Lake's letter cited three new developments that he said would create "endless delay": Shelby's demand for broader dissemination to senators of files of Lake's FBI background investigation; the committee Republicans' desire to question Lake's NSC staff members about meetings with Democratic campaign contributors; and a newspaper report alleging possible Democratic Party contacts with the CIA regarding a Lebanese American campaign donor who met an NSC aide and the president.

In a 20-minute meeting with Clinton in the White House residence yesterday, Lake did not give the president a chance to talk him out of withdrawing, according to sources close to Lake. They said Lake told the president that he was "not going to spend the next few months being a dancing bear in a political circus."

White House press secretary Michael McCurry said last night that the president told Lake, "I want you to stay and fight, but I'll respect your personal judgment. What's happened to you is outrageous."

Clinton said he was willing to "fight for Lake for a year" if that was what it took to get him confirmed, McCurry said.

White House staff members had grown concerned in the past week that Lake had shown physical signs of the pressure. "We had become worried that he might burst with anger," one colleague said yesterday. "If Shelby wants to claim this as a victory, it shows how puny-minded this town has become," he added.

See LAKE, A6, Col. 1

LAKE, From A1

Shelby issued a brief statement, saying: "This nomination has been fraught with controversy from the beginning. Although I found Mr. Lake to be intelligent and amicable, I continued to have strong reservations about his fitness to be the director of central intelligence. I wish Mr. Lake well."

Sen. Bob Kerrey (Neb.), ranking Democrat on the intelligence committee, laid blame for the withdrawal on both the "unfair treatment" of Lake by the committee and Lake's own failure as head of the NSC staff to establish an effective procedure for subordinates reporting to him requests for help from political fund-raisers and donors.

In recent weeks, the GOP criticism of Lake had increasingly focused on Lake's admitted lack of knowledge of an FBI briefing given in June to two of his own NSC staff members about alleged Chinese efforts to influence congressional elections. Lake refused to criticize the two but was portrayed as a poor manager for not knowing about the sensitive meeting.

Although sources said Lake hoped his withdrawal would allow Clinton to choose another nominee for CIA director who would not face the delays caused by his nomination, it was not clear to whom the president could turn.

Clinton might be able to avoid another confirmation battle if he selected someone already holding a confirmed position, such as acting CIA Director George Tenet, who was once staff director for the Senate intelligence committee, or Deputy Attorney General Jamie S. Gorelick, who was considered for the post before Lake was chosen.

Lake had considered dropping out 10 days ago but was talked into appearing at his confirmation hearings, which began last week, according to sources close to him. On Sunday, Lake decided he would quit and told a handful of aides yesterday morning before going to the president.

Although Lake believed his withdrawal will make Congress look at what may be wrong in the confirmation system, he recognizes that "the folks who led the attack on him may say they won," a source said.

Republicans in December picked Lake as the one presidential nominee in the national security area vulnerable for confirmation. Both Secretary of State Madeleine K. Albright and Defense Secretary William S. Cohen were easily approved.

Lake's confirmation hearings, originally scheduled to begin Feb. 11, were first postponed for two weeks after a controversy over his handling of personal stock transactions and questions about the truthfulness of earlier congressional testimony he had given related to Iranian arms shipments to Bosnia.

A Justice Department investigation found no evidence of criminal wrongdoing in the stock matter, and Lake agreed to pay a \$5,000 penalty. Justice also determined that Lake's testimony on the Bosnia matter had been truthful.

Shelby postponed the hearings a second time, until March 11, saying he

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still had questions about the stock transactions, as well as about Lake's knowledge of NSC staff members' contacts with Democratic campaign donors. At that point, Kerrey strongly objected and warned against turning the sensitive CIA job into "a political football."

At the end of February, Shelby issued new demands for information, including documents on Haiti that had earlier been denied Congress. Shelby also asked the White House counsel for permission for congressional investigators to question NSC staff members under oath about political fund-raising. The counsel agreed to the interviews but not under oath, saying such questioning of presidential aides was without precedent.

On Feb. 27, even as two Republican members of the committee said they were "inclined" to support Lake—giving Lake a majority of the panel—Shelby and committee member Pat Roberts (R-Kan.) asked that senators be allowed to review the full FBI background investigations of Lake, whose government service dates to the Nixon administration. White House officials said that normal procedure called for an FBI briefing on the full inquiry to be provided only to the chairman and vice chairman of the committee.

The hearings began March 11. Lake appeared to be doing well, handling repeated tough questioning. After three sessions, Lake believed he would finally have a vote in committee after a final appearance this Thursday. But obstacles continued to appear.

Shelby said Friday after reviewing Lake's FBI files that they had to be made available to members of the intelligence panel—a request adamantly opposed by the White House counsel. In addition, Shelby and other Republicans continued to press for interviews under oath with NSC members.

The final straw may have been the story about Lebanese American businessman Roger Tamraz, who contributed \$172,000 to the Democrats and had meetings with an NSC staff member and Clinton. In his letter to Clinton, Lake acknowledged that the story in yesterday's Wall Street Journal about Tamraz was "likely to lead to further delay as an investigation proceeds."

The Tamraz story promised to be a major embarrassment because Lake would have had to admit for a second

time that he was not informed when one of his senior deputies had a direct confrontation with then-Democratic National Committee Chairman Don Fowler over granting a major party donor access to the White House.

At last week's hearings, Republicans and some Democrats questioned Lake's management skills after learning that two of his subordinates did not inform him of their June 1996 briefing by FBI agents on possible Chinese attempts to influence congressional elections. He was repeatedly asked how he thought he could manage the intelligence community with its \$30 billion budget if he could not manage a comparatively small NSC staff.

Democrat Kerrey, echoing the Republican criticism, said yesterday, "The NSC's professional staff should never have to face being importuned by fundraisers or donors. When they were, a system should have been in place to immediately alert the national security adviser. The lack of such a system must fairly be laid at the feet of the boss, who was Mr. Lake."

But another Democratic committee member, John F. Kerry (Mass.), said he doubted if the NSC has ever had a procedure for dealing with political donors and said he did not think Lake should be blamed for not having had one.

Committee member John Glenn (D-Ohio) said he thought Lake simply got fed up with being hounded by critics who "just wanted to pin a scalp on the wall."

"I guess he got tired of being nibbled to death by ducks," Glenn said.

In his letter to Clinton, Lake said, "After more than three months, I have finally lost patience, and the endless delays are hurting the CIA and NSC staff in ways I can no longer tolerate."

Lake resented particularly that the nomination was like "a political football in a game with constantly moving goal posts."

He was convinced he had the votes to win and told the president that he might be "perceived the loser or scared of a further fight" if he quit.

"But this is not a game," he wrote, "and this process is not primarily about me. It's about the future of the Central Intelligence Agency."

*Staff writers Helen Dewar and Thomas W. Lippman contributed to this report.*

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# Text of Lake's Sharply Worded Letter Withdrawing as the C.I.A. Nominee

By The New York Times

WASHINGTON, March 17 — Following is the text of the letter Anthony Lake sent to President Clinton today, in which he withdrew his name from nomination:

I am writing to ask that you withdraw my nomination to be Director of Central Intelligence.

I do so not because of concern that the nomination would be defeated if it ever came to a vote. In fact, there are sufficient votes for confirmation — in both the select committee and the Senate.

And not because of concern about further personal attacks. That gantlet has been run. Every question has been answered.

I do so because I have regretfully concluded that it is the right thing to do.

While we have made great progress in the nomination process over the past month and during last week's hearings, I have learned over the weekend that the process is once again faced by endless delay. It is a political football in a game with constantly moving goal posts.

After more than three months, I have finally lost patience, and the endless delays are hurting the C.I.A. and N.S.C. staff in ways I can no longer tolerate.

I am told that the chairman of the committee, having now reviewed the positive

F.B.I. materials underlying the report on my background investigation, may want other members of the committee to read them. I had doubts about the precedent we have already set in allowing him and the vice chairman such access. To bend principle further would even more discourage future nominees to this or other senior positions from entering public service.

I am also told that his committee staff will again insist that N.S.C. staff meet with the committee on terms that White House counsel will find unacceptable, leading to a further stalemate on the issue as well.

In addition, the story today about the activities of Mr. Roger Tamraz is likely to lead to further delay as an investigation proceeds.

All of this means a nomination process that has no end in sight. We have been proceeding on the assumption that there would be a vote this week. It now seems certain the committee deliberations will extend past the recess until after Easter, and probably longer. In addition, even after the nomination receives a vote in committee, whenever that might be, there is no prospect for a near-term vote on the floor and every chance it will be extended as long as your political opponents can do so.

I have gone through the past three months

and more with patience and, I hope, dignity. But I have lost the former and could lose the latter as this political circus continues indefinitely. As Senator Richard Lugar, perhaps the most respected member of the Senate, has said with regard to my nomination and its treatment, "The whole confirmation process has become more and more outrageous." It is nasty and brutish without being short.

If this were a game, I would persist until we won. My colleagues tell me to stay the course, lest I be perceived the loser or scared of a further fight. I'm not.

But this is not a game. And this process is not primarily about me. It is about the future of the Central Intelligence Agency. The agency, once again, is becoming politicized. The longer this goes on, the worse the damage. The controversy and its effects could linger on after my confirmation. The men and women of the C.I.A. deserve better than this.

The process is also impugning, through a new form of guilt by association, the names of N.S.C. staff members who have done nothing wrong. So long as my nomination is mired in partisan politics, their reputations will be as well. It is ironic that the staff, which in every case took the right positions in keeping national security decisions and

domestic politics separate, as I had encouraged them to do, is now the staff bearing the brunt of criticism because it didn't go beyond its own responsibilities to manage others' business as well. This is a staff that was doing its job properly. There was never any disguise of wrongdoing; they were consistently doing right in the advice they offered, while concentrating on the large daily agenda of important national security issues before us. I am very proud of our work on these issues and very proud of our staff members.

In unprecedented fashion the nomination is also politicizing the Senate committee.

And I have noticed that, in numerous ways, it is poisoning the attitude of members of the agency toward the committee.

Most of all, the way this process has been conducted would make it difficult for me to work with the committee in the ways that a Director of Central Intelligence must do — and as I had hoped to do.

I am deeply grateful to you for your strong support, for your encouragement over these difficult months, and — most of all — for the opportunity to serve over the past four years. I am very proud of your foreign policy record and of whatever contributions I made to it.

I have greatly appreciated the support of

Senators McCain, Lugar, Lieberman, Kerry, Kerry, Kennedy and many others, like John Deutch. I have been moved by the principled position of a large number of Republicans like John McCain, Warren Rudman, Richard Lugar, Robert Gates and Peter King. And I am especially grateful to the volunteers from the N.S.C. who have put so much into this, as well as officials of the C.I.A. I am sorry that their efforts were not better rewarded.

I have believed all my life in public service. I still do. But Washington has gone haywire.

I hope that, sooner rather than later, people of all political views beyond our city limits will demand that Washington give priority to policy over partisanship, to governing over "gotcha." It is time that senior officials have more time to concentrate on dealing with very real foreign challenges rather than with the domestic wounds that Washington is inflicting on itself.

This is a very difficult decision. I was excited about this new opportunity to serve. I had developed firm ideas on how to bring further reform to the agency and had no doubt about my capacity to implement them. I was ready to devote four years to a tough new challenge. I truly regret that I will not have the opportunity to seize it.

## The New York Times

TUESDAY, MARCH 18, 1997

## THE PERSONALITY

# After Lake's Long Service, Both Sides Find Him Hard to Define

By DAVID STOUT

WASHINGTON, March 17 — In withdrawing his nomination to head the Central Intelligence Agency, Anthony Lake was true to form. Throughout his career, he has been a hard man to pigeonhole.

In 1970, Mr. Lake quietly quit a Government post over a matter of conscience: his disgust with the American invasion of Cambodia in the Vietnam War.

A quarter-century later, he allowed Congress to be kept in the dark about the Clinton Administration's decision not to interfere with the flow of weapons from Iran to the Muslim Bosnians fighting for their lives against Serbian Bosnians in what had been Yugoslavia.

He came under fire for that latter decision in the Senate Intelligence Committee's hearings on his nomination to be Director of Central Intelligence. At the same time, other critics found Mr. Lake not too duplicitous or Machiavellian, but too naive and idealistic to run the C.I.A.

Professional and patrician, Mr. Lake is known for a keen sense of irony. If image is true to reality, he had reason to smile to himself after his withdrawal tonight. He was

thought to covet the C.I.A. job, and many vote-counters thought he could win confirmation, though after a bruising struggle.

Now, three weeks shy of his 58th birthday, he has walked away from the job.

Clues, if not answers, to Anthony Lake can be found in his résumé. It reads like the job record of two men, at least. How many men have worked closely with both Henry A. Kissinger and Edmund S. Muskie?

Mr. Lake went to Harvard, studied at Cambridge University in England. He received a doctorate from the Woodrow Wilson School of Public and International Affairs at Princeton University in 1974.

He joined the State Department in 1962 and volunteered to go to Vietnam, which was not yet a quagmire for American troops and ideals. By his own recollections, he was hopeful and idealistic but later came to doubt that the United States could win the war there.

Mr. Lake never spoke against the use of force per se, but he was troubled, then and later, about spilling the country's blood and treasure without a clear, justifiable aim. By 1970, he had become a trusted aide to Dr. Kissinger, who was then national security

adviser to President Richard M. Nixon. Then he resigned to protest the invasion of Cambodia.

In 1972, he worked on the Democratic Presidential campaign of Senator Muskie of Maine, and after Mr. Muskie's candidacy collapsed, he became director of International Voluntary Services, a private organization. He returned to the State Department under President Jimmy Carter as director of the Office of Policy Planning.

When Bill Clinton ran for President in 1992, Mr. Lake was raising cattle on a farm in western Massachusetts and teaching foreign affairs at Mount Holyoke College. He became an adviser to the candidate, and after Mr. Clinton entered the White House, he became the new President's national security adviser.

He offered to resign in 1993, after 18 American servicemen were killed in Somalia. Mr. Clinton persuaded him to stay on. Later, Mr. Lake became a forceful advocate for a more determined American presence in Haiti.

In his life and Government career, he has shown signs of the poet. In 1964, he toured a Vietnam battlefield and saw a dead Viet

Cong soldier "with a thin, scholarly face," as he recalled it.

The scene had a profound effect. The Communists were highly motivated, and in that sense well armed, "if somebody like that was prepared to lay down his life," he wrote.

He once rode with a military escort through an area where an ambush had occurred. "With the gun came the hope that someone would fire at us from the clumps of trees lining the road — so I could fire back," he wrote later.

Yet he elaborated on his feelings in words that were professorial rather than visceral: "Usually doubtful that I could shoot another person, at that moment I was emotionally prepared to do so."

Now, having withdrawn from the battle, Mr. Lake leaves his allies and foes holding quite different views of him. To his friends, he is almost too principled. To his foes, particularly conservatives who have disliked him since he resigned over Cambodia, he is untrustworthy.

It is even frustrating to try to define Mr. Lake by his own words. Asked a few years ago how he would define his beliefs, he said, "Pragmatic neo-Wilsonian."

# The New York Times

TUESDAY, MARCH 18, 1997

# New Times, High Cost

By R. W. APPLE, Jr.

Continued From Page A1

WASHINGTON, March 17 — Anthony Lake's decision to ask President Clinton to withdraw his nomination as Director of Central Intelligence marks another failure for the White House's faltering personnel operation. It also marks a setback for the effort to restore stability to the Central Intelligence Agency, which is reeling from changes in leadership and discoveries of traitors in its ranks.

But it is more than that. It is a demonstration that something has gone badly wrong with the way the Senate, to use the constitutional language, advises and consents — or decides not to consent — to major Presidential nominations.

What has changed in recent years in the confirmation process is what has changed in Washington in general. The old "give the other guy a break" mentality, the old inclination to use camaraderie to soften partisanship, has faded, to be replaced in some instances by a hard-edged, sometimes bitter enmity.

In effect, Mr. Lake fell on his sword to protest what the process has become rather than go through a vote like Judge Robert H. Bork, who has condemned his treatment since his nomination to the Supreme Court was beaten in 1987.

That is not to say that there were no blemishes on the record of Mr. Lake, a onetime Foreign Service officer who served as Mr. Clinton's national security adviser during the President's first term. Mr. Lake had failed to divest himself of stocks when advised to, had failed to notify the appropriate Senate committees of the Administration's tacit approval of Iranian arms sales to Bosnian Muslims and had played his cards so close to his chest that even close colleagues were left in the dark.

He, also lacked not only administrative experience but also the background in intelligence work that most past nominees have brought to the position.

Mr. Lake had the backing of some of the most important members of the Republican majority, including

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the position.

Mr. Lake had the backing of some of the most important members of the Republican majority, including Senators John McCain of Arizona and Richard G. Lugar of Indiana, and it appeared he had a solid majority in the Senate at large.

But he ran afoul of a small group of Republicans on the Senate Intelligence Committee, especially the chairman, Richard C. Shelby of Alabama, and James M. Inhofe of Oklahoma.

After delaying the hearings for weeks, Mr. Shelby and his allies used them not so much to probe Mr. Lake's fitness for the intelligence post or his plans for the C.I.A. as to hammer him on campaign fund-raising controversies, of which he said he had little or no knowledge, and on such other matters as the guilt or innocence of Alger Hiss. No witnesses were ever called to suggest that the nominee was covering up on the fund-raising episodes.

One reason nominations like Mr. Lake's and Mr. Bork's run into trouble is divided power, with one party controlling the Senate and another the White House. That played a part, for example, in the failure of two of Richard M. Nixon's Supreme Court nominees, Clement F. Haynsworth Jr. and G. Harrold Carswell, to win confirmation (though inexperience and "ethical insensitivity" were also cited).

But partisan splits are not the only reason; after all, the Democrats, who then held a Senate majority, turned so sour on Mr. Clinton's first two choices for Attorney General — Zoë Baird and Kimba Wood — that the White House pulled Ms. Baird's nomination and Ms. Wood pulled out of her own accord. Both women had been heavily criticized for seeming legal violations involving baby sitters.

After the defeat of his nomination, Mr. Bork said angrily, "There is now a full and permanent record by which the future may judge not only me but the proper nature of a confirmation proceeding."

And after his nomination as Defense Secretary was rejected in 1989, John G. Tower said defiantly, "There is no finding that I have ever breached established legal and ethical standards or been derelict in my duty."

Mr. Tower's was the first Cabinet nomination to be turned aside since 1959, Mr. Bork's the first Supreme Court nomination to fail since 1970.

Stunned by Mr. Lake's decision, official Washington fell immediately to speculating about a successor. One possibility, whose nomination would presumably win quick approval, is George J. Tenet, the Acting Director. If former Senator Sam Nunn of Georgia, a military and intelligence specialist, was interested, he would probably be a shoo-in to win the backing of his erstwhile colleagues.

Two other names mentioned were those of Morton Abramowitz, the retiring head of the Carnegie Endowment for International Peace, a former Foreign Service officer, and Strobe Talbott, the Deputy Secretary of State. Mr. Talbott, reportedly disappointed when he was not chosen to succeed Mr. Lake as national security

## Camaraderie's soft edges once again yield to enmity.

ty adviser, is a leading candidate to succeed Mr. Abramowitz at the Carnegie Endowment.

Mr. Clinton has had trouble from the start filling top jobs. Not only did he stumble in picking an Attorney General, but he had to withdraw the nomination of Lani Guinier, an old friend, for another Justice Department post. Most recently he was forced to turn at the last minute to Federico F. Peña as Energy Secretary when Administration officials say, he could find no other person of Hispanic background for the Cabinet. Mr. Peña had been widely criticized as Transportation Secretary during the first Clinton term, even by other members of the Cabinet.

The President has also been slow to fill diplomatic posts. At the moment, Tokyo, Moscow and Paris are all vacant, although Mr. Clinton has had the names of two prominent candidates for Paris — Frank Wisner, now Ambassador to India, and Felix G. Rohatyn, the New York investment banker — on his desk for weeks.

# The New York Times

TUESDAY, MARCH 18, 1997

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# China's gifts part of espionage

U.S. agencies lack evidence but are certain

By George Archibald  
THE WASHINGTON TIMES

AI

China's government pumped cash into Democratic campaign coffers in the last election as a calculated extension of its ongoing economic espionage program in the United States, say federal investigators and a former U.S. ambassador to China.

U.S. security agencies and the Justice Department's criminal division know from counterintelligence surveillance and a continuing probe that Beijing's diplomatic community and espionage network helped Democratic fundraiser John Huang and other political operatives get millions of dollars in campaign donations and "walking-around" cash for last year's election, FBI investigators said.

"The FBI is on to something where they have picked out the Chinese official connection," said James F. Lilley, U.S. ambassador to China in the Bush administration and a former CIA officer.

"They've got the information on

see GIFTS, page A10

## GIFTS

From page A1

it; they haven't got the evidence. I'm talking about the Chinese consul general [Liao Zhihong]. I'm talking about staff officers, Ministry of State Security staff officers under unofficial cover that we know are involved in this," said Mr. Lilley, now director of the Institute for Global Chinese Affairs at the University of Maryland.

He said President Clinton should acknowledge the intelligence findings and promptly expel Chinese diplomats to make the point that foreign political interference will not be tolerated.

"You've got to maybe take a few guys and boot them out of the country to give them a lesson. They boot our people out of the country regularly; we don't retaliate. It seems time to say bye-bye to some of the Chinese around here who are mixed up in this."

White House spokesmen Michael McCurry and Lanny Davis declined to comment.

Beijing's effort to manipulate American political campaigns kicked into high gear after Mr. Huang first approached Chinese diplomats in Washington in 1994 as a Commerce Department organizer of corporate trade missions, investigators said.

Mr. Huang, a Chinese immigrant raised in Taiwan, was a banker and top-ranking executive of Indonesia's Lippo financial conglomerate when he joined the 1992 Clinton campaign as a fund-raiser in California.

Lippo has substantial investments in Hong Kong and China, and the investment arm of Beijing's Trade Ministry, China Resources Holdings Co., is part-owner of Lippo's land and property subsidiaries in Asia.

Mr. Lilley confirmed the Chinese economic espionage connection to Democratic fund raising in the 1992 and 1996 campaigns.

"They've been doing it in the United States. To them it is logical — a greedy system that feeds itself on money," Mr. Lilley said of China's decision to pump cash into American politics through its money-laundering apparatus. "If you want to play in that game, you get in it that way."

U.S. counterintelligence agents and the FBI discovered Chinese efforts to interfere in American campaigns as early as 1991, when FBI agents warned a number of Democratic members of Congress to watch for Chinese donations passed through intermediaries, said Mr. Lilley, who was then ambassador in Beijing.

The group included Rep. Nancy Pelosi of California and Sen. Daniel Patrick Moynihan of New York. California's two Democratic senators, Dianne Feinstein and Barbara Boxer, both first elected in 1992, also have received warnings.

It is not clear whether any Republicans have received such FBI warnings.

"We have never been interested in using improper methods to stick our hands in other countries' affairs," Chinese Foreign Ministry spokesman Cui Tiangkai said. "We don't have money to support U.S. political parties and elections, and we don't want to spend money that way."

Mr. Lilley called that denial "absolutely 100 percent wrong, as hypocritical as you can get." China for 400 years "has regularly, consistently involved themselves deeply in the internal affairs of other countries, whether it's in Africa, Middle East, Southeast Asia, United States, Latin America."

"The documentation, the record, is all there. Their diplomats have been thrown out of country after country for being deeply involved in activities against the interests of that country," he said.

The ex-ambassador also scoffed at China's claim to be too poor to interfere in other nations' affairs.

"The Chinese have more foreign exchange than any other country in the world except Japan. They have over \$100 billion. They have huge, wealthy enclaves on the coast of China, linked to Southeast Asia, where there are literally billions and billions of dollars available. They are linked to the Hong Kong fat cats. ... This is big, big, big money."

In following China's suspected money-laundering operations and Mr. Huang's dealings with agents for Beijing in 1995 and 1996, criminal investigators have tracked interference to the top levels of Chi-

nese diplomatic offices in Washington and other American cities, Mr. Lilley said.

Investigators know that large sums of money were illegally distributed to Asian-Americans and others to mask the source of contributions from the Chinese government, Lippo entities and other illicit sources linked to Beijing.

The Democratic National Committee has announced its intention to return more than \$3 million in illegal and questionable contributions credited to Mr. Huang, Mr. Chung, Little Rock businessman Charlie Yah Lin Trie, Thailand trade lobbyist Pauline Kanchanaklak, Lippo landscape architect Arief Wiradinata and his wife, and others.

Mr. Lilley said the Chinese have perfected the art of laundering money internationally in 100 years of financing military and economic espionage.

"They know how to move money through the Chinese bamboo network. The money goes from Singapore to New York banks. It moves in the form of investment. It is at the disposal of the local representative, who, in turn, gives it to somebody who, in turn, gives it to the politician.

"Getting the money trail with these guys is not going to be easy because it is all covered. And if they pass the money, it's usually done in cash, or it's done through a legitimate front organization."

Nicholas Eftimiades, a former Defense Intelligence Agency analyst, said Beijing's espionage in the United States includes the assignment of 1,500 Chinese diplomats operating out of 70 offices, 15,000 Chinese students who arrive in the country each year, and 10,000 Chinese who travel in some 2,700 visiting delegations each year.

In the book "Chinese Intelligence Operations," Mr. Eftimiades said agents of Beijing's Ministry of State Security target the large community of Chinese-Americans to recruit spies.

China has extended that strategy to buy policy influence among politicians with contributions as another form of bribery, Mr. Lilley said.

"It's the way they operate in Asian countries. They do it by bribing government officials; they bribe them to change policy," he said.

Beijing is trying to influence the U.S. position on a host of issues related to ongoing negotiations about China's and Taiwan's entry into the World Trade Organization, market access for American products in China, intellectual-property piracy, technology transfers and weapons proliferation, he said.

China's leaders also wanted "to play catch-up in a major way" to overcome Taiwan's diplomatic and political clout with Congress, said Rick Fisher, an Asia policy analyst at the Heritage Foundation.

The Washington Times

MONDAY, MARCH 17, 1997

# Pipeline

## Businessman's Access To White House Leads To a Security Inquiry

### Democratic Party Chairman Pushed Donor's Visits; Who Supplied CIA Data? Hurdle to Lake Confirmation

By MICHAEL K. FRISBY and DAVID ROGERS  
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—When the Democratic National Committee wanted to get controversial Democratic donor Roger Tamraz into the White House, it wouldn't take no for an answer.

In a highly unusual move, then-party Chairman Donald Fowler called a National Security Council official in late 1995 to try to overturn her recommendation that Mr. Tamraz not attend high-level White House meetings. Administration officials believe Mr. Fowler arranged for a Central Intelligence Agency report on Mr. Tamraz to be sent to the NSC. Mr. Fowler says he "can't recall" doing so.

In any event, Mr. Tamraz attended four more White House events with President Clinton—including a June 22, 1996, reception, dinner and premiere of the blockbuster movie "Independence Day."

Mr. Tamraz and his company Tamoil Inc. contributed at least \$177,000 to the national and state Democratic parties in 1995 and 1996.

The tale of Mr. Tamraz and his access to the White House is currently under investigation by Congress and the White House and could take the Democratic fund-raising controversy to a new level. President Clinton and his party have already been criticized for using presidential perks, like sleep-overs in the Lincoln bedroom and kaffeeklatches with the president, to loosen the wallets of big donors.

But with Mr. Tamraz, an international oil financier, they went much further, defying the president's national security advisers and even deploying secret intelligence information.

Congressional investigators believe it represents a serious breach of security safeguards and could undermine the nomination of former National Security Adviser Anthony Lake to become director of the Central Intelligence Agency.

#### Tangled Web

At the center of this tangled web is Mr. Tamraz, a Lebanese native turned U.S. citizen. Mr. Tamraz says he was unaware of the behind-the-scenes efforts to get him into the White House and says his visits didn't yield anything of value in return.

"People expect things, but you don't get anything, at least as far as I am concerned," he said in a phone interview.

Mr. Tamraz has been negotiating to build a multibillion-dollar oil pipeline from the Caspian Sea to Turkey, cutting through the territory of bitter enemies, Armenia and Azerbaijan. With some crucial financial commitments from Chinese businessmen, he continues to push his project. He has had dealings with both Iraqi dictator Saddam Hussein and the government of Libya. The government of Lebanon is seeking him for questioning in the investigation of alleged mishandling of funds in that country's second-largest bank.

With the assistance of State Department officials and U.S. Ambassador to Armenia Harry Gilmore, Mr. Tamraz managed to arrange a meeting with Sheila Heslin, the National Security Council's Central Asian and Caspian Sea specialist, on June 2, 1995. He outlined his pipeline plan and asked for the administration's support, or at least assurances the Clinton administration wouldn't oppose it.

Ms. Heslin offered neither. "I was very clear with him that the NSC, the White House, the U.S. could not endorse his project," she recalled in an interview. Later, she heard rumors from the oil industry that Mr. Tamraz was suggesting some level of support in the administration for his project. Such a characterization could have enhanced his negotiations with foreign figures.

At that time, Ms. Heslin says, "I recommended [to NSC superiors] that Tamraz have no further meetings because there was no compelling foreign-policy reason for such meetings." She concluded his pipeline plan was unlikely to be successful and believed her recommendation would prevent him from gaining future access to the White House.

Later that fall, an attempt was made to arrange a meeting between Mr. Tamraz and Vice President Al Gore. At about the same time he made a donation to the Democratic National Committee of \$50,000. The vice president's office asked Ms. Heslin her opinion of the meeting request, and she said it should be denied. White House officials said yesterday that, to their knowledge, the meeting with Mr. Gore never took place.

#### A CIA Paper

Enter Mr. Fowler. In December 1995, two months after Mr. Tamraz and Tamoil, at the request of the DNC, donated \$100,000 to the Virginia Democratic Party, Ms. Heslin received a telephone call from Mr. Fowler. She won't discuss all the details of that call. But administration officials say Mr. Fowler asked her to drop her opposition to the oil financier's meeting with the president. And they say Ms. Heslin told associates Mr. Fowler argued that Mr. Tamraz had helped the U.S. in the past and that the CIA would send her a paper on him.

A short time later, officials say Ms. Heslin received—unsolicited by her—a CIA document on Mr. Tamraz. She reported the incident to the NSC legal counsel as "highly irregular" and reiterated her advice to superiors that Mr. Tamraz not be allowed to meet with the president. As a result of her protest, the NSC's deputy director, Nancy Sodeberg, telephoned Mr. Fowler, and in the words of officials, told him "to knock it off" and not pester NSC workers.

Yet despite Ms. Heslin's warnings and Ms. Sodeberg's tongue-lashing, the businessman was allowed to attend four more meetings with the president in the White House, according to administration officials. In addition to dropping at least \$177,000 into Democratic Party coffers, he raised funds for the party from other wealthy individuals.

Reached yesterday, Mr. Fowler recalls telephoning the White House to get Mr. Tamraz in, but says his memory is foggy on whom he talked with and on mentioning the CIA. He does recall that the DNC's finance office requested help in the matter. "I'm not saying this lady is incorrect," Mr. Fowler said of Ms. Heslin. "I'm just saying that I don't remember anything. It is possible, although I truly do not remember it, that as part of the information I was given . . . something about if there is any information needed about him, you might check with the CIA. But I do not remember that."

The incident set off a flurry of internal investigations inside the CIA and the White House this weekend to determine how a political official could extend an arm deep into the nation's cache of secrets and pull out information to help a party contributor seeking support for a private business deal. Chief among the questions: What role did Mr. Fowler or government officials play in shipping the CIA information on Mr. Tamraz to Ms. Heslin, and who was contacted inside the intelligence agency? Mr. Tamraz has in the past been affiliated with an Arlington, Va., company that has hired some former CIA officials.

NSC spokesman David Johnson said the White House "has been and is continuing to investigate the matter." However, administration officials say they believe, at the early stages of their inquiry, that Mr. Fowler contacted the CIA directly and no NSC or White House officials were involved.

Whatever the answer, the episode could jeopardize the confirmation of Mr. Lake as CIA director. In fact, there will be a high-level meeting at the White House this morning to discuss Mr. Lake's nomination. Administration officials say that Mr. Lake as NSC director wasn't told about the

sequence of events, a situation that could bring sharp criticism during his confirmation hearings.

When Ms. Sodeberg scolded Mr. Fowler for contacting the NSC, administration officials said she considered the issue to be dead and didn't inform either Mr. Lake or Samuel Berger, who was also a deputy NSC director and is now director of the agency. Officials say Ms. Sodeberg believed she had an agreement that the DNC would no longer try to get Mr. Tamraz into the White House.

#### Sought by Interpol

In January of this year, White House Special Counsel Lanny Davis released information disclosing that Mr. Tamraz had come to an April 1996 coffee with the president. At that same time, Interpol, the international police agency, was seeking him for questioning related to his activities in Lebanon. Mr. Davis stated there were no other reasons that the White House would have denied him access.

As head of the Democratic Party, Mr. Fowler had no CIA clearance, and many

officials say it was highly improper for him to call the NSC, much less the CIA, on behalf of a donor. Administration officials say the intelligence information appears to have traveled from the CIA's operations wing to the NSC without anyone informing top officials in the intelligence agency. Intelligence officials describe the incident as a "mess" and "unbelievable."

For his part, Mr. Tamraz acknowledged in a telephone interview this weekend that after his meeting with Ms. Heslin ended badly, he went to the DNC to try to get a hearing for his plans. "I thought, you know, through the DNC I could make a policy heard," he said.

#### An Acknowledgement

The oil financier, however, does nothing to damp speculation that he helped U.S. intelligence forces in the past. His friends quote him as saying of the U.S., "They owe me one." And Mr. Tamraz calls himself "an unsung hero," adding, "It's very difficult to talk about this subject."

Former CIA agent Wilbur Crane Eveland cited Mr. Tamraz in the acknowledgments of his 1980 book "Ropes of Sand—America's Failure in the Middle East." Mr. Eveland wrote: "Few things could please me more than being able to thank in peaceful surroundings two valued friends who facilitated my departure from embattled Lebanon: Abu Said Aby Rish and Roger Tamraz."

While Mr. Tamraz has equally passionate friends and foes alike, he seems to find a way to place himself in the middle of the action. In 1973 during the Arab oil embargo, for instance, Mr. Tamraz used his contacts with the Saudi Arabian government to obtain 100 million barrels of Saudi oil for Itochu, a Japanese trading house. He later asked Itochu to invest in his pipeline deal.

In 1989, he was kidnapped during the collapse of his bank, Bank al-Mashrek in Lebanon, and he has told friends about being "tortured" during the ordeal. Lebanese officials have said he is wanted for questioning regarding \$200 million that is allegedly missing from the bank and a warrant in Lebanon has been issued against him for doing business with Israelis. Mr. Tamraz paints a far different picture, saying the charges are trumped up because he sought peace with Israel.

"They [Lebanese officials] created a rush

on the bank because they felt I was either pro-peace or pro-American or something that they didn't like," Mr. Tamraz says.

His main business, Oil Capital Ltd., is located in New York, but he also maintains a residence in Paris. He graduated from Harvard University and once worked at Kidder Peabody.

A decade ago, Mr. Tamraz surfaced briefly in the Iran-Contra scandal, when he was identified as an associate of Roy Furmark, a New York energy consultant and friend of then-CIA Director William Casey. It was Mr. Furmark who met with Mr. Casey weeks before the scandal broke in 1986 and warned of potential irregularities in the arms sales to Iran and possible diversion of funds from the sales.

#### High Politics

Competing efforts to build a pipeline from the Caspian Sea have involved high politics in the U.S. and abroad. The U.S. would like to find a route that minimizes the pipeline's exposure to Iranian and Russian politics. On the face of it, Mr. Tamraz's path through Armenia and Turkey would do this, but people familiar with the political situation in the region say this could be the most difficult to carry off, given the tensions between Armenia and Azerbaijan.

Turkey has also been cool to Mr. Tamraz's involvement, and his big donations to the Democrats in the fall of 1995 coincided with industry news reports of an unsuccessful meeting with Turkish officials in September that year.

In attempting to negotiate his deal, Mr. Tamraz has conducted shuttle diplomacy between Armenia and Azerbaijan. At one point, he says he was close to getting Armenia to give up land it occupies in Azerbaijan, so both nations could prosper from the pipeline deal. But it broke down, Mr. Tamraz says, on the insistence from Azerbaijan that all of the land be returned. Now public opinion in Armenia is strong that the land shouldn't be returned. "I was very disappointed," he says.

The Clinton administration frowned on his pipeline proposal, in part, because he wanted the nations involved to give him "exclusive rights" for the pipeline. In the past, administration officials say, such arrangements have delayed the exploration of oil—rather than speed up the process. "I'm going forward with a non-U.S. approach," Mr. Tamraz says, "because the U.S., I think, has missed the boat. There are other people, Asians or others, who are more willing to look at other possibilities."

THE WALL STREET JOURNAL  
MONDAY, MARCH 17, 1997

# Extent of White House Entertaining Is Detailed

By ERIC SCHMITT

WASHINGTON, March 16 — President Clinton spent about \$3.6 million entertaining guests at the White House in his first term, according to documents given to a House panel.

About half of that cost was for political events, for which the White House sought reimbursement from the political groups sponsoring them.

Annually, the costs were two to three times more than such expenses in the last two years of the Bush Administration, documents show.

The White House held at least 73 receptions, meals and other events for Democratic Party donors and other political supporters over the last four years, the documents, submitted last week, show.

These events were in addition to the 103 coffees that the White House has previously disclosed. But White House officials have refused requests to make public lists of those people who stayed at Camp David, President Clinton's retreat in Mary-

## Adding up four years worth of receptions, meals, coffees and other events.

land, or who flew on Air Force One as Mr. Clinton's guests.

The new disclosures to the House Appropriations subcommittee on treasury, postal service and general government included a reception for New Hampshire donors to the Democratic National Committee in 1994 that cost \$11,734 and a breakfast for the Democratic Congressional Ladies group in 1995 that cost \$2,509.

"The purpose of all these events was to build support for the President and his policies, including thanking people for financial and political support, and hopefully motivating them to continue or increase

that support," said Lanny Davis, a special White House counsel.

Mr. Davis said that the White House should have been reimbursed for all the political events, but he said that aides to Vice President Al Gore found last week that the White House had failed to seek reimbursement for 18 of the 20 coffees Mr. Gore held in the Old Executive Office Building in the first term. Aides are seeking reimbursement for about \$500.

Congress is investigating such fund-raising practices as the rewarding of large donors with perks like coffee at the White House or a night in the Lincoln Bedroom.

"From all appearances, the White House is living on the edge of impropriety," Representative Jim Kolbe, an Arizona Republican who heads the appropriations panel, said last week. "Maybe they haven't broken any laws or rules or regulations. But they are testing the limits, not only for what is legal, but also for what is acceptable and ethical in the minds of most Americans."

# Warning on China Given in '95, Senator Says

By ERIC SCHMITT

WASHINGTON, March 16 — A senior Republican Senator said today that the White House knew as early as 1995 that China might try to influence American elections, a year earlier than White House aides say they were warned.

The lawmaker, Senator Orrin G. Hatch of Utah, said that despite those warnings, the White House continued to rely on fund-raisers who had close ties to Beijing.

Senator Hatch said that beginning in 1995, the Federal Bureau of Investigation had told the State Department, the Central Intelligence Agency, the Justice Department, the House and Senate Intelligence Committees and at least seven lawmakers that China would try to funnel illegal contributions to Congressional races in 1996.

"They knew about it," Mr. Hatch, the chairman of the Judiciary Committee and a member of the Intelligence Committee, said on the CBS News program "Face the Nation."

The White House immediately denied Mr. Hatch's accusations, in unusually sharp language.

"His information is contrary to what is being communicated to me and contrary to what I've briefed you," Michael D. McCurry, the White House spokesman, told reporters today. "I suspect that this is another case of a Senator hyper-ventilating on a Sunday talk show. But if he has information or knowledge, factual knowledge of that, he

should come forth and produce it."

The F.B.I. warned two officials of the White House National Security Council in June 1996 that China might be trying to influence Congressional races, but President Clinton has said that he and his senior staff were not told. The White House and the F.B.I. blamed each other last week for the embarrassing lapse.

The F.B.I.'s top spokesman, John Collingwood, said today that the bureau would not comment on

## The White House is criticized anew over campaign finance.

Mr. Hatch's accusations. But Mr. Hatch has received sensitive briefings from the F.B.I. on China's connection to the 1996 elections.

China has repeatedly denied that it tried to influence United States elections.

It was unclear from Mr. Hatch's remarks which agencies and lawmakers the F.B.I. warned in 1995 and which it warned in 1996, and if any of them ever told Mr. Clinton. The National Security Council aides and four of the six lawmakers who have publicly acknowledged that they received briefings from the F.B.I. say they were

alerted around June 1996.

One lawmaker who was warned in 1996, Representative Nancy Pelosi, Democrat of California, has also said that F.B.I. agents first approached her in 1991 or 1992 to caution her that China might try to funnel money into her campaign.

Senator Arlen Specter, a Pennsylvania Republican who headed the Intelligence Committee in 1995 and 1996, said today on the ABC News program "This Week" that he was told by the F.B.I. in 1996 that "the Chinese were looking to co-opt the Congress and state legislatures."

Mr. Hatch declined to say exactly what he thought the Administration knew in 1995. "I can't tell you the exact findings, because that would disclose too much here," Mr. Hatch said. "But they knew that the Chinese Government was going to come into this country and attempt to purchase influence and use money, and use various elements here in this country to try to have an influence on policy."

Mr. Hatch also criticized Democrats for relying on questionable fund-raisers with Asian connections, notably John Huang, a former Commerce Department and Democratic National Committee official, when there were clear warnings from the F.B.I. that the Chinese were trying to buy influence. Mr. Hatch also renewed his call for Attorney General Janet Reno to name an independent counsel to investigate the matter.

The New York Times

MONDAY, MARCH 17, 1997

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# Clinton White House Was Host To 58 More Political Functions

*Number of Events for Supporters Much Greater Than First Disclosed*

By Charles R. Babcock  
Washington Post Staff Writer

The Clinton White House held at least 58 receptions, meals and other events for Democratic Party donors and political supporters over the past four years—in addition to the 103 coffees previously disclosed.

"It's fair to say these additional functions at the White House were for the purpose of encouraging support for the president's campaign, including financial support," White House special counsel Lanny Davis said yesterday.

White House officials have for weeks refused reporters' requests to make public the guest lists for other political events held there, as well as lists of those who stayed at Camp David or were invited to fly on Air Force One with the president.

Clinton's use of the perquisites of the presidency as fund-raising tools has been controversial since disclosures that major donors were invited to coffees or to spend the night in the Lincoln bedroom. Reviews of those lists show that guests at the coffees, including a convicted felon and a Chinese businessman who heads an arms-trading company, donated \$27 million to the DNC. Overnight guests at the White House donated at least \$6 million.

The 58 White House events included more than 30 receptions, a \$3,838 DNC tea in 1994 and a \$2,294 Clinton-Gore campaign luncheon last May. The events were itemized along with the coffees in a list of "reimbursable political events" released last week at a House appropriations subcommittee hearing.

White House officials have said such events were not planned with the intention of raising specific amounts of money for the reelection effort. But Harold Ickes, the former White House deputy chief of staff who directed the reelection campaign, recently turned over a large number of documents to Congress

that show figures for expected and actual donations for nearly every White House coffee, one source said.

In a related development, Vice President Gore's office discovered last week that the White House failed to seek proper reimbursement for 18 of the 20 coffees he hosted for DNC donors in his ceremonial office in the Old Executive Office Building, spokeswoman Lorraine Voles said yesterday.

Reimbursement bills weren't sent at all for 11 coffees, and the costs for seven others were mistakenly billed to Gore's official Senate account, Voles said. Gore is president of the Senate.

"We discovered an accounting error and are moving quickly to correct the error," Voles added. "We expect a full reimbursement very soon." The amount to be reimbursed is estimated at about \$500.

The documents from the House hearing showed that Clinton spent at least \$3.5 million entertaining guests at the White House during his first term. About half of that was listed as spending for political events for which reimbursement was sought.

The Clinton White House spent more than \$1 million in official and political entertaining in 1995 and in 1996, three times what President Bush spent in his last year in office.

Bush had one coffee charged to the Republican National Committee during 1992, the year he lost his reelection bid to Clinton. The cost was \$6.24.

The list of political reimbursements during the Clinton administration shows that while most of the payments were made within a few months, some took more than a year. A March 1996 bill for \$19,345 for a DNC Pennsylvania State Day reception, for instance, wasn't paid until this month.

DNC spokeswoman Amy Weiss Tobe said there were some delays, but added that the DNC paid all the

bills it received. About the various White House receptions and dinners for DNC donors, Tobe said: "The Democratic Party, like the Republican Party, uses the White House to thank supporters of the party . . . and also to invite people we hope would be supportive in the future."

Tobe confirmed yesterday that the DNC has decided to accept political action committee (PAC) donations from American-based subsidiaries of foreign corporations. Two weeks ago, the party announced it wouldn't accept either corporate or PAC donations from such companies. Tobe said the party will still refuse corporate donations from foreign subsidiaries, but reasoned that the PAC donations were acceptable because the money came from company employees who are Americans.

Davis, the special White House counsel, said the list of political events submitted to the House subcommittee contained some errors and omissions that have since been corrected. Missing were a Dec. 8, 1995, Clinton-Gore holiday reception that cost \$20,618 and a Dec. 15, 1995, Clinton-Gore holiday dinner costing \$43,685.

#### FOR MORE INFORMATION

To explore the news and issues relating to political fund-raising, click on the above symbol on the front page of The Post's site at [www.washingtonpost.com](http://www.washingtonpost.com)

The Washington Post

SUNDAY, MARCH 16, 1997

# Civil libertarians disappoint backers of campaign reform

ASSOCIATED PRESS

While Democratic senators were urging Republicans to move ahead with campaign-finance legislation, some of their usual allies were lining up against them.

"Let's have a vote" on the bill, Sen. Patrick Leahy, Vermont Democrat, told reporters Friday morning. "We have a president who says he will sign the bill if we'll pass it. We ought to at least give him a chance to do that."

Down the hall, meanwhile, were representatives of unions and the American Civil Liberties Union, normally allied with the Democrats — but not when it comes to overhauling campaign finances and what they consider its potential to limit free speech.

The National Education Association, the National Rural Letter Carriers' Association and the ACLU lined up this time with the Christian Coalition, National Right to Life and the National Rifle Association (NRA) to oppose campaign-finance changes. They were drawn together by Sen. Mitch McConnell, Kentucky Republican, the most vocal Senate opponent of such measures.

"We have long opposed government restraints on when, with whom and how to engage in political speech," said Laura Murphy, director of the ACLU's Washington office. "Although this debate is shrouded in incomprehensible terminology, what we are talking about here is speech at its most fundamental levels."

Added Douglas Johnson of the National Right to Life Committee: "We find it rather remarkable that so many in both parties have, at the moment, somehow deluded themselves into believing that they have authority to regulate the content of their fellow citizens' political speech."

When Senate Minority Leader Tom Daschle, South Dakota Democrat, learned the ACLU, NRA and others had joined with campaign-finance-change opponents, he said, "I'm disappointed that so many bona fide organizations would be a part of the obstructionist approach of Senator McConnell."

"I think it's only a matter of time before we'll be successful."

But Mr. McConnell maintained that Congress would reject both a

proposed constitutional amendment and the Senate bill, sponsored by Sens. John McCain, Arizona Republican, and Russell Feingold, Wisconsin Democrat.

"This is grass roots," he said of the interest groups. "This is political muscle. This is the American way."

The groups contended that political action committees — which a proposed Senate bill would prohibit from contributing to campaigns — are the way average Americans gain a voice in the political system. They also noted that PACs were not accused of any campaign improprieties last year.

"Please don't take away our right to participate," said Ken Parmelee of the National Rural Letter Carriers' Association.

The groups expressed no concern about the current cost of elections.

"I don't think campaigns cost too much," said Stephen Driesler of the National Association of Realtors. "I think it is a failed premise when you start off by saying that is the root of all that is evil in the American political system."

The National Association of



Sen. Mitch McConnell

Broadcasters and the Direct Marketing Association said their members could be hurt financially by the Senate bill, which calls for free and discounted television ads and postage for candidates who voluntarily limit spending.

The proposed constitutional amendment — slated for a Senate vote Tuesday — would let Congress limit contributions and spending for federal elections and allow states to do the same for statewide and local elections. Even its supporters do not believe it will gain the two-thirds majority vote a constitutional amendment requires.

# Some donors got a special invitation

ASSOCIATED PRESS

When President Clinton could not attend a \$1,500-a-plate fundraiser for Democratic congressional candidates, the organizers found a perfect alternative. The night before, Mr. Clinton played host to donors at the White House for drinks and hors d'oeuvres.

The February 1996 reception became an extra perk for some longtime donors who the next day would help make the fund-raiser a \$1.8 million success for the Democratic Congressional Campaign Committee.

"The president acknowledged their support and thanked them for supporting Democratic candidates," said Stephanie Cohen, a spokeswoman for the DCCC, the fund-raising arm for Democratic House candidates.

More than 200 of the several hundred donors who paid for tickets to the fund-raiser got the added White House visit. They were not asked to donate any extra money for the perk, and no solicitations occurred at the executive mansion, Miss Cohen said Friday.

In recent weeks, much attention has focused on Mr. Clinton's use of

the White House to reward big donors to the Democratic National Committee — the party's main body — with private coffee gatherings with the president or overnight stays in the Lincoln Bedroom.

But the committees that raise money for Democratic House and Senate candidates also held White House soirees for their donors twice during the 1996 campaign season.

In addition to the DCCC event, a few hundred contributors to Democratic senatorial candidates were invited to an afternoon reception with Mr. Clinton at the White House in 1995.

The event was part of a daylong "issues conference," in which donors — mostly members of corporate political action committees that gave \$15,000 and individuals who contributed \$20,000 — hobnobbed with Democratic senators.

Contributors did not have to buy their way into either the conference or the reception, said Paul Johnson, executive director of the Democratic Senatorial Campaign Committee.

The Washington Times

SUNDAY, MARCH 16, 1997

# Chinese Denies Seeking White House Visit

## The Washington Post

Businessman Says N.Y. Bank, Eager for Investments, Wooed Him in U.S.

SUNDAY, MARCH 16, 1997

A1

By Steven Mufson  
Washington Post Foreign Service

BEIJING, March 15—A Chinese business executive who attended a controversial White House coffee for political contributors hosted by President Clinton last year said his visit was arranged by the New York-based investment bank Lehman Brothers Inc., which was competing with other American firms to do business with China.

In an interview with The Washington Post, Wang Jun, who heads China's most politically connected financial and industrial conglomerate, as well as a Chinese military-owned arms trading company under investigation for illegally smuggling assault rifles into the United States, said the main purpose of his U.S. visit was not an effort by the Chinese government to win influence in the United States.

Rather, Wang said, Lehman Brothers invited him to the United States, and he was interested in exploring how receptive American financial markets would be to new debt offerings by Chinese companies and government agencies.

"I didn't propose this meeting," Wang said of his Feb. 6, 1996, White House visit. "I said again and again that Clinton was too busy. I had little to talk to him about."

Wang's account offers new insight into how he came to be invited to a White House coffee for political fund-raisers. After initial reports of Wang's attendance focused on his chairmanship of a company called Poly Group—the firm under scrutiny for the alleged illegal arms dealing—Clinton called the meeting "clearly inappropriate."

See WANG, A20, Col. 1

WANG, From A1

But by Wang's account, his stop at the White House had nothing to do with Poly Group. Instead, he said, it was a brief and unplanned interlude during a U.S. tour with an entirely capitalist purpose: to talk high finance with Wall Street firms on behalf of the mammoth conglomerate he heads, the China International Trust and Investment Corp. (CITIC).

The Democratic National Committee has said that Wang's visit was arranged by Charles Yah Lin Trie, a former Little Rock restaurateur and longtime friend of Clinton's who is one of the principals under scrutiny in a Justice Department investigation into questionable campaign contributions during the 1996 presidential election. The Justice Department has collected evidence that China tried to direct nearly \$2 million in illegal campaign contributions to members of Congress and Clinton administration officials, U.S. government officials said.

Chinese Premier Li Peng, in a Beijing news conference Friday, denied China has sought to influence U.S. elections or funnel money to presidential or congressional candidates.

Wang also denied suggestions that he or his company tried to influence American politics or U.S. policy through illegal campaign contributions.

A spokesman for Lehman Brothers confirmed that executives of the firm met with Wang during his visit to the United States last year, but said the firm played no role in arranging the White House visit with Clinton. During the U.S. trip, Wang's main contact at Lehman was Ernest G. Green, a managing director of its Washington office. Wang submitted a letter from Green when he applied for his U.S. visa, and Green contacted Lehman's New York headquarters to arrange meetings there for Wang.

The day after Wang's visit, Green contributed \$50,000 to the Democratic National Committee. Green has called the timing of the donation a coincidence and said the contribution came from his own personal funds.

The check was signed by his wife, Phyllis.

Green is a major Democratic Party fund-raiser and longtime friend of Clinton's and Trie's who has given differing accounts of his relationship with Wang. The FBI has interviewed Green as part of the Justice Department investigation.

Wang's account suggests a new wrinkle in the controversy over the use of the White House for fund-raising activities. While the Justice Department inquiry is focused on alleged attempts by China to win influence improperly with U.S. politicians, Wang's version of how he came to meet with Clinton appears to show an attempt by an influential fund-raiser and Clinton friend to use his White House access on behalf of a potential business associate who could help his firm earn large sums of money.

Lehman Brothers is competing against other U.S. investment banks for new chunks of the underwriting business in China for debt and equity securities. This year, the Chinese government has decided to allow about 40 Chinese companies to sell shares in Hong Kong or New York. Several large bond issues are expected as well. Green did not return a telephone call Friday, but in an interview in January, he denied that he had anything to do with arranging Wang's White House visit.

In an interview in Beijing this week, Wang, 55, said he has had a long association with Lehman Brothers. "Lehman Brothers has always been an important partner for CITIC," Wang said. "They are working hard to become the lead underwriter for Chinese debt in the United States. Every time I visit the United States, I meet with Lehman Brothers."

Wang called the flap over his White House visit a misunderstanding. "I have a long-standing belief that no matter who becomes the U.S. president, when faced with a country as big as China, he will maintain good relations even if it isn't consistent with his campaign slogans," Wang said. Therefore, funneling money to either U.S. political party was unnecessary, he suggested.

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What has created the most questions about his February 1996 visit to the United States has less to do with his role as chairman of the financial conglomerate CITIC and more to do with his chairmanship of the Poly Group, which was set up to act as the country's arms trading company more than a decade ago.

Prior to the establishment of Poly, Wang's late father Wang Zhen, then a vice premier and retired general, was one of the senior government officials involved in buying equipment for the Chinese military. Initially CITIC owned half of Poly, and the younger Wang became its chairman. Wang Jun remained chairman even though CITIC gave up its interest in Poly a few years ago, he said.

Poly has been the target of an investigation in San Francisco into the smuggling of Chinese-made AK-47s and semi-automatic weapons into the United States. Importing the weapons into the United States was made illegal under a measure signed by President Clinton. Wang said Poly complied with U.S. law and closed a subsidiary that had been involved in selling weapons to the United States.

"All the charges against Poly have no basis at all," Wang said. He blamed the smuggling operation on two former Poly employees who were let go by the company long before the smuggling incident. Wang said the pair used the name of a Poly company that was supposed to be defunct.

Wang said Poly in China was trying to cooperate with law enforcement officials by providing information. He said it was his understanding that a Chinese government investigation had led to the arrest of one person in Beijing.

As the chairman of CITIC, Wang reports directly to China's State Council. Founded at the dawn of the late Deng Xiaoping's economic reform era as the government's window on the capitalist world, CITIC was assigned the task of wooing foreign investors and guiding them through China's centrally planned economy.

Since then, CITIC has become a mammoth conglomerate. It owns one of China's largest banks and has substantial minority stakes in a myriad of Chinese ventures: satellites, bridges, tunnels, accounting firms, law firms, pharmaceutical makers, department stores, automobile plants, and textile and chemical manufacturers.

"I've been to many countries and met with many heads of state, none of which was requested by me," Wang said. And he is on the list of many retired politicians who visit China: He has received former president George

# The Washington Post

SUNDAY, MARCH 16, 1997

Bush and former secretaries of state Henry Kissinger and Alexander Haig. Wang calls Kissinger "a good friend."

"As for me, I don't even get much involved in politics in China, let alone in the United States," Wang said.

During a U.N. conference on women's rights in Beijing in 1995, Wang said, he received an invitation from first lady Hillary Rodham Clinton to attend a reception, but his schedule was fully booked.

During his two-day visit to Washington last year, Wang also held talks with Commerce Secretary Ronald H. Brown, whom he had met once in Hong Kong. Wang said they discussed CITIC's relationship with the United States. "CITIC itself needs to buy a lot and also assists other companies to buy a lot of equipment in the United States," Wang said.

Wang says he never sought out a meeting with President Clinton. Wang said that in addition to Lehman Brothers, he believed that Trie played a role in arranging the meeting.

Wang said he obtained Trie's name from Ng Lap Seng, a Macao businessman who is in property development ventures with CITIC and is also a business partner with Trie.

DNC spokeswoman Amy Weiss Tobe said Friday that it was Trie who asked whether Wang could attend the coffee.

As the time for the meeting slipped from morning to afternoon, Wang suggested abandoning the idea, he said. Finally it was set for 6 p.m.; Wang delayed his flight to New York.

"They said I was to meet Clinton. I couldn't say no. There wasn't much to talk about. Just a brief handshake with Clinton," Wang said. Trie accompanied Wang to the meeting.

The gathering, which Green did not attend, was dominated by general political and financial discussion, participants said. No one who has been interviewed recalls Trie or Wang entering the discussion.

Initially, Green said he met Wang when Trie brought him to Green's Washington office. Green, one of nine African-American students who helped integrate Little Rock's Central High School in the mid-1950s, knows Trie from Little Rock. Green and Trie attended a business dinner in Hong Kong together, and Green sponsored Trie for a position on a presidential advisory board on Pacific trade last year.

After the State Department disclosed letters that Wang submitted for his visa, Green acknowledged he had met Wang on a business trip to Hong Kong in late 1995. On his return to Washington, Green had his secretary write "it-was-nice-to-have-met-you" letters to Wang and several other Asian business executives, according to a source close to Green.

"We had no idea [Wang] was going to attach it to his State Department application [for a visa]," the source said.

Staff writer Lena H. Sun in Washington contributed to this report.

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## Editorial Notebook

# The China Connection

The sophisticates of the political world never tired of saying last year that the Presidential race was dull, but its aftermath has been riveting. And even the sophisticates have had a hard time figuring out how government, politics and foreign policy intersected in the Clinton campaign's finances.

The narrative thread of this scandal surely starts with Mr. Clinton's determination to turn his fortunes around after the electoral debacle in 1994, and the millions required to produce television commercials to do it. A good chunk of the money came from Asian-Americans with ties to business deals in China. Their contributions are no doubt no different from those of many other people wanting to participate in American politics. But a lot of interconnections need to be pursued if we are ever to understand what happened over the last year and a half, and it is necessary to try to knit the known facts together with their historic context and some informed speculation.

A century ago, the term "Open Door" described Teddy Roosevelt's demand for a piece of the China commerce, which was dominated by European powers. Nowadays, "Open Door" could describe both the desire of investors to get into China and the desire of the Chinese for a pathway into American politics.

Most foreign investment in China today is from the so-called Chinese diaspora — the millions of Chinese living in Indonesia, Thailand, Singapore, Malaysia and the United States. Traditionally, these ethnic Chinese have gained influence in their adopted countries by using their economic power to help politicians and governments. The simplest explanation of the fund-raising by Charlie Trie, Johnny Chung and John Huang is that the money they funneled into the Clinton campaign was in this tradition. In turn, they probably used their White House visits and picture-taking sessions to impress future business partners.

For investigators looking into Democratic fund-raising, these possibilities are less interesting than the Riady family of Indonesia — one of the most successful ethnic Chinese businesses in the world. Its links to the Chinese Government are more extensive than is generally appreciated. For example, the family's Hong Kong holdings are co-developers with China Resources, a Government-owned entity, in six projects in China. Another Riady-owned entity has joined with China Resources in two

## When Will a Few Facts Add Up to a Picture?

development projects in Indonesia, and a Riady bank has a financing relationship with the China International Trade and Investment Corporation, the largest of the state-owned trading companies. Wang Jun, a top official at that company, was brought to the White House last year by Mr. Trie and Mr. Huang.

If the Chinese were trying to influence the American election, it certainly would not be a surprise. Taiwan has doled out millions over the years for Congressional junkets and public-relations campaigns that have won many friends in Washington. It does seem implausible, however, that the Chinese would give money secretly to such acerbic critics of Chinese policies as Representative Nancy Pelosi of California, who once tried to unfurl an anti-Government banner in Tiananmen Square.

A more likely possibility, according to some experts on China, is that Beijing may have been using the Riadys' connection to obtain something as precious as influence, which was information. The Chinese were shocked, for instance, when the United States allowed President Lee Teng-hui of Taiwan into the United States in 1995. His entry was a loss of face for the Chinese Foreign Ministry, which had assured everyone that it would never happen. What if the Riady family, which had received favorable business terms from the Chinese on a number of investments, had something to offer Beijing in return — its own former employee, Mr. Huang, in the inner councils of the Administration?

People who attended meetings with Mr. Huang at the Commerce Department recall that he rarely spoke up. But he retained at least some of his clearances when he moved over to the Democratic National Committee. No one is likely to claim that the Chinese living out of China turned Mr. Clinton into some sort of Manchurian candidate. But we can reasonably assume that *something* was going on, given the huge amounts of mysterious money flowing into the election campaign of the President and the rich variety of well-connected players running through the story. With the amount of legal and journalistic energy now arrayed, it seems only a matter of time before the sprinkled facts are arranged into a pattern. One guess is that the warnings delivered to Attorney General Janet Reno and the National Security Council about Chinese efforts to influence the American election will look like understatement.

STEVEN R. WEISMAN

# The New York Times

SUNDAY, MARCH 16, 1997

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March 15, 1997

## Topics of the Times

### Just Hit Redial

In an era of cell phones and electronic pagers, not to mention the ever-resourceful White House operators, it is hard to believe that the Attorney General could not reach the White House national security adviser on a matter of some importance. But that is what Janet Reno says happened in May 1996 when she tried to call Anthony Lake at the White House to tell him about possible Chinese efforts to channel money into American political campaigns.

The Justice Department reports that Ms. Reno, calling from the road, was unable to reach Mr. Lake. Instead of following up with another call, or enlisting aides to locate Mr. Lake, Ms. Reno apparently punted, leaving the F.B.I. bureaucracy to brief Mr. Lake's staff. Such is the way campaign fund-raising scandals get out of control.

Had Ms. Reno spoken directly with Mr. Lake, some of the White House fund-raising abuses might have been avoided. Presumably Mr. Lake would have notified President Clinton that China might be trying to slip money into Congressional races, giving Mr. Clinton and his campaign aides reason to be wary of mysterious Asian money flowing into the Democratic Party treasury.

Instead, two members of Mr. Lake's staff were informed by the F.B.I. about the intelligence information in June and the White House says they didn't tell any of their colleagues until this past January. At least Ms. Reno is consistent. Her concern about potential campaign abuses was negligible in May 1996 and still is today.

### Unwelcome in the Oval Office

The Indonesian businessman Mochtar Riady, founder of a \$5 billion business empire that contributed to the Democratic National Committee, met personally with President Clinton twice. His son James Riady had six meetings with the President, some of which included policy discussions about Indonesia. But the President, regrettably, had no time to meet with a Nobel Peace Prize winner from Indonesian-occupied East Timor who recently visited the United States for two weeks.

Jose Ramos-Horta is an exile from East Timor, the island Indonesia invaded in

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Divider Title:                     **March 14, 1997**                    

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By MICHAEL WINES

WASHINGTON, March 13 — Attorney General Janet Reno said today that she knew last May about evidence of Chinese efforts to influence American politics, but left the task of alerting the White House to the F.B.I. after trying and failing to reach the national security adviser, Anthony Lake.

Two counterintelligence experts from the Federal Bureau of Investigation briefed intelligence aides at the National Security Council the next month, but the aides never passed on the information to Mr. Lake or President Clinton.

The White House and the F.B.I. publicly blamed each other this week for the embarrassing lapse, which occurred as the Democratic Party was ardently pursuing huge Asian donations for its election campaign.

Speaking to reporters, Ms. Reno said she had asked intelligence officials in the Justice Department and the Office of Professional Responsibility at the F.B.I. to review the guidelines for briefing White House officials, to insure "a clear line of communications" in the future.

"I think there was a misunderstanding," she said, "and I think what we've got to do is just make sure that everybody has clear procedures, clear understanding of what needs to be done."

The circumstances of Ms. Reno's effort to reach Mr. Lake were not entirely clear. A spokesman for the Justice Department said Ms. Reno was traveling at the time and called Mr. Lake's office from the road "just to see if he was there."

"He was not," the spokesman, Bert Brandenburg, said. "And she indicated that she would let it proceed through the briefing process," rather than pursue Mr. Lake further.

Ms. Reno also received dueling letters today about the fund-raising affair from members of the House Judiciary Committee. The first was a request by Republicans that she begin the process of naming an independent counsel to examine Democratic fund-raising practices. The other was a letter from the Democrats on the committee that denounced the first letter as partisan and baseless.

The Republican letter has a legal purpose. By law, an attorney general has to respond in 30 days to a request for an independent prosecutor by a majority of either the House or Senate Judiciary Committees. Republicans on the Senate panel prepared a similar letter today.

But Ms. Reno is required to say only whether she will open an inquiry to determine the need for an independent counsel. In their letter, the Democrats argued that Ms. Reno had already said she was studying that issue.

The Democrats also said the Republicans were playing politics because their request for an inquiry

was solely directed toward the White House and the Democratic Party, and not toward Republican fund-raising. Ms. Reno said she had not seen the letters.

Separately, the Clinton Administration said it would hold no further White House receptions for wealthy contributors to the Democratic Party until new rules governing Democratic fund-raising were in place.

The White House spokesman, Michael McCurry, disputed a report in The Washington Post on Wednesday that the Administration had quietly canceled four donors' events in the Executive Mansion, including one on the weekend before Mr. Clinton's inauguration, for fear that they would be swept up in the debate over fund-raising abuses. The Post said the events had been called off or moved outside the White House.

But Mr. McCurry said the events had not been canceled, because aides already decided to ban temporarily White House political receptions, and so they had never been formally entered on Mr. Clinton's schedule.

## Urging New Campaign Rules, Clinton Plays by Old Ones

By JAMES BENNET

BAL HARBOUR, Fla., March 13 — Two days after delivering his most detailed critique yet of the role of big money in politics, President Clinton came to Florida tonight to raise \$1 million for Senator Bob Graham and \$100,000 for the Democratic National Committee.

Mr. Clinton's aides have repeatedly said the President cannot "unilaterally disarm" by substantially curtailing his fund-raising before the finance laws are changed.

He has stopped holding finance events in the White House — at least

### The President still stars at fund-raising events, except at the White House.

temporarily — because, as one official gingerly put it, "the atmosphere is not conducive." But away from home, the President has starred at seven finance events in his second term, including tonight's \$5,000-a-plate dinner for Mr. Graham at the Turnberry Isle resort near here.

Mr. Clinton's second fund-raiser was a "Saxophone Club" event held by the Democrats for youngish donors, each of whom contributed \$250. Those donations were subject to existing Federal contribution limits, Democrats said, but the donations to Mr. Graham included the unlimited contributions, or soft money, that would be illegal under legislation that Mr. Clinton has endorsed.

Earlier today, before a joint session of the North Carolina Legislature, Mr. Clinton again delivered the message he would prefer reach the ears of the public — although he is beginning to sound slightly apologetic about repeating himself.

"They don't need to hear this

speech," President Clinton said of the members of Congress from North Carolina that accompanied him to Raleigh to hear him call for national education standards. "They've heard it before."

In fairness to Mr. Clinton, his speeches on education to state legislatures — three to date — have not been identical.

Today, Mr. Clinton announced that, in addition to North Carolina and his previous stops, Michigan and Maryland, the Department of Defense would apply his proposed reading and math standards in its 233 schools, at bases in the United States and abroad.

To underscore that second announcement, Secretary of Defense William S. Cohen accompanied the President today, which permitted Mr. Clinton one of the little regional jokes that also distinguish his speeches. Mr. Clinton reminded the legislators that Senator Jesse Helms once said the President was so unpopular he would need a bodyguard to visit North Carolina.

"Senator Helms asked me to tell you that he is not the guard that Jesse once said I would need," Mr. Clinton said of Mr. Cohen.

Mr. Clinton also appealed today for schools not to waste money on bureaucracy that could be spent on teaching.

"We cannot afford to waste a single dollar when it comes to these children's future," he said.

But much of the speech was familiar, including the President's observations on child development. Today, citing "scientific findings," he noted that children with parents who nourish their "learning capacities" have "700,000 positive contacts" by the time they are four. A child without such parents who is left in front of the television, he said, "will get 150,000 positive contacts."

Mr. Clinton is planning to call attention to school crowding on Friday morning, and then to spend the rest of the day and part of Saturday on the golf course.

3/14/97

### U.S. Noted China's Shift in Lobbying Practices (Washn) By Knut Royce (c) 1997, Newsday

WASHINGTON Shortly after the controversial June 1995 visit to the United States by Taiwan's President Lee Teng-hui, U.S. intelligence started picking up messages between the Chinese Embassy here and Beijing officials signaling a significant shift in lobbying priorities: Forget the executive branch and go after Congress.

Despite strong recommendations by U.S. intelligence and diplomatic communities that Lee not be permitted to attend a college reunion at Cornell University, President Clinton bowed to overwhelming congressional pressure and granted the visa. It was the first one issued to a president of Taiwan, considered by China to be a renegade province.

"The Chinese said, 'The only way to get things done isn't through the executive branch it's through Congress,'" said a senior administration official. "Then the messages started going back and forth" between Beijing and the embassy. "It's the Congress we've got to start influencing," the official said China was reporting.

The FBI, which has jurisdiction over foreign counterintelligence issues in the United States, took note and learned that as many as 30 members of Congress may have been targeted for political contributions by China, though only six have been briefed by the bureau to be on the lookout for such contributions.

Two months after Lee's visit, Sen. Dianne Feinstein, D-Calif., was approached by Ambassador Liu Shuqing of the Chinese People's Institute for Foreign Affairs to help encourage lawmakers to visit China. Feinstein, ranking member of the South Asian subcommittee, then led two delegations to China, according to the current edition of Roll Call, a Capitol Hill newspaper.

According to the Congressional Research Service, "an unprecedented number of congressional members" have visited China in the last two years and in late 1996 in particular. About 40 were scheduled to have traveled there between November and late January.

Many of these visits have been paid by the Chinese People's Institute, an arm of the Chinese government, often in conjunction with U.S. non-profit groups.

Roll Call found that at least 13 members of Congress and 56 staffers have taken \$401,000 worth of free trips to China.

Though recent disclosures that the FBI last June briefed six members of Congress that they were possible targets of Chinese funds and influence identified only Democrats, several Republicans have visited China at China's expense. Among them have been Sen. Rod Grams, R-Minn., Rep. Spencer Bachus, R-Ala., Rep. Henry Bonilla, R-Texas, and Rep. Ken Calvert, R-Calif., together with Democratic Reps. Eddie Bernice Johnson of Texas and Solomon Ortiz of Texas.

In a related development, Attorney General Janet Reno said she, too, received an FBI briefing last May about the intelligence information suggesting that China might try to influence the 1996 elections.

A similar briefing given to two National Security Council officials prompted a rare and extraordinary clash between the White House and the FBI. The White House has said Clinton was not told about the briefing because one of the two NSC officials was told not to pass the information to his superiors. Then national security adviser Anthony Lake also said he was not informed.

Reno, in her weekly news conference, said she stopped trying to tell Lake about the information because she thought the FBI would pass the word. "I was not able to reach Lake," Reno said, and she didn't pursue the matter further because "I was told the briefing went forward."

3/14/97

### Lake's CIA Hearings Turn Into Partisan Shouting Match (Washn) By Roy Gutman (c) 1997, Newsday

WASHINGTON An already contentious nomination of Anthony Lake as CIA director erupted into a partisan shouting match Thursday as Republicans challenged his judgment on a 1950s spy case, and a Democrat declared the hearing outrageous.

Lake declared in the course of the hearing that he regarded leaking to the media "as being very clearly in the same category as spying" and said he intended "to try to find the leakers, just as I intend to try to find the spies."

But conservatives questioned whether Lake himself had leaked sensitive material in the past. He assured them he never had and never would. "I think I am known for that," he said.

Lake also ducked questions about apparent Chinese attempts to win access to the Oval Office through campaign contributions.

And the former national security adviser declined to comment on the resignation of one of the two aides who received an FBI briefing on Chinese political contributions and failed to inform him. "I'm not sure whether he resigned or retired," he said of National Security Council aide Edward Appel, himself a special agent.

Lake said Appel was "in his 40s, I would guess."

Lake also said he was concerned by news reports linking Arkansas businessman James Riady with alleged "front" companies for Chinese intelligence services. But he said he could not confirm the reports.

Lake did acknowledge that Chinese missiles and China's sales of missile-related equipment were a threat to U.S. interests. "I think they are real," he said.

The third day of nomination hearings degenerated quickly. Sen. Bob Graham, D-Fla., said the committee members were "not distinguishing ourselves" in conducting a "bipartisan, rational hearing on the qualifications of this nominee." He then declared "outrageous" holding a public session on less than 24 hours' notice.

Graham went on to criticize Republicans for spending too much time looking into the "rearview mirror" and not enough "looking out into the windshield of what was going to happen in the future."

Committee Chairman Richard Shelby, R-Ala., interrupted to say that "sometimes you have to look in the rearview mirror to keep from being run over by a truck." Then ranking minority member Bob Kerrey, D-Neb., interrupted to object to the interruption, and more shouting began.

"Mr. Chairman, I have to object," Kerrey said. "Look, I have not interrupted Sen. (James) Inhofe (an Oklahoma Republican) earlier."

Shelby retorted, "You've interrupted everybody here." Kerrey said he had not.

Later, Lake had to defend his view on whether the late Alger Hiss was indeed a spy, as alleged by Whittaker Chambers, a former Communist agent.

Conservative Sen. Jon Kyl, R-Ariz., bore down on Lake, calling "disquieting" Lake's statement that he could not back up a flat conclusion that Hiss was guilty.

Lake earlier in the hearings had said he gave a shortened response on NBC's "Meet the Press" because he had only 20 seconds left. But Kyl checked with NBC News and said the question was asked eight minutes into a 14-minute interview.

Lake was at a loss for a response. "Senator, was there a break then for a commercial or something?" he asked. "Nope," Kyl responded, "no break at all at this point."

"Perhaps we could look at the video to see what Mr. (Tim) Russert's body language was, if he (Russert, the host) was moving on to the next question or the break or whatever," Lake said.

Two hours after it began, the hearing was suspended at Republican behest.

Wilson, R-Mecklenburg, wondered aloud if Clinton through with tough nationwide reading and math tests for and other reforms.

"Is this rhetoric, or is this real?" she asked.

Clinton spoke for 51 minutes and repeated many themes from his State of the Union speech last month. His speech, broadcast live statewide on public television, drew 17 rounds of applause.

Arriving at Raleigh-Durham International Airport, Clinton was greeted by children from military schools at Fort Bragg and Camp Lejeune and public schools in Apex, High Point and Greensboro.

Clinton's visit turned out to be a bonus for some 45 Girl Scouts, who spent the week as legislative pages and who scored coveted seats on the floor for the speech.

"I think it's good to hear the president speak," said Kathryn Shaw, 17, a senior at Charlotte's Independence High School. "But I'm not a Clinton fan."

Still, she stood and applauded the president.

"It's just the respectful thing to do," she said.

### **Allegations of China trying to buy favorable U.S. policy may jeopardize relationship** By Jodi Enda Knight Ridder Newspapers (KRT) 3/14/97

WASHINGTON What could Chinese leaders have been thinking?

If they truly tried to pour money into American campaigns, their actions almost certainly sprung from an anxiety about China's economic potency and a frustration that rival Taiwan carried more weight on Capitol Hill, according to former federal officials and Asia experts.

But now, suspicions that the Chinese schemed to influence last year's U.S. elections whether or not they actually did anything illegal could make it harder for them to achieve the very goals they set out to accomplish, the experts said.

At jeopardy is not only the rapport between the United States and China, but also the opportunity for the nations' leaders to open trade routes to billions of dollars of business and hundreds of thousands of more jobs.

"What's at stake is the future of the U.S.-China relationship," said Harvey Sicherman, president of the Foreign Policy Research Institute, an independent think-tank in Philadelphia.

Why China would take such a risk and whether it did is unclear. What is manifest is that China has a lot to gain by swaying U.S. policies, particularly those concerning trade.

The United States will play the dominant role in determining whether China will be accepted into the World Trade Organization (WTO), a group that oversees agreements that can open markets to enormous amounts of business. The United States will decide whether to continue granting China most-favored-nation trading status, allowing it to trade more freely in this country.

And it is the United States, as the sole remaining superpower, that can make it easier or more difficult for China to act on the world stage despite human-rights violations. The proliferation of weapons, nuclear testing and treatment of Taiwan all are issues about which China cares deeply and the United States plays a key role.

Further, China wants the United States to go easy in trade disputes over textiles, its looming takeover of Hong Kong in July, and its failure to enforce intellectual property rights on Chinese who pirate American videotapes, CDs and other forms of technology, China observers said.

"I think it was likely that the Chinese were seeking to affect a broader agenda, not simply one particular trade deal," said Olin Wethington, an assistant Treasury secretary in the Bush administration. Wethington, who now represents some companies that do business in China, formerly negotiated with Chinese on the liberalization of their financial markets.

"I think they were seeking to affect the overall atmosphere and get an overall friendly climate," he said. "They were seeking to soften the U.S. side more generally."

Wethington and other experts contend entry to the WTO would have been the "granddaddy" the issue most paramount for a country trying to modernize its economy.

"From their point of view, getting into the WTO is worth multibillion dollars and hundreds of thousands of jobs," said Robert Lighthizer, deputy U.S. trade representative in the Reagan administration. The flip side, he said, is that if the Clinton administration is too lax on China, allowing it to maintain advantages on tariffs that already saddle the United States with a large trade deficit, this country will lose a great number of jobs.

Reports that U.S. intelligence agencies caught wind of a Chinese plan to contribute to the Democratic National Committee (DNC) and some members of Congress comes as Vice President Gore is preparing to visit Beijing this month and lay the groundwork for what could be ground-breaking exchanges between President Clinton and Chinese President Jiang Zemin.

The reports come on the heels of disclosures that the DNC plans to return about \$3 million in questionable contributions, much of it from foreign sources. They are complicated by revelations that a number of the key players who raised the potentially illegal contributions were Asian-Americans with direct or indirect ties to China and companies that do business there.

"You now have a really big campaign-finance controversy. The president is pursuing a policy of engagement with China that's not exactly popular," Sicherman said. "How is he going to get a congressional consensus? The suspicions and the rumors and the charges surrounding these contentions are going to make it more difficult for him."

"It certainly complicates things because it taints everyone's motivations," said a representative of U.S. companies that invest in China.

Chinese officials have denied that they tried to funnel money into U.S. campaigns. But a number of experts agree that they had the motivation.

Further, they said, the Chinese didn't have to have a direct hand in contributions. It would have been enough, experts said, for Chinese leaders to make their sentiments known to businesses, such as the Indonesia-based Lippo Group, that conduct business in China and that stand to reap huge profits if trade restrictions are eased.

Clinton has acknowledged that, during one meeting with a Lippo executive, China policy was discussed. But he said he never changed his policy toward China as a result of contributions.

Chinese officials determined in late 1993 and 1994 that they "desperately needed trade and investment with the United States," said Ross H. Munro, co-author of a recent book titled "The Coming Conflict With China." It was after that decision was made that questionable contributions started wending their way into the DNC coffers. Much of the money was raised by John Huang, Charlie Trie and Johnny Chung, three men with Chinese connections.

"There's this very suspicious chain of events," said Munro, who carefully noted he was not implying guilt.

Around the same time, according to Munro's book, the Chinese became concerned that rival Taiwan had outmuscled it with a strong lobbying effort on Capitol Hill. Most annoying to Beijing was the U.S. decision in 1995 to grant a visa allowing Taiwan President Lee Teng-Hui to make

a return visit to his alma mater, Cornell University. So China began pressing companies that have business there to lobby Washington and American public opinion on its behalf, the book says.

"The basic problem is they (the Chinese) have no experience in lobbying and therefore no sense of subtlety in it," said David Shambaugh, director of the Sigur Center for Asian Studies at George Washington University. "It basically looks like they simply think you identify who are your friends and who are your enemies, throw money at your friends and isolate your enemies."

Couple that attitude with the Clinton administration's desperate quest for campaign money to counter Republican congressional gains in 1994, and some observers see a prime opportunity.

"I think foreign countries always try to do something like this," said David Whipple, executive director of the Association of Former Intelligence Officers. "This is the first time they've had such an excellent chance because the administration was under such a push for money that they opened the pathways."

BY DAVID GERGEN / EDITOR AT LARGE



# A CIA lynching we can avoid

*Tony Lake would help stabilize a beleaguered agency*

**T**om Korologos, a well-regarded Republican lobbyist, has guided many a presidential nominee through Senate confirmation over the years. As those battles have grown nastier, he has observed more than once that "Washington is Salem. If we're not lynching somebody 24 hours a day in this wretched town, we're not happy."

Anthony Lake must surely agree by now. Since President Clinton announced his nomination as director of the Central Intelligence Agency 14 weeks ago, Lake has been forced to stand with his head in a noose drawn by Sen. Rick Shelby of Alabama, the Republican chair of the Senate Intelligence Committee. This potential lynching is dangerous not only to Lake but to the intelligence community and to future nominees for public service.

About two weeks ago, Shelby tightened the noose when he demanded that he and other senators, before approving the nomination, must have access to the "raw" FBI files on Lake. That's a terrible idea.

When the president recommends an executive appointment, raw files are never made available to the Senate because they can contain unchecked accusations and rumors by character assassins bent on destroying the reputation of a nominee. Instead, professional staff at the FBI carefully cross-check any allegations of impropriety and then provide Senate committees with summaries that keep in substantiated charges but leave out the garbage.

**Holding the high ground.** For years, that system has protected the Senate's interest as well as the privacy of nominees. Nothing has so far appeared in this nomination struggle that remotely suggests why a new precedent should now be set—unless there is a vendetta against Lake. An insistence on this point would also make Republicans guilty of the same outrages they have so rightly blamed on the Clinton White House: rummaging through the FBI files of political adversaries. Republicans, now occupying the high ground on privacy issues, ought to give up this misguided quest for the Lake files.

This controversy has also obscured the bigger ques-

tions at stake. The CIA is beleaguered, its mission no longer clear, its morale skittering, and its leadership in perpetual motion. Since Bill Webster retired as chief in 1991, it has had three full-time directors and three acting ones. Nor has it enjoyed the attention it deserves from this White House. Former Director Jim Woolsey jokes that when a small plane crashed on the White House lawn, some people thought he was the pilot, trying to get an appointment with Bill Clinton.

Lake would bring both stability and access to this critical agency. If confirmed, he expects to stay at the helm four years, and he clearly enjoys the president's personal confidence. Throughout the first term, when Lake served as national security adviser, he had Clinton's ear more than anyone else on the day-to-day conduct of foreign policy, even as he pushed for tougher stands in Haiti and Bosnia.

Some critics argue that Lake is too liberal to appreciate the CIA's role, that he can't be trusted, and that he probably winked when cam-

campaign fund-raisers were sneaking in Chinese arms dealers. If I may inject a personal note: As a former Clinton adviser who worked partially in foreign policy over 18 months, I sometimes disagreed with Lake but found him to be admirably hard line and devoted to the CIA, in both its analytical and covert roles. He was also profoundly ethical and cared enough about the consequences of policy that when American soldiers died in the line of fire, he would quietly slip away to attend their funerals in remote corners of the country. And more than anyone else, he fought an uphill battle to keep campaign consultants and pollsters from mucking about in foreign policy.

The Senate should independently satisfy itself on these questions, of course, and it must ask whether, as CIA director, he would provide objective analysis if policies he authored in the past start to unravel. But we have had enough of lynching parties. Tony Lake has served his country honorably these past four years, and if he meets well-established standards, the Senate should do the right thing, too: Install him promptly as CIA director. ■

The assault on Tony Lake threatens the intelligence community and the idea of public service.

By Bill Gertz  
THE WASHINGTON TIMES

CIA Director-designate Anthony Lake said yesterday that Chinese nuclear missiles pose a threat to the United States and Beijing's sales of weapons to rogue states also undermine U.S. security.

Mr. Lake, appearing for a third day before the Senate Intelligence Committee on his nomination, also said he is concerned that a friend of President Clinton may be linked to Chinese government-run companies.

Asked by Sen. Orrin Hatch, Utah Republican, to assess threats to the United States posed by China, Mr. Lake said, "I think they are real."

"Certainly there is a missile threat from China," he told the

# Threat from China real, Lake testifies

## CIA nominee concerned by missiles, Beijing's desire to acquire ICBMs

Senate Intelligence Committee during his third day of testimony on his nomination to be CIA director.

"While in some areas our interests are similar, in many areas they are not, and they work in ways that do not serve our interest," he said. "As we discussed over the last two days — and this is an extremely serious issue — some of their activities on the proliferation side are damaging to our interests abroad in the Middle East and South Asia."

China has a small arsenal of long-range nuclear missiles, but is

developing a mobile ICBM and a multiple-warhead nuclear capability as part of a decades-long nuclear modernization program.

U.S. intelligence agencies uncovered efforts by China last year to acquire ICBM technology and equipment from Russia and Ukraine.

The harsh assessment by the nominee, President Clinton's former national security adviser, is in sharp contrast to most statements by administration officials, who have sought to downplay or ignore threats posed by China.

Critics say U.S. policy toward

China is focused on building trade ties at the expense of China's human rights violations and proliferation activities.

Last year, the Clinton administration declined to impose economic sanctions on China for violating U.S. anti-proliferation laws after Beijing sold Pakistan nuclear weapons technology — some 5,000 ring magnets used to enrich uranium.

Also, according to U.S. intelligence officials, administration policy-makers have refused to accept numerous intelligence re-

ports and analyses indicating Chinese M-11 missiles are operational in Pakistan. Other recent intelligence reports have said that China has sold missile technology and components to Iran and Syria, and chemical weapons materials to Iran.

Asked by Mr. Hatch about news reports linking Clinton friend James Riady to "Chinese companies that serve as fronts for the PRC's intelligence services," Mr. Lake said he was concerned by the reports. "But I can't confirm them, and I don't know the facts here," he said.

"If they tried to get you this up, or tried to get you a mouth it, would you resign? Hatch asked.

"Yes, sir," Mr. Lake said.

At yesterday's hearing, Mr. Lake again defended his decision to keep secret the administration's policy of allowing Iran to covertly ship arms to Bosnia's Muslims in 1994 while an international arms embargo was in place.

"That was a result of the pattern of secrecy within the executive branch, not for the first time," Mr. Lake said. "My previous tour on the NSC staff, as I recall, there were a number of fairly secret times, including a secret negotiation with the North Vietnamese that I was working on with Dr. [Henry] Kissinger which was told to almost nobody, I think for valid reasons."

# Victim's relative calls Salinger's TWA story 'ridiculous'

THE WASHINGTON TIMES

Pierre Salinger's report that a Navy missile accidentally downed TWA Flight 800 weathered a barrage of criticism yesterday from U.S. officials and at least one relative of a victim in the mysterious crash.

"It's ridiculous," Richard Penzer, whose sister Judy was killed in the July 17 explosion, said on NBC's "Today" show. "I don't know why the press, the legitimate press, the New York Times or NBC, gives him a minute's time. What he's doing is not just irresponsible, but it's very hurtful to people."

"There is no basis, no foundation for such an allegation that a Navy missile was involved in this tragedy," Defense Secretary Wil-

liam S. Cohen said in a special briefing at the North Carolina state Capitol in Raleigh.

"We have looked at all the radar data. There is no evidence on any of the radar data of a missile tracking toward TWA 800," Jim Hall, chairman of the National Transportation Safety Board (NTSB), said on ABC.

In an interview in yesterday's editions of The Washington Times, Mr. Salinger, a former ABC News correspondent and President Kennedy's press secretary, accused the U.S. government of covering up the Navy's downing of the Paris-bound flight.

All 230 persons on board were killed when the 747 jetliner exploded off the coast of Long Island

shortly after taking off from New York's Kennedy International Airport.

Mr. Salinger, with a team of investigators, has put forward a 45-page report on Flight 800 and defended his conclusions yesterday during a press conference in Paris. "We have now reached the point where we are totally sure what we are saying is true."

The former newsman said his report is supported by witness accounts and Russian satellite photography.

"The American people should know that the ridiculous claims of Pierre Salinger and his so-called investigative team are based on erroneous chatter on the Internet, so-called witnesses — most of

whom deny what he claims they said to him — and just plain false information," FBI Assistant Director James Kallstrom, who is heading the criminal probe into the tragedy, said yesterday.

Meanwhile, a California newspaper executive yesterday accused Mr. Kallstrom of neglecting his investigation to scare the press.

"The FBI has taken attention away from 800 — what happened and who's responsible — and is putting attention to the newspapers and sources, trying to snuff out sources that have gone to the press," said Mel Opatowsky, managing editor of the Riverside, Calif., Press-Enterprise.

Mr. Opatowsky said Mr. Kallstrom, in a March 7 talk with the

Press-Enterprise, held back information that might have altered the paper's decision to print a report based on a source the FBI official has since criticized as "unbelievable."

Articles in the newspaper Monday centered on a private laboratory analysis of a rubbery red residue found on passenger seats. The newspaper said it was consistent with solid rocket fuel and government tests say is glue that held the seats together.

The samples and test were provided by James D. Sanders, a private investigator living in Williamsburg.

"The notion that someone like Sanders, who has absolutely no experience in any aviation crash in-

vestigations, who has virtually none of the information other than what has found its way into his possession which I'm investigating, can speculate what happened to the plane and can actually be considered a credible source from a news standpoint I find just unbelievable," Mr. Kallstrom said in the interview published yesterday in The Times.

Mr. Kallstrom confirmed that the substance was twice identified in government tests as an adhesive used in assembling the seats. An NTSB spokeswoman said it did similar tests and is convinced the residue is glue.

• Frank J. Murray contributed to this article, which is based in part on wire service reports.

The Washington Times

FRIDAY, MARCH 14, 1997

# Lake's hearing is no field of dreams

Thursday morning, a minute before the start of the third turbulent day of his Senate confirmation hearings for CIA director, Anthony Lake strolled over from the witness table and boasted to me in a soft voice, "I have three sleepers — and I won't tell you about them."

As readers of John Le Carre know, that's the language spooks use to describe secret agents with impeccable covers who have not yet been activated. Before any Republican conservative on the Senate Intelligence Committee decides to grill the long-suffering Lake about Spymaster Shapiro and the sleeper agents, I had better explain.

Once a year Lake and I, along with like-minded fellow travelers, gather to bid imaginary dollars in an auction of major league baseball players. Rotisserie baseball is the name of our shared passion, and the goal of this annual draft is to assemble the best collection of ballplayers that limited money can buy. Our mock auction is fraught with the same tensions found in the commodity pits in Chicago or, dare I suggest, the infinity of mirrors that is the CIA.

Lake's three sleepers — whose identities I will ferret out with the single-minded intensity of legendary spycatcher James Jesus Angleton — are ballplayers who the CIA nominee believes will be low-priced in the draft and yet will have great seasons. I should stress one star-spangled fact that should reassure doubters on the intelligence committee: Lake and the rest of us are so patriotic that we draft only *American League*



## Politics

By Walter Shapiro

## HYPE & GLORY

players.

If you think this last point is ridiculous, you haven't been watching the hearings on C-SPAN. Intelligence Committee Chairman Richard Shelby (I'll resist the ob-

vious oxymoronic crack) and his right-wing soulmates often veer off on weird tangents about the early days of the Cold War. On Wednesday the former national security adviser was interrogated on whether he believes Alger Hiss and the Rosenbergs were guilty of spying. The committee might as well have asked him about Mata Hari. Lake at one point said dryly, "The Hiss case is not something, frankly, that the national security adviser deals with every day."

Thursday's public session was as dignified as a junior high school cafeteria. During one bizarre interlude, three senators were shouting simultaneously. Shelby continued the donnybrook by snarling at the ranking Democratic, Bob Kerrey, "You've interrupted everyone here." Equally angry, Kerrey shot back, "I have not." The fireworks had little to do with Lake, since the point of contention was the order of the questioning.

Senate confirmation hearings in recent years have become nasty, brutish and long. Oklahoma Republican James Inhofe — who Wednesday all but demanded that Lake confess that he had been a long-haired, folk-song-singing,

anti-Vietnam protester — now followed up by sneering at the nominee, "I think you've mastered the art of righteous indignation at these hearings." Inhofe thundered Thursday, "Mr. Lake, I'm not interrupting you. But I won't let you waste my time." Bullying tactics like these could end up antagonizing the Senate's swing block of moderate Republicans.

All this would be comic fodder were Lake's confirmation not hanging in the balance. Shelby, an Alabama conservative who bolted from the Democratic Party in 1994, appears driven by an animus that goes beyond his antipathy to the Clinton administration. Something about Lake himself sticks in Shelby's craw. It may be the nominee's professional demeanor or Lake's principled decision to quit Henry Kissinger's national security staff in protest over the Cambodian invasion. By first delaying the hearings and now turning them into a tag-team grudge match, Shelby must believe that the Senate's constitutional mandate is not to "advise and consent" but to "snipe and derail."

My social dealings with Lake are limited to our Rotisserie drafts and a few brief chortles by the winner. (Truth serum will not get me to talk about the ill-fated 1996 season). But even though poker is supposed to be the game that reveals character, I believe that deeper insights can be discovered through the

prism of Rotisserie baseball.

Our league does not allow us to exchange players, so I cannot comment on Lake's tradecraft. But I can testify to his iron-willed conviction, for as a Red Sox fan Lake makes a policy of refusing to have Yankees on his team. Except — and here's where pragmatism comes in — if a Yankee player is available at a bargain price.

Like some senators, I too once made the mistake of misjudging Lake's soft-spoken manner as weakness. We were both after the same touted rookie (Michael Tucker of the Kansas City Royals, for those keeping score at home). I announced my bids in a strong, confident tone. Lake would up the price in a barely audible voice. The pattern was set: A Shapiro bellow followed by a Lake whisper. Faced with a relentless foe, I decided to match his tactics, barely mouthing the words as I raised him. Eventually, I won our silent auction. And, yes, Tucker had a miserable season.

Skeptics may fail to see how this anecdote is relevant to the identity of the next CIA director. But it comes closer to the mark than the undertone of malice and innuendo that have characterized the Lake hearings. In a democracy, the very existence of a quasi-secret agency like the CIA is filled with risks. The character and integrity of the CIA director serve as the nation's defense against rogue operations and maladroit macho maneuvers. By those standards, Lake deserves to bat cleanup.

Walter Shapiro's column appears Wednesdays and Fridays. Past columns on USA TODAY Online at <http://www.usatoday.com>

FRIDAY, MARCH 14, 1997

USA TODAY

# The Anthony Lake Nomination

Senate confirmation hearings are an imperfect means for measuring the qualifications of Cabinet nominees, and this week's sessions on Anthony Lake have been no exception. Vague questions, endless digressions and partisan bickering among senators often obscured the business before the Intelligence Committee, namely whether Mr. Lake should become Director of Central Intelligence. But after three days of public hearings, some things are clear.

On issues of primary importance to the future of American intelligence agencies, Mr. Lake committed himself to carrying on the reforms begun so strongly by the last master of the espionage kingdom, John Deutch. That was a vital step for a man whose views on intelligence issues were not well known. Mr. Lake spoke with passion and eloquence about the need for accountability, integrity and independent judgment at the Central Intelligence Agency, dispelling some of the doubts about his nomination.

But the hearings were less helpful on the increasingly important matter of Mr. Lake's anemic response to the campaign fund-raising abuses swirling around him while he was Mr. Clinton's national security adviser. As disclosures accumulate, the impression grows that the National Security Council staff, if nothing else, was asleep on the job as fund-raising and foreign policy became dangerously intermingled in the White House. That does not recommend Mr. Lake for the tough managerial responsibilities that would face him at the C.I.A.

The clearest evidence was the reported failure of two members of Mr. Lake's staff to relay word from the Federal Bureau of Investigation in June 1996 that China might be engaged in an illegal effort to finance Congressional campaigns. The staff members apparently did not mention the warning to their White House colleagues until this January. President Clinton and Mr. Lake have complained about the delay, but Mr. Lake was unconvincing in telling senators this week that it did not reveal broader managerial flaws in his office.

The F.B.I. episode is consistent with the generally apathetic performance of Mr. Lake's staff during the fund-raising blizzard last year. They made little effort to control the flow of foreign

visitors to the White House and raised few objections about the many Presidential audiences given to questionable people. These included Chinese businessmen involved in arms trafficking and Asian-American campaign donors trying to manipulate American foreign and commercial policy for personal profit, particularly in China.

One of those donors, Johnny Chung, armed with a letter from the chairman of the Democratic Party, misrepresented himself as an unofficial representative of the American Government during a visit to Beijing. Though Mr. Lake's staff declined Mr. Chung's request for a letter from Mr. Clinton, it did not block his self-appointed diplomatic mission.

It should not be forgotten that during the early months of 1996, Mr. Lake, rather than former Secretary of State Warren Christopher, was the primary American interlocutor with Chinese leaders. Mr. Lake's deputy, Samuel Berger, now Mr. Clinton's national security adviser, joined campaign aides in weekly strategy discussions in 1996.

This is not to suggest that Mr. Lake or Mr. Berger fine-tuned American foreign policy to support fund-raising efforts or did anything else improper. But it is remarkable that they did not raise an alarm about campaign activities that were so clearly impinging on their territory. It is hard not to conclude that Mr. Lake and Mr. Berger were either out of touch or negligent as the Clinton campaign shouldered its way into the sensitive relationship between Washington and Beijing.

If confirmed, Mr. Lake told the Intelligence Committee, he would never hesitate to confront policy makers if he thought they were ignoring important intelligence information. "I would in effect grab them by the lapels," Mr. Lake promised. Where was that vehemence last year when the Clinton campaign was running out of control?

The Intelligence Committee had a hard time concentrating on such important matters. Its much-criticized chairman, Richard Shelby of Alabama, actually did a reasonable job of focusing his own questions on this aspect of Mr. Lake's record. A final judgment on the Lake nomination must await completion of the hearings. In the days ahead the committee should resolve the crucial issues of Mr. Lake's qualifications, competence and plans.

## The New York Times

FRIDAY, MARCH 14, 1997

# Democrats Say GOP Senators Are Being Repetitive in Questioning of Lake

The Washington Post

FRIDAY, MARCH 14, 1997

By Walter Pincus  
Washington Post Staff Writer

On the third day of confirmation hearings for CIA Director-designate Anthony Lake, Democratic senators yesterday for the first time criticized Republicans for continuing to question the nominee on the same handful of issues.

After listening to Sen. James M. Inhofe (R-Okla.) grill Lake for the third time on his statements on ballistic missile targeting and his views on past foreign policy decisions, Sen. Bob Kerrey (D-Neb.) had had enough.

"It does seem to me that at some point you've plowed the ground . . . you've got [a] sufficient amount of information and [can] make a decision about whether or not you're going to vote to confirm," said Kerrey, who is vice chairman of the Senate Select Committee on Intelligence.

During yesterday morning's public session, the most contentious to date, Sen. Bob Graham (D-Fla.) charged that the hearings have been neither "bipartisan" nor "rational."

Late yesterday, however, after completion of Lake's first appearance in a closed session in the afternoon, committee Chairman Richard C. Shelby (R-Ala.) said "there was a lot more ground to cover." Shelby said Lake, who was White House national security adviser during President Clinton's first term, would return next Thursday for another day of public and private questioning.

Following the closed session, Kerrey said in an interview last night: "I personally think there is precious little more to cover." He added, "If you want to identify an issue, such as Iranian arms going to Bosnia, do it; but once done, it's over. They are doing it repetitively." Yesterday, for example, Sens. Wayne Allard (R-Colo.),

Dan Coats (R-Ind.) and Inhofe each questioned Lake for the second time on Bosnia and the decision not to tell Congress that the administration was turning a blind eye to the Iranian arms shipments to Bosnian Muslims through Croatia.

"We are trying to judge Mr. Lake's judgment," Coats said in response to Kerrey. "We're trying to utilize the decisions he's made and the experience that he's had to make a determination on his ability to provide sound judgment."

Kerrey said that Inhofe, for example, has an "ideological disagreement" with Lake's policy positions and just ought to vote against him. But the Nebraska Democrat noted that if Lake should be disqualified as director of central intelligence because he had held strong, partisan views in the past, as some Republicans have implied, "I wonder how they felt about William J. Casey and George Bush," two Republican partisans who later were approved to be CIA directors.

During yesterday's public hearing, Shelby indicated the Republicans would continue fighting the nomination on the Senate floor but said the committee's role would end soon. "I'd like to wrap it up next week," he said.

That brought an interruption from Sen. Jon Kyl (R-Ariz.), who reminded the chairman, "We still have outstanding requests for information," a reference to the controversial issue

of whether committee members will be briefed on the details of Lake's FBI file or see the raw files.

Last night, Shelby said an agreement had been reached that would have the full FBI file on Lake shown to him and to Kerrey. He added that this "would not bind other senators" who wanted to see the complete file. Shelby's staff is continuing to interview National Security Council staff members who met with campaign fund-raisers, the chairman said.

The sharpest public exchanges with Lake took place when Kyl reopened the issue of Lake's televised remark about Alger Hiss. In answering a question on NBC's "Meet the Press" earlier this year, Lake said he had read books that said Hiss was guilty of spying for the Soviet Union, but added, "I don't think it's conclusive."

On Wednesday, Lake said he believed Hiss was guilty but because he didn't have facts to back it up and the program was coming to an end, he had hedged his answer.

Kyl yesterday produced the transcript of the program and said there were six minutes remaining when Lake answered, giving the nominee plenty of time to explain.

When Lake insisted he was passionate about opposing spies, Kyl responded by saying that the Hiss answer raised the question of Lake's "threshold of belief that someone is a spy."

Sen. Orrin G. Hatch (R-Utah) again raised the question of the two former subordinates on Lake's NSC staff who failed to tell him about a June 1996 FBI warning on an alleged Chinese plan to influence congressional elections. Other than confirming that one of them, FBI Agent Edward Appel, was leaving government, Lake for the third time refused to speculate as to why he was not informed.

Hatch did get Lake to say that he would resign if he found the Clinton White House was trying to get him to cover up counterintelligence lapses for political reasons.

In the hypothetical case presented by Hatch, Lake said that if he "sensed any illegality of any kind, I would take it to legal authorities and of course I would not keep it from the Hill."

## Angry Exchanges Interrupt Lake Questioning

By TIM WEINER

WASHINGTON, March 13 — The Senate Intelligence Committee dissolved into angry bickering today over its own conduct in the confirmation hearings for Anthony Lake, President Clinton's nominee for Director of Central Intelligence.

Over three days of hearings, the committee has spent relatively little time eliciting Mr. Lake's views on running the \$30-billion-a-year United States intelligence empire.

Instead, the members have asked Mr. Lake about his belief in the guilt of Alger Hiss, the State Department official suspected of spying and convicted of perjury in 1950; how quickly he thinks Russia can retarget nuclear missiles, which are not now aimed directly at the United States; and, at great length, about his well-documented decision to do nothing about Iran's arms shipments to Bosnia's Muslims in 1994, and to keep the decision secret from Congress.

The questioning was often politically pointed and occasionally personal. When Mr. Lake objected today to having his integrity impugned, Senator James M. Inhofe, Republican of Oklahoma, told him, "I really think you have mastered the art of righteous indignation."

Today, Senator Bob Graham, Democrat of Florida, said he had had enough.

"I'm afraid that we are not distinguishing ourselves," Mr. Graham said.

The committee's questioning of Mr. Lake about the Iran-Bosnia imbroglio was "disingenuous," he said. All the members knew what had happened, he said; they had investigated it for seven months last year.

Indirectly addressing the committee's chairman, Senator Richard C. Shelby, Republican of Alabama, and the vice chairman, Senator Bob Kerrey, Democrat of Nebraska, Mr. Graham said the committee had failed two tests: "Whether we could conduct a bipartisan, rational hearing on the qualifications of this nominee," and "whether there would be a balance between the rear-view mirror of what has happened in the past and looking out the windshield at what was going to happen in the future."

The hearing turned into shouting:

Mr. Shelby: "Sometimes you have to look in the rear-view mirror to keep from being run over by a truck, Senator Graham, as you know —"

Mr. Kerrey: "Mr. Chairman —"

Mr. Graham: "But you don't —"

Mr. Kerrey: "Mr. Chairman, I have to object. Look, I have not interrupted Senator Inhofe earlier —"

Mr. Shelby: "You've interrupted everybody here!"

Mr. Kerrey: "No, sir, I have not!"

After tempers cooled, Mr. Graham continued, saying: "I don't think it's necessary to be run over several times by the truck in order to appreciate what it's like to be run over by the truck. I would like therefore to use my remaining time to look out the front windshield" at the future of the C.I.A.

For a few minutes, he did, and Mr. Lake responded.

The pool of talent at the C.I.A., particularly in languages and cultural knowledge, "is getting very thin," Mr. Lake said.

"We are struggling," he said, "to make sure that we are good and deep and solid and well staffed."

Mr. Lake also said he would make speeches to "build more public support" and improve the intelligence agency's recruiting.

"Recruiting is looking a little up now," he said, "but this is something that we really have to pay attention to."

Two years' worth of recruits trained to be C.I.A. case officers overseas in 1994 and 1995 had their

### Questioning the questioning of the C.I.A. nominee.

identities revealed to Russian intelligence by Harold J. Nicholson, the former C.I.A. station chief who has pleaded guilty to espionage.

Mr. Graham asked how the C.I.A. was getting along with the Drug Enforcement Administration and the Federal Bureau of Investigation. The agencies have always seen crime differently.

A lawman, confronted with an evildoer, wants to string him up. An intelligence officer wants to string him along — to find out what he knows. And the C.I.A. does not want its secrets exposed as evidence in criminal trials.

"This has an unhappy history, and the relationship between the intelligence community and law enforcement generally has not been a good one over the years," Mr. Lake said.

"We are going to be blindsided and not be effective abroad if we have a turf battle."

Senator Pat Roberts, a Kansas Republican and a former newspaperman, asked what Mr. Lake thought about the unauthorized disclosure of sensitive Government information, including state secrets.

Leaks, Mr. Lake said, are "very clearly in the same category as spying."

He continued: "If it's in the newspaper in the United States, foreigners can read. And that could have the same national security implications as a spy stealing that classified information and sending it directly to that foreign government."

He said he would "try to find the leakers just as I intend to try to find the spies."

Mr. Lake has some experience in such matters. The F.B.I. placed an illegal wiretap on him after he left the National Security Council staff in 1970.

The wiretap, placed at the request of Henry A. Kissinger, President Richard M. Nixon's national security adviser, was intended to find out whether Mr. Lake was leaking information. He was not.

The committee continued its hearing in closed session this afternoon, discussing classified matters. The hearing is scheduled to resume in open session on Tuesday and continue through March 20. It is unclear when the committee will vote and then when the full Senate will decide whether Mr. Lake becomes the third Director of Central Intelligence of the Clinton Administration and the fifth in the last six years.

# The New York Times

FRIDAY, MARCH 14, 1997

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## Clinton Presidential Records Digital Records Marker

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Divider Title:                     **March 13, 1997**                    

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# C.I.A. Nominee Works Hard to Sway Panel

By TIM WEINER

WASHINGTON, March 12 — Anthony Lake worked hard today to convince members of the Senate Intelligence Committee that he was not too mild-mannered, too inexperienced or too liberal to run the Central Intelligence Agency and oversee the rest of the nation's spy services.

On his second day of confirmation hearings, Mr. Lake portrayed himself as a man who could lead the C.I.A., inspire its spies and bring about a measure of change — but not too much — to United States intelligence.

"Are you going to be an advocate of the status quo?" asked the committee's vice chairman, Senator Bob Kerrey, Democrat of Nebraska.

"Of change," Mr. Lake said. "But not change for change's sake."

A few chuckles arose in the hearing room.

"I know — who would not agree with that?" Mr. Lake said.

Mr. Lake, President Clinton's national security adviser from 1993 through 1996, appears to have the votes to win approval from the 19-member committee, but not with overwhelming enthusiasm. Senators who support Mr. Lake wondered aloud today whether he had the experience and tough-mindedness to run the C.I.A. He swore he did.

Senators who oppose him questioned whether he marched against the Vietnam War or whether he had contempt for the Republican Congress. He swore he had not.

The senators have asked Mr. Lake relatively few questions about how he would run the \$30 billion intelligence empire, which includes a dozen agencies beyond the C.I.A. Indeed, some of the senators do not seem deeply interested in his ideas.

In 45 minutes of questioning, the committee's chairman, Senator

Richard C. Shelby of Alabama, asked Mr. Lake only once to share his thoughts about the future of American intelligence. But Mr. Shelby has posed dozens of questions on a subject about which Mr. Lake appears to know nothing: the Federal Bureau of Investigation's July 1996 briefing of two National Security Council officers about possible Chinese attempts to influence American politics.

And in nearly nine hours of testimony, Mr. Lake has spent less time talking about intelligence than he has rehashing his answers to Republicans' questions about "Iran-Bosnia" — the Clinton Administration's secret decision, concealed from Congress, to do nothing about Iran's weapons shipments to the Bosnian Muslim forces in 1994.

The Intelligence Committee spent seven months investigating that decision last year. It concluded that although the decision was carried out in excessive and self-destructive secrecy — and Mr. Lake has conceded that it was — it was not illegal.

Several senators said today that the C.I.A. was a deeply troubled agency, with problems of morale and mission caused by the end of the cold war, the arrests of two highly placed traitors in its ranks and a series of botched operations abroad. Its spies, said Senator Max Baucus, Democrat of Montana, are "people who are told to lie, cheat and steal," who belong to "a culture which is very different" from the average Government agency. Could Mr. Lake change, control or inspire that culture?

Mr. Lake said his long experience in the Government had given him the wherewithal to lay down the law at the C.I.A. He said he would tell the spies "that there must be discipline, that there will be discipline, that there will be support for them, that we will know what they're doing, but

that when they do wrong, there will be consequences."

Mr. Baucus appeared unsatisfied. He said he heard in Mr. Lake "just a touch of an academic speaking, somebody who really is not sufficiently decisive."

Senator Baucus will probably vote for Mr. Lake. So will Senator John H. Chafee, Republican of Rhode Island. But Senator Chafee asked Mr. Lake: "What gives you the belief that you've got the managerial talents" to run the C.I.A.?"

Again, Mr. Lake said he had "spent most of my public career in Government, working in large organizations" and was "very experienced in the ways of such organizations." He conceded that the biggest agency he has run was the 151-person National Security Council staff.

Mr. Lake explained that he resigned from the National Security Council staff in 1970 because he opposed President Richard M. Nixon's decision to invade Cambodia. This led Senator James M. Inhofe, Republican of Oklahoma, to conduct a political litmus test.

"You did some public demonstrating against the war," Mr. Inhofe said.

"I do not recall demonstrating against the war," Mr. Lake replied.

"When Reagan called the Soviet Union an evil empire, did you agree with that?" the Senator asked.

"I believe that Communism was evil," Mr. Lake said.

"How about the 'Reagan doctrine' of weapons shipments to anti-Communist guerrillas? Mr. Inhofe asked.

Mr. Lake allowed that he disagreed with covert military aid to Angola and Nicaragua but that the C.I.A.'s arms shipments to Afghanistan were a good thing. It was unclear whether he passed the test.

## The New York Times

THURSDAY, MARCH 13, 1997

# National News Briefs

## Senate Easily Confirms Peña as Energy Secretary

WASHINGTON, March 12 (AP) — Federico F. Peña, whose nomination as Energy Secretary was tangled in a monthlong dispute over nuclear waste disposal, was confirmed today by the Senate on a vote of 99 to 1.

Both Democrats and Republicans called Mr. Peña highly qualified for the Cabinet post, although Mr. Peña, the former Mayor of Denver and Transportation Secretary during President Clinton's first term, has little background in the energy field.

Only Senator Rod Grams, Republican of Minnesota, voted against Mr. Peña, saying the nominee had not shown the leadership needed to resolve the disagreements between Congress and the White House over disposing of tons of used reactor fuel now stored at civilian power plants.

The Senate vote came a day after the House cleared the way for Charlene Barshefsky to be sworn in as the Government's top trade negotiator. A bill approved by voice vote on Tuesday exempts Ms. Barshefsky from a new law barring anyone who has represented a foreign government from serving as the United States trade representative. The Senate approved the bill last week.

Presidential nominations normally need only Senate approval, but House approval was needed in Ms. Barshefsky's case to waive the new rule.

## Liver Transplant Policy Is Delayed by Agency

WASHINGTON, March 12 (AP) — The agency that sets the nation's organ transplant policy has put on hold a rule that would change who is first in line to get new livers.

The United Network for Organ Sharing decided last fall that people with the long-term liver failure typically suffered by alcoholics and drug addicts would no longer be first in line for transplants. Instead, priority would be given to patients suddenly stricken with life-threatening liver failure but who have a better chance of surviving the operation than long-term patients.

Network officials have postponed that change until July, the Health Resources and Services Administration transplant chief, Judy Braslow, said today. Her office oversees how the network allocates organs for transplant.

The policy change created fear

among chronic liver patients that they would never have top priority for a new liver no matter how sick they became. At an emotional December meeting, the network and the Government promised to consider their concerns.

But Ms. Braslow said the organ network voted last week to defer the new rules to set up 11 regional review boards that would insure that all patients were appropriately ranked on the transplant waiting list. The network will meet again in late June for final consideration of the issue.

## U.S. Offers \$65 Million To Stop Montana Mine

WASHINGTON, March 12 (AP) — The Justice Department said today that it had offered \$65 million cash to a Canadian mining company as part of a deal for it to abandon a gold mine near Yellowstone National Park.

The company, Crown Butte Resources of Toronto, is being offered cash from royalty payments that the Government receives on coal, gas and oil leases in Montana, according to a letter released today by the Justice Department. The offer is part of an agreement engineered by President Clinton last August to end the dispute over the mine.

Environmentalists have maintained that the mine would threaten a premier national park and contaminate a significant watershed outside the park.

The amount was agreed to in August, but the Government until now had not indicated the form of payment. Crown Butte has 30 days to decide on the proposal.

"I think it's a good proposal," Les Van Dyke, the company's director of industrial relations and its spokesman, said by telephone.

## Laser Center to Assure Nuclear Arsenal Quality

WASHINGTON, March 12 (AP) — The Energy Department has approved construction of a \$1.2 billion laser center in California that is expected to insure that America's nuclear weapons are properly maintained without actual bomb testing.

The center, known as the National Ignition Facility, will be at the Lawrence Livermore National Laboratory in Livermore, Calif., with ground breaking expected in a few weeks. Construction will take three years.

ment had "no review over any lease" that local officials sign with users of the port's facilities. In this case, the port is planning to build a \$200 million dock for Cosco, which would lease it for \$14.5 million a year. The project is being financed by local revenue bonds, not Federal money, said Yvonne Avila, the director of communications for the port.

Federal officials say Cosco ships are frequently the subject of surveillance, not only because of the weapons incident last year but also because of concerns that China is evading export quotas on textiles and that its ships have been used to bring what one law enforcement official today called "all kinds of contraband" into the country.

## Senators Ask for Inquiry on Leasing of California Base to Chinese

By DAVID E. SANGER

WASHINGTON, March 12 — Both of California's Senators have asked the White House to investigate the leasing of a former Navy base in Long Beach to China's state-owned shipping company, which last year transported several thousand automatic weapons that Federal officials say were headed for Los Angeles street gangs.

The Senators, Diane Feinstein and Barbara Boxer, both Democrats, asked President Clinton's national security adviser, Samuel R. Berger, if he felt that there were any "secu-

ty reasons" not to lease the China Ocean Shipping Company, or Cosco, the entire 145-acre site in the middle of Long Beach. The Port of Long Beach receives about one-fourth of the Chinese goods shipped to the United States.

The Chinese Government signed a lease for the port last April, only three weeks after one of the company's ships, the Empress Phoenix, was raided by customs officials acting on a tip that Chinese-made arms were being smuggled into the United States. The seizure of arms on the ship, which the Customs Service said were intended for street gangs, led in

May to the arrest of officials of another state-run Chinese company, although Cosco has not been charged in the case.

An Administration official who spoke on condition of anonymity said this evening that the White House was told by members of Congress that Mr. Clinton "apparently did not know about Mr. Wang's connections to Polytechnique or that the company was the subject of a major investigation in California into arms smuggling at the time he met Mr. Wang. Later, Mr. Clinton said the meeting was "inappropriate" and an example of the failure of the White House

to screen visitors rigorously. It is unclear whether today's letter requesting the investigation was related to the accusations, still unproven, that the Chinese Government tried to funnel money to Congressional races last year. Ms. Feinstein was one of the six Senators and Representatives warned by the Federal Bureau of Investigation last year to be alert for donations that might have originated from in the Chinese Government. But her office said today that the letter to the White House was prompted by concern that officials at the Port of Long Beach had not considered security worries about the state-owned company.

In Long Beach, a spokesman for the port said the Federal Govern-

# Lake Fends Off Jabs at His Integrity

## Senators Grill CIA Pick On NSC Management

By Walter Pincus  
Washington Post Staff Writer

CIA Director-designate Anthony Lake fended off repeated Republican questions yesterday about his toughness, managerial experience and integrity in the second day of Senate hearings on his nomination to head the intelligence community.

The seven-hour session in a half-empty hearing room featured mostly courteous exchanges between the former White House national security adviser and Republican opponents on the Select Committee on Intelligence. They went over a series of foreign policy controversies from President Clinton's first term, including U.S. acceptance of Iranian arms shipments to Bosnia, missile defense and the handling of political assassinations in Haiti.

Lake also said that, if confirmed, he'd keep George Tennen as deputy director of the spy agency and provide monthly briefings to Congress.

Led by Sen. Richard C. Shelby (R-Ala.), chairman of the select committee, several GOP members challenged Lake's management capability on grounds that he was not told by two subordinates at the National Security Council about a June 1996 FBI briefing on China's alleged attempt to influence congressional elections.

"I am concerned you were unable to establish an environment in which this reached you," Shelby said, describing it as "a breakdown" in the system when Lake was national security adviser.

Lake responded that he did have a successful management system at the NSC and that he was "proud of the record of staff members to distinguish important from unimportant. . . . If there was an error in judgment, so be it, but I believe the system worked well."

Shelby responded, "How can we assure you can run the the CIA when you were unable to do it at the White House?"

This exchange eventually led Sen. Bob Kerrey (D-Neb.), vice chairman of the intelligence panel, to declare that as No. 2 on the committee, he had been told of the FBI information last year. Based on that, he said, "I'm not sure if I had been on the NSC staff I would have kicked it upstairs. . . . It did not surprise me. . . . On a scale of 1 to 10, it is a 2 or 3. . . . A number of countries do that [attempt to influence elections]."

Kerrey acknowledged that now "it is a significant issue."

Lake, who faces at least one more day of questioning today, seems certain to win a majority of votes on the committee. Two Republicans, Sens. John H. Chafee (R.I.) and Richard G. Lugar (Ind.), have said they'll support him.

Two of his GOP critics, Sens. Jon Kyl (Ariz.) and James M. Inhofe (Okla.), came close to saying they would not vote for confirmation. Inhofe also came closest to having a confrontation with Lake when he said they had strong, opposing feelings on issues and he had "to wonder whether you [Lake] could totally segregate policy feelings from your job" as CIA director.

Lake said with as much emotion as he showed in two days, "I have given my word" to remain objective in providing intelligence.

Shelby pressed Lake on why the two NSC staffers were still working at the White House and said that a "standard of accountability was not there." Lake's response, as it was Tuesday, was that he would not "sit in judgment" without knowing the facts. "You cannot get loyalty from subordinates," Lake said, "without being fair as well as tough."

Lake said he had been "skeptical" about serving as a member of the Cabinet while holding the post of Director of Central Intelligence, because the dual role "could erode the distinction between policy and intelligence." He decided he would sit in on all Cabinet meetings where national security issues were discussed but leave or not attend such meetings when domestic and political issues are under discussion.

Lake also said former CIA director John M. Deutch was not fired or eased out because he made public statements about Saddam Hussein's growing political power, as some reports have suggested. "Let me state absolutely flatly to you that to my knowledge John Deutch was not eased out or fired. . . . He is a friend of mine [and] I would not have any part in easing somebody out in order to get a job myself."

Kyl got Lake to admit he had not been honest when on a television show he had "hedged" his answer when asked if the late Alger Hiss was a Soviet spy. Lake said he was asked with 20 seconds to go in the program just days after Hiss had died and had not said Hiss was a spy because he could not at that moment recall the facts that backed up what he believed. Yesterday, Lake said, "I do believe Alger Hiss was guilty."

Kyl, using the Hiss example, said he was concerned that temperament or prejudice led Lake to choose the hedged answer, implying that that approach could follow him into his intelligence job. Lake responded that he had seen his philosophy "caricatured" but that "I have never believed spying [for another country] was okay."

Kyl also brought up two recent news stories and asked Lake whether he or his NSC staff played a role in either of them. One involved allegations as published in the Washington Times that two members of the President's Foreign Intelligence Advisory Board had each contributed \$100,000 to the 1996 Democratic campaign before their appointments. The other concerned a Chinese shipping company gaining a contract to use a former U.S. Navy facility in Long Beach, Calif.

Lake said he did not know the details on either.

The Washington Post

THURSDAY, MARCH 13, 1997

# IN BRIEF

## Pena Confirmed For Energy Post

Federico Peña won Senate confirmation yesterday as energy secretary, leaving only two Cabinet nominees—Alexis M. Herman at Labor and Anthony Lake at the CIA—still to be approved.

The Senate cleared Peña's nomination by a 99 to 1 vote with only Sen. Rod Grams (R-Minn.), lining up against the former transportation secretary and onetime mayor of Denver.

President Clinton applauded the Senate for its "strong vote of support."

While Peña had wide support, the nomination had been stalled for nearly a month because of some senators' anger at the White House over its opposition to building a centralized nuclear waste storage facility in Nevada.

Grams, who has pushed legislation to shutter the Energy Department, said Peña had not shown enough leadership in finding ways to dispose of the tons of used reactor fuel kept at civilian power plants around the country.

But other Republicans joined Democrats in calling Peña highly qualified for the Cabinet post, although he has little background in the energy field. Peña, 49, was transportation secretary during Clinton's first term.

Sen. Frank H. Murkowski (R-Alaska), had held up Peña's nomination for several weeks in an attempt to get the administration to bend on its opposition to the Nevada waste site. He said the delay was not meant to reflect on Peña's qualifications, but to focus White House attention on the radioactive waste issue.

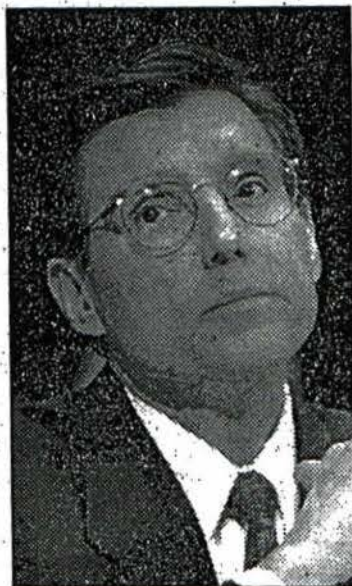
The administration is opposed to sending reactor wastes to Nevada for interim storage, arguing it will take pressure off a program to build a permanent waste repository earmarked for Nevada.

—Associated Press

## Senator's Leave Policy

Sen. Robert G. Torricelli (D-N.J.), has extended benefits of the family-leave law to gay members of his staff.

A gay rights group said other



FILE PHOTO

Energy Secretary Federico Peña gets backing of 99 senators.

lawmakers have done it informally, but that the freshman senator is the first to write it into his office policy. It means that a gay staffer could get unpaid leave to care for a companion in a medical emergency.

The 1993 Family and Medical Leave Act requires companies with 50 or more employees to offer 12 weeks of unpaid leave within a 12-month period for family emergencies.

But Torricelli told the Hill newspaper, "This is making the laws of Congress consistent with a new and rising national standard of equality. Rather than being the last institution to rise to this new standard, Congress should be a part of the change."

Torricelli has a staff of 43. The benefit has been added to his office personnel manual.

"My general sense is that many offices in the House and Senate do offer this benefit to employees in an informal manner," said David Smith, spokesman for the Human Rights Campaign. "Senator Torricelli has gone the extra step and placed that policy in writing."

Torricelli spokesman Jim Jordan said this does not make companions of gay staffers eligible for any health benefits in their own right. "It's for sickness, bereavement," he said.

—Associated Press

The Washington Post

THURSDAY, MARCH 13, 1997

# Senators question whether Lake could manage CIA

By Barbara Slavin  
USA TODAY

Senators interrogated Anthony Lake Wednesday on his managerial abilities, asking if a man who did not know that staffers had been briefed on an alleged Chinese influence buying scheme can run the CIA.

But a second day of hearings on his nomination as director of central intelligence produced only sparks, no fire, despite renewed efforts to link Lake to the Clinton campaign funding controversy.

A composed Lake became slightly testy under accusations by Sen. Richard Shelby, R-Ala, chairman of the Senate Select Committee on Intelligence. Shelby expressed incredulity at Lake's statement that an FBI briefing last year with two National Security Council counterintelligence staffers about the reported Chinese scheme had not been shared with the then-national security adviser. "Why didn't you have the right management procedures in place?" Shelby asked.

"I had the right management procedures," Lake replied firmly. He repeated that he would not judge the staffers until all the facts were in.

When Shelby kept pressing, asking how Lake could do at the CIA what it "appears that you were unable to do over the White House," Lake replied:

"Senator, if you're asking me to guarantee that ... nothing ever will go wrong ... I cannot." But, he said, if the system



By Joe Marquette, AP

Lake: 'There is a difference between secrecy and lying.'

is "broke, we'll fix it."

Another Republican, John Chafee of Rhode Island, also questioned Lake's ability to manage the sprawling intelligence community of 13 agencies, with 80,000 employees and a \$30 billion budget.

"Give me some reason to think that you can handle this situation," Chafee said.

Lake conceded that as security adviser, he had direct authority over only 151 people. But he said he held indirect responsibility for "a number of very large departments."

One Democrat, Max Baucus of Montana, asked whether Lake had the requisite toughness to fire employees such as those who failed for years to catch a Soviet mole, Aldrich Ames. Lake assured the committee that he did.

In general, Democrats fo-

cused on reforms Lake might make at the troubled CIA, a bane to several directors.

Republicans concentrated on past administration policies, such as the decision to turn a blind eye to Iranian arms shipments to Bosnia in 1994 — and to keep Congress in the dark. Dan Coats of Indiana called it "a mistake of gross incompetence or naivete or deliberate calculation" and compared it to the secret U.S. arms sales to Iran and diversion of proceeds to anti-communist rebels in Nicaragua in the 1980s.

Lake, while conceding that Congress should have been informed, denied any parallel between Iran-Bosnia and Iran-contra. In the former, the administration took no covert actions requiring that Congress be notified. In the latter, a dozen Reagan administration officials were prosecuted for breaking laws, and for violating a long-standing policy of discouraging arms for Iran.

"There is a difference between secrecy and lying," Lake said.

As the hearings wore on, the impression grew that Shelby and others had already fired much of their best ammunition. Barring new revelations, Lake looks like he will win committee approval. Republicans Chafee and Richard Lugar have said they are inclined to support him. On Wednesday, Orrin Hatch, R-Utah, said he was, too. That would give Lake a 12-9 majority, assuming he has all 9 Democratic votes.

## Clinton to baby boomers: Warn kids of drugs

By Sandra Sobleraj  
The Associated Press

Dismissing baby-boomer guilt over past drug use as "the biggest load of hooey," President Clinton said Wednesday he confessed his experiment with marijuana to daughter Chelsea when she was 6 or 7.

"It hadn't bothered me to tell her that she shouldn't make the same mistakes I did," he told three dozen parents and

students at the White House.

"I think this business about how baby boomers all feel too guilt-ridden to talk to their children is the biggest load of hooey I ever heard," Clinton said to applause. "They have a bigger responsibility to talk to their children."

Clinton said in the 1992 campaign that he had tried marijuana but "didn't inhale." He said Wednesday he was older than kids first trying drugs to-

day and that he didn't know then how dangerous drugs were. "When I was 22 years old in England, and I thought there were no consequences, I tried marijuana a couple of times," he said. "But if I had known then what I know now, I would not have done it."

Called "Straight Talk on Drugs," the town-hall discussion was broadcast by ABC Radio as part of the network's public service campaign.

USA TODAY •

THURSDAY, MARCH 13, 1997

# WASHINGTON

## House panel votes to ban 'partial-birth' abortions

The House Judiciary Committee voted to outlaw a certain type of abortion, except to save the life of the woman, setting the stage for another floor fight over the issue next week.



Hyde: Bill doesn't limit 'atrocious'

The bill provides for fines and imprisonment for physicians who perform the procedure, in which a fetus is partly delivered through the birth canal and killed when its brains are extracted.

Republicans say the procedure is too common, most occurring in the fifth and sixth months of pregnancy, and a ban is needed to protect healthy fetuses.

Opponents say such a ban is unconstitutional because it restricts a woman's right to an abortion and has no exception allowing the procedure to be used to protect a woman's health.

The panel rejected three attempts to add a health provision. "It just seems to me that this (health) amendment does not in any way limit the atrocity of partial-birth abortion," said Chairman Henry Hyde, R-Ill. President Clinton vetoed an earlier ban that lacked a health provision.

**HOMOSEXUAL RIGHTS:** Sen. Robert Torricelli, D-N.J., has extended benefits of the 1993 Family and Medical Leave Act to homosexual members of his staff. Some lawmakers had done so informally, but Torricelli is the first to write it into his personnel manual, said David Smith of the Human Rights Campaign, a homosexual-rights group. It means a homosexual staffer can get unpaid leave to care for a companion in a medical emergency. Kristi Hamrick of the Family Research Council said "it's inappropriate for a senator to cheapen the meaning of family by saying family is a 'fill in the blank.'"

**PROPERTY RIGHTS:** The House Resources Committee approved a bill that would strengthen rights of property owners by allowing civil lawsuits by citizens who claim they have been economically hurt by actions taken under the Endangered Species Act. President Clinton opposes the bill.

**PENA CONFIRMED:** Federico Pena was sworn in as Energy secretary following the Senate's 99-1 vote to confirm him. Minnesota Republican Rod Grams, who wants to abolish the Energy Department, voted against Pena. His confirmation had been stalled in a dispute over what to do with spent nuclear fuel from power plants. Republicans finally cleared him for the post, saying the Clinton administration appears ready to work with them on the radioactive waste issue. "Secretary Pena faces many challenges, not the least of which is stopping the pile-up of high-level radioactive waste at 80 locations in 41 states," said Senate Energy Committee Chairman Frank Murkowski, R-Alaska.

► The Senate Energy Committee approved a measure that would bar President Clinton from designating the Hanford nuclear reservation in Washington state as an interim storage facility for highly radioactive wastes. The bill is expected to recommend a site in the Nevada desert.



Pena: Senate votes 99-1 to confirm him

**MEXICAN DRUG EFFORTS:** The House votes today on a resolution to overturn President Clinton's certification that Mexico is fully cooperating in the war on drugs. Many in Congress want to decertify Mexico, but to waive economic sanctions that usually are imposed on countries that don't cooperate. Clinton strongly defends his decision. "We are concentrating our strongest arguments in the Senate," said White House spokesman Mike McCurry.

### ALSO ...

► **BUDGET BATTLE:** The House, in a 231-197 party-line vote, asked President Clinton to submit a new budget because the Congressional Budget Office says the one he sent up violates an agreement to balance the budget in 2002. The vote was largely meaningless. Rep. Ellen Tauscher, D-Calif., saw it as a "cynical attempt to make the president look bad."

► **BUREAUCRACY CURBS:** Most major federal regulations could not take effect until they were approved by Congress and the president, under legislation introduced by Sen. Sam Brownback, R-Kan., and Rep. J.D. Hayworth, R-Ariz.

► **FOOD STAMP ABUSE:** The House Agriculture Committee approved a measure to require states to prevent people from getting food stamps for family members in prison. Officials say \$3.5 million worth of food stamps were issued in 1995 for 12,138 people behind bars in Florida, New York, Texas and California's Los Angeles County.

► **FIRST LADY TO AFRICA:** Hillary Rodham Clinton leaves Saturday on a two-week goodwill trip to Africa. The Clintons' daughter, Chelsea, also is going. They will stop in Eritrea, Senegal, South Africa, Tanzania, Uganda and Zimbabwe. "Many of the African democracies are new and therefore fragile. Hope remains tenuous," Clinton said. But, she said, there are "grounds for far more hope than despair."

## GOP whip seeks removal of judge

A push by some conservative Republicans to curb what they call judicial activism has moved to Congress, where the No. 3 Republican in the House backs plans to seek removal of a federal judge who has blocked two Republicans from taking local offices pending results of an election dispute.



DeLay: 'Checks and balances'

"I'm instituting checks and balances," said GOP Whip Tom DeLay, R-Texas. "For too long, we've let the judicial branch act on its own, unimpeded and unchallenged." Congress' duty is to challenge the judicial branch," he said.

But some Democrats and bar association officials see the move as an attack on the independence of federal judges, who have life tenure to ensure they are free from political retribution.

"It demeans the Constitution and basically demeans and trivializes the Congress," said Sen. Patrick Leahy of Vermont, ranking Democrat on the Senate

Judiciary Committee.

American Bar Association president N. Lee Cooper said judges can't be impeached for their rulings, even if erroneous. "If impeachment just becomes another avenue of judicial review, sort of a legislative referendum on the quality of judicial decision-making, then we have really turned our back on the Constitution," Cooper said.

The immediate concern of DeLay is U.S. District Judge Fred Biery of San Antonio. He's a Clinton appointee who irritated conservatives by ruling in a Val Verde County voting-rights case that two Republicans can't take office as sheriff and county commission until state courts rule on whether out-of-town military personnel can vote in local races.

By Paul Leavitt

**NATIONAL OUTLOOK: Fund-Raising  
Didn't Get All the Attention Mann covers  
International affairs for the Los Angeles Times. By  
Jim Mann (c) 1997, Los Angeles Times**

WASHINGTON There is a world out there, and President Clinton is about to escape to it.

Clinton will sojourn to Helsinki, Finland, next week for a summit meeting with Russian President Boris N. Yeltsin no doubt with a considerable sense of relief that, for a few days at least, he can leave behind a Washington so feverishly self-absorbed in the investigations of questionable fund raising that it seems unable to talk or think about anything else.

The Helsinki summit will be significant not only for its own sake, but because it should give us a first, tentative answer to a broader question: Is Clinton going to be able to accomplish anything in his second term? Or will his second administration eventually become so hobbled by the current scandal that it will limp along until (thanks to Congress' infuriating unwillingness to do anything about campaign-finance reform) it is soon time for yet-another election under the same miserable system?

Over the next year or two, Clinton faces some foreign-policy issues that could help determine America's relations with the world for the next decade or more: Should China be admitted to the World Trade Organization? Should the North American Free Trade Agreement be expanded to other countries?

Such questions ought to be argued out. The danger is that new initiatives will be shelved (or, alternatively, slipped through without much public scrutiny) because Washington is transfixed in its love for the entertainment and the gamesmanship of a good scandal.

Probably no foreign-policy issue is more important and pressing than NATO expansion. That will be the item at the top of the agenda when Clinton meets Yeltsin in Helsinki.

The United States and its NATO allies are preparing to admit Poland, the Czech Republic and Hungary all of them once tied to the Soviet Union in the Warsaw Pact into the organization this summer. Russia has been determinedly opposed to a NATO expansion that will bring the Western alliance eastward, nearer its borders. Yeltsin reaffirmed last week his "profoundly negative view" of NATO expansion.

The question in Helsinki is whether the Clinton administration will or should do anything to mollify the Russians. Administration officials admit that they have given up hoping Yeltsin will give his blessing to NATO expansion. "The Russians have made very clear that they hate NATO enlargement, and they aren't going to stop just because we tell them it's good for them," observed one senior U.S. official.

Nevertheless, Russian leaders could still tacitly or grudgingly accept what they don't like. In an interview this week, Deputy Secretary of State Strobe Talbott said he was hoping for "a de-escalation of their rhetoric against (NATO expansion)."

The Russians now seem to be bargaining. They would like to obtain as many assurances as possible limiting the scope and the impact of NATO expansion.

America and its NATO allies already have made plain that they will not deploy nuclear weapons in the newly admitted nations. Russia also is seeking restrictions on the deployment of NATO troops and military infrastructure in these countries. It is looking for some promises that NATO won't later expand to the Baltic States or Ukraine. And it is seeking some promise that Russia itself will get some role in NATO deliberations.

"It's very clear that there will be some kind of deal (over NATO expansion)," says Dimitri Simes, a Russia scholar at the Nixon Center for Peace and Freedom.

Such a deal could be worthwhile, so long as Clinton doesn't give away too much. The United States and its allies can't give Russia a veto over NATO decisions, or promise to write off the Baltics. They could, however, try to ease some of Moscow's fears.

This is where the Washington fund-raising scandal kicks in. The expansion of NATO will have to be submitted to the Senate for ratification, probably early next year. What will Clinton's public standing be then? Will he be too weakened by the scandal and will Congress be so swept up in the scandal to deal with important issues like NATO expansion?

There is certainly precedent for such a problem: By 1974, anything President Nixon did in foreign policy was perceived at home as merely an effort to divert attention from Watergate. The current affair hasn't reached that level yet. And there are many other differences between the current situation and 1974: America's economy is thriving and it is not enmeshed in any overseas ventures like the

Vietnam War.

In a way, Clinton's summit with Yeltsin heralds the start of his second administration, at least for foreign policy. The past two months have been a remarkably quiet interlude. America has faced no crises overseas.

Now, in Helsinki, Clinton will have to start making some choices about America's relations with the rest of the world. And we will begin to see the extent to which the ongoing investigations hurt U.S. foreign policy.

The fund-raising scandal needs to be fully investigated. But Washington also needn't focus on it to the exclusion of everything else.

**Albright Reaches Rapprochement With Helms, Heads to Carolina (Washn) (c) 1997, Los Angeles Times**

WASHINGTON It is part of a diplomat's job to go into hostile territory and meet with implacable opponents. Now Secretary of State Madeleine K. Albright is taking it a step further than any of her recent predecessors. She's going into deepest Helms country.

The State Department announced Wednesday Albright will visit North Carolina March 25 at the invitation of Sen. Jesse Helms, R-N.C. The climax of the visit will be an evening speech to the Jesse Helms Institute at Wingate University in Wingate, N.C.

Helms, chairman of the Senate Foreign Relations Committee, has been a hair shirt for secretaries of state of both parties. Right now he is threatening to block Senate ratification of a new treaty banning poison gas weapons, a top priority for Albright and the Clinton administration.

But Albright hopes to make bipartisanship a hallmark of her tenure. And Helms, who enjoys being called "courtly," has gone out of his way to treat Albright with courtesy. Around the State Department, the pressing question is whether the Albright-Helms era of good feeling will survive a whole day spent in each other's company.

**Lake Confirmation Hearing Takes Partisan Turn (Washn) By James Risen (c) 1997, Los Angeles Times**

WASHINGTON Anthony Lake's controversial nomination for CIA director took an increasingly partisan turn Wednesday when conservative Republicans grilled him on whether he has a "contempt for Congress" and is too "passionate" in his generally liberal political beliefs to lead the U.S. intelligence community.

In the process, the GOP lawmakers opened old wounds about Vietnam and the Cold War, and seemed intent on placing Lake's personal politics on trial.

In a particularly tense exchange with Sen. James Inhofe, R-Okla., a leading conservative on the Senate Select Committee on Intelligence, Lake was asked whether he had ever publicly protested the Vietnam War. Lake replied that he only watched one demonstration from the sidelines. Inhofe also asked about Lake's decision to resign in protest from the White House's National Security Council during the Nixon administration. Lake said he did so in response to his opposition to the U.S. incursion into Cambodia during the Vietnam War.

Inhofe then read Lake a list of controversial national security policies during the Reagan administration ranging from the Star Wars missile defense to covert action to arm the Nicaraguan Contras and was asked whether he supported or opposed them.

Lake, the outgoing head of President Clinton's National Security Council, kept his cool under fire, responding, "If you've reviewed my writings, Senator, you may know that sometimes I disagreed and sometimes I actually agreed, which I think was unusual" for a Democrat.

Lake also was pummeled for his decision not to tell Congress about Clinton's 1994 decision to give a green light to Iranian arms shipments into Bosnia, and whether that suggested a disdain for congressional notification. He acknowledged that it was a "mistake" not to tell Congress about the decision.

Recognizing the major factor the issue has become in his confirmation hearings, Lake added: "I suspect there is no one in America who wishes more fervently than I that we had informed Congress."

In a sharp exchange with Sen. Dan Coats, R-Ind., Lake defended the Clinton decision to allow Iranian arms to flow to Bosnia, arguing that the action took U.S. policy in the direction that many in Congress wanted it to go.

"Yes, but Congress made its decision publicly and on the record," Coats replied. "You did yours covertly and off the record."

Inhofe, in his questioning, asked about Lake's decision to hire Morton Halperin, a foreign policy expert whose liberal views have enraged conservatives, for the Clinton administration's National Security Council. Halperin, like Lake, was a staffer at the National Security Council who was wiretapped by the Nixon White House to determine if he was the source of news leaks on Vietnam policy.

"I hired him because he is a very competent professional," Lake said of Halperin. "I have not hired people because of their politics."

But Inhofe said he believes that Lake's political background, stretching back to his work for the 1972 presidential campaign of then-Sen. Edmund Muskie, D-Maine, makes him ill-suited to taking on the job of providing impartial intelligence to the president and Congress.

Lake was assailed again when he took issue with a House report that disagreed with the Clinton administration's position that Bosnia has now severed its military and intelligence ties to Iran. If he could dismiss the House report so easily, Inhofe asked, "What does that say about your contempt for Congress?"

Lake also denied reports that he helped oust the CIA's previous director, John Deutch, after Deutch told Congress that Iraqi leader Saddam Hussein had grown stronger in the wake of his incursion into northern Iraq last year.

Deutch's comments came during last fall's U.S. presidential campaign, and there were widespread reports that Clinton and Lake were furious about the remarks. Deutch subsequently resigned after he lost out on his bid to become Defense secretary in Clinton's second term.

Lake said the president and Deutch have assured him that the former CIA director was not fired and resigned on his own.

"A man's reputation is at stake," Lake said. "Let me say that John Deutch is a friend of mine, and I would have nothing to do with easing him out in order to get a job for myself."

Lake was not asked, however, whether Deutch's comments played a role in the president's decision not to offer him the job of Defense secretary.

## Son of Daley Rises Out of Shadows Into Washington Elite (Washn) By Art Pine

(c) 1997, Los Angeles Times

WASHINGTON When Richard J. Daley was sworn in as mayor of Chicago in April 1955, the next day's newspaper carried a hastily posed portrait of the new mayor and his family. His youngest son, Billy, then 7, was standing off to the side, almost out of sight.

That would be the Bill Daley persona for years to come: a behind-the-scenes man, helping politicians of all stripes, but never holding office himself.

Now 48, after a low-profile career as a back-room strategist, corporate lobbyist, high-priced lawyer and Democratic party fund-raiser, a matured William M. Daley finally is stepping into the limelight on his own as President Clinton's new secretary of Commerce.

By Daley's admission, the move is partly the result of what might be described as a political midlife crisis: After years of serving in the background, "I was ready to do it," he says with a grin. But, as he is discovering, it will not be easy.

The Commerce Department is a bureaucratic behemoth with 31,000 workers, but Daley's biggest challenge will be to erase the widespread perception that the department has been turned into a giant influence-peddling machine, taking in hefty campaign contributions from business and spewing out political favors and access in return.

During Clinton's first term, Commerce Secretary Ronald H. Brown who was killed in a plane crash in August larded the agency with political appointees who allegedly used it as a base for conducting fund-raising operations for the Democratic National Committee.

There are suggestions that some senior department officials may have misused official trade missions ostensibly set up to hawk U.S. exports abroad by loading them with company executives who donated to the DNC. Commerce was home to money man John Huang, who is under investigation in the current scandal over funneling possibly illegal campaign contributions to the DNC.

So how can the public expect a guy like Bill Daley a lifelong political insider and campaign fund-raiser, the son of one of America's best-known machine politicians and the brother of Chicago's present mayor to deal forcefully with such a political mess?

Daley's supporters insist that despite what seems like a ton of political baggage, the new secretary has the determination and the integrity to pull the job off.

"I think Bill's going to surprise everyone," says Joseph Carr, a Chicago attorney and Democratic fund-raiser who has worked on several campaigns. "He understands the sensitivity of the issues. He's going to do whatever it takes."

Well-liked, even by his political adversaries, Daley also has a reputation for being almost devoid of pretension. "There's absolutely no sense of put-on or phoniness," says a longtime acquaintance. "With Bill, what you see is what you get."

Senate Commerce Committee Chairman John McCain, R-Ariz., the Senate's chief proponent of campaign reform laws, has delved extensively into Daley's background and says the new secretary seems determined to set things right.

"I happen to think he's sincere," McCain asserts.

McCain is not alone. Talk to anyone who has watched Daley in action and the picture that emerges is one of a soft-spoken, even-tempered, disarmingly genuine sort of man who has a keen sense of what the public wants.

"Bill has the best nose in politics he can smell a stench from 100 paces," says David Axelrod, a Chicago media consultant who has worked with Daley on several campaigns. "I would really be shocked if anything happened on his watch that created appearances of impropriety."

Friends say Daley also can be tough when he needs to, quietly but efficiently getting rid of whoever or whatever poses a problem likely to prove serious in any organization he is running.

The youngest in a brood of seven children, Daley grew up as the "baby" in a strict, old-fashioned Irish-Catholic household that put a premium on privacy and family loyalty.

Being one of the mayor's kids did not garner any of the Daley youngsters special treatment, Daley insists, but it did impose some constraints. "You had to be more careful than most of your friends," he recalls. "We were always being reminded by Dad to watch yourself, not get in trouble."

Over the years, the family's alliances served as a career-booster and a learning laboratory. Daley honed his skills in dealing with people by watching longtime family friends such as former Rep. Dan Rostenkowski, D-Ill., at dinners and picnics.

Although Rostenkowski ended up in jail after being convicted of misusing \$636,000 in expense money, Daley is openly loyal and unapologetic about their friendship. Much of what "Rosty" did had been legal "not long before," he points out.

A natty dresser who smokes big cigars, plays golf and drives a Saab, Daley is an engaging conversationalist in one-on-one sessions but a lackluster public speaker.

"As you probably noticed, that's not my forte," he concedes sheepishly after a middling luncheon talk.

For those who remember his hot-tempered father, Bill Daley is the epitome of patience and self-deprecating wit. When a columnist once wrote that the Daley brothers were too stupid to tie their shoes, Daley called to assure him not to worry: "We're all wearing loafers now."

Daley tells the story of how he met his wife, Loretta, in 1968 on the night of the rioting that followed the assassination of the Rev. Martin Luther King Jr. She was working as secretary to the city's deputy mayor.

"Want to go to a movie?" he asked impulsively that night, in one of the most poorly timed moves of his career.

"You're crazy," she replied, "the whole city's burning." Daley was persistent. Five months later, she finally agreed to go out. The rest is history.

Why anyone would want to be secretary of Commerce even in normal times is a fair enough question. Despite the department's current notoriety, it has traditionally been a political backwater no place for anyone seeking the limelight.

Daley's introduction as secretary was, to say the least, inauspicious. At a news conference in December at which Clinton announced his appointment, the nominee fell flat on his face literally, and in front of a nationwide TV audience apparently overcome by heat.

Early this year, the Nation magazine ran a scathing profile that described Daley as a "master of what Chicagoans call 'pinstripe patronage' a walking conflict-of-interest and behind-the-scenes deal maker who leaves few fingerprints."

# Chung visits continued after 2nd memo

ASSOCIATED PRESS

Democratic donor Johnny Chung returned to the White House 17 times — mostly visiting the first lady's offices — after national security officials warned that he appeared to be "a hustler" and should be treated with suspicion.

Eight of the visits came after a second cautionary memo was directed to Anthony Lake, who at that time was President Clinton's national security adviser, warning aides to be "very careful" about granting Mr. Chung political favors.

Mr. Lake's nomination to head the CIA is now under scrutiny in the Senate.

The initial National Security Council memo — cautioning that Mr. Chung was bringing Chinese associates into the White House to enhance his own business interests — was forwarded to a staff assistant in the president's office, a senior White House official said, speaking on condition of anonymity.

White House special counsel Lanny Davis declined to say who saw the memo but acknowledged the NSC "gave, when asked, pretty good counsel that should have been more closely heeded" by presidential aides.

At a news conference last week,

Mr. Clinton said of the memo: "No one ever told me it had been written, and I don't know who did see it."

The president said the NSC's advice had been sought after he questioned whether there would be foreign policy implications to releasing photographs that were taken of himself, Mr. Chung and some Chinese executives Mr. Chung had brought into the White House.

Mr. Clinton also acknowledged the White House failed to screen visitors properly.

Lisa Tucker, an attorney for Mr. Chung, said her client never did anything wrong and had been treated "cordially and even warmly" at the White House. He was surprised to learn through the press about the NSC memo, she said.

"They liked his money, and if they didn't like him, they never made it known to him," Miss Tucker said.

The two NSC memos about Mr. Chung, the first written in April 1995 and the second in July 1995, were turned over by the White House last month to the Senate committee holding Mr. Lake's nomination hearing.

In the April memo, NSC Asia expert Robert Suettinger responded

to the president's concern about the release of the photos.

"I think he should be treated with a pinch of suspicion," Mr. Suettinger said. "My impression is, he is a hustler and appears to be involved in setting up some kind of consulting operation that would thrive in bringing Chinese entrepreneurs into town for exposure to high-level U.S. officials."

Three months later, Mr. Suettinger expressed concern to Mr. Lake after the White House learned that Mr. Chung was leaving for China and planned to get involved in the sensitive case of imprisoned Chinese dissident Harry Wu.

"I recommend that we be very careful about the kinds of political favors he is granted," Mr. Suettinger wrote.

White House officials have since confirmed more details about Mr. Chung's 50 visits to the White House from early 1994 through June 1996.

After the first NSC memo was written on April 7, 1995, Mr. Chung was cleared into the White House or the adjacent Old Executive Office Building 17 times, on 14 different days, according to White House officials citing Secret Service records.

Two of those times were to attend events with the president.

**The Washington Times**  
★ THURSDAY, MARCH 13, 1997

# Lake can't recall how donors got on spy panel

By Bill Gertz  
THE WASHINGTON TIMES

CIA director nominee Anthony Lake said yesterday he could not recall whether he reviewed the appointments of two major Democratic Party contributors to a presidential intelligence advisory board, but he said selling seats on the panel would be improper.

Appearing before the Senate Intelligence Committee during his second day of confirmation hearings for the CIA post, Mr. Lake was questioned about the appointments of Stanley Shuman, a New York banker, and Richard Bloch, a Texas real-estate investor, to the President's Foreign Intelligence Advisory Board (PFIAB).

Under questioning from Sen. Jon Kyl, Arizona Republican, Mr. Lake said he, as White House national security adviser, often selected people to be named to the 16-member PFIAB. But he testified he could not recall how Mr. Shuman and Mr. Bloch ended up on the board.

The Washington Times reported Monday that both men, with no intelligence or foreign-policy experience, were appointed to PFIAB on July 24, 1995, and according to Federal Election Commission rec-

ords each contributed over \$100,000 to the Democratic National Committee in the months after their appointments.

Mr. Shuman also was one of the 938 friends and supporters of President Clinton who were overnight guests at the White House.

The appointments also coincided with aggressive Democratic fund raising after the 1994 elections that, according to one White House document, called for coordinating appointments of people on boards and commissions.

"It is true that other presidents have appointed Americans to PFIAB who have come from outside the intelligence community," Mr. Kyl said. "To my knowledge, however, there has never been a previous instance in which the appearance — let alone perhaps the reality — of selling seats on this important board has arisen.

"I believe it's the responsibility of the national security adviser to the president to ensure that the presidential board that oversees the considerable fine work and sometimes the shortcomings of the U.S. intelligence community is insulated to the maximum extent possible from politicization," Mr. Kyl said.

Sen. Richard C. Shelby, Ala-

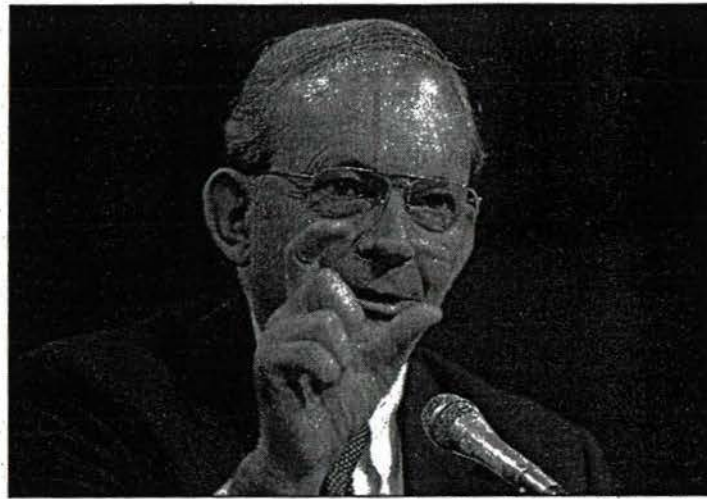


Photo by Kenneth Lambert/The Washington Times

Anthony Lake, CIA director nominee, testifies on the second day of hearings before the Senate Select Intelligence Committee.

bama Republican and chairman of the committee, said after the hearing that if it turns out the two men were given seats on PFIAB because of their contributions, "it corrupts the whole system."

During the session, Mr. Shelby said the fact that Mr. Lake does not recall the PFIAB appointments

raises questions about his management abilities, and he asked Mr. Lake to report back to the committee on who selected Mr. Shuman and Mr. Bloch and what were the circumstances surrounding the appointments.

Mr. Lake said that while he and his deputy, current National Secu-

rity Adviser Samuel Berger, would make recommendations for seats on PFIAB, "I don't believe it should be the job of the National Security Council to conduct background investigations."

"I certainly had no knowledge of their political activities," he said. "In the end, then, the president decides who he wants on the board as is appropriate."

Both Mr. Shuman and Mr. Bloch "have been doing good work" on the panel, he said.

Mr. Lake said it was his general policy to review the resumes of prospective board members. "I assumed I looked at them; I just don't recall that particular process."

Mr. Lake said he would have remembered if Mr. Shuman and Mr. Bloch were identified to him as people who are DNC contributors.

Asked if it was appropriate for political contributors with no intelligence or foreign affairs background to be appointed to PFIAB, Mr. Lake said: "I don't think that making political contributions should be a disqualification. Anybody appointed to that board should be someone of high competence, intelligence and able to contribute to it, and I am told that they are doing so."

The Washington Times

★ THURSDAY, MARCH 13, 1997

examine some GOP fundraising practices that, while not illegal, exploit what Democrats call big loopholes.

After the Watergate scandal in the 1970s, Congress amended the Federal Election Commission Act to restrict individuals to \$1,000 in donations per federal candidate in each election. The law barred corporations from giving directly to candidates, though they were allowed to give \$5,000 to a candidate per election through their political action committees, or PACs.

The intent was to limit the influence of money on campaigns and to disclose its sources by requiring candidates and PACs to file public reports showing how they got and spent their money.

But courts have ruled that other restrictions on campaign donations are violations of free speech. The decisions have opened loopholes for soft money, which is supposed to go to general party-building activities and not directly to elect individual candidates.

The need for expensive television advertising, however, has put pressure on candidates to find more money. And because the parties can raise soft money in unlimited amounts, and from corporations, they have found ways to exploit this loophole to boost specific candidates.

Similarly, the idea behind PACs was to regulate and disclose money from corporations. But corporations are allowed to give unlimited amounts of money that is not disclosed publicly to non-profit, tax-exempt organizations, which in turn fund so-called "issues advertising," direct-mail pieces, or voter guides that are often partisan in nature.

It is these kinds of organizations that Democrats hope to examine. They have prepared an initial batch of 11 subpoenas focusing on non-profit groups.

The subpoenas include requests for documents from the National Policy Forum, a tax-exempt group created by former Republican National Committee Chairman Haley Barbour in 1993. The RNC gave the think tank \$2.5 million between May, 1993 and May, 1995, Democrats said, citing news reports.

The RNC has also transferred money to the National Right to Life Committee, the American Defense Institute, and Americans for Tax Reform, groups that have been active in motivating GOP supporters through direct mailing and lobbying.

Democrats also want to examine Citizens for a Sound Economy, a think tank that advocates free-market ideas and works closely with Republicans; Citizens for Reform, a non-profit group run by conservative activist Peter Flaherty that has purchased ads benefiting GOP candidates; and a group linked to former Republican presidential candidate Pat Buchanan called Citizens for the Republic, which has also purchased political advertising.

Democrats, too, benefit from spending by non-profits and might see a few GOP subpoenas targeting liberal groups, such as labor unions.

### Senate continues hearings into Anthony Lake's nomination as CIA director By David S. Cloud Chicago Tribune (KRT) 3/12/97

WASHINGTON His hands folded in altar-boy fashion, Sen. Richard Shelby took a moment Wednesday to offer Anthony Lake, President Clinton's nominee to head the Central Intelligence Agency, a bland reassurance in the midst of hours of grueling, repetitive and sometimes accusatory questioning.

"We're not assailing your integrity," Shelby insisted, drawing quiet guffaws from Lake supporters. "I believe a lot of these questions are legitimate."

But anyone who sat through the first two days of Lake's confirmation hearing would have no difficulty concluding that the Alabama senator and several other Republicans on the Intelligence Committee are seeking to torpedo the nominee and, to their frustration, are having little success.

Every seat in the cavernous Senate hearing room was filled during Lake's first day of testimony, but interest fell off substantially Wednesday, a sign that Shelby and his cohorts had come up short in their effort to stagger Lake early in the planned two weeks of hearings.

In true Washington form, the hearings have been conducted with a veneer of politeness and formality that hardly obscures the bare-knuckles political bout.

Directing his comments at Shelby, Sen. Richard Bryan, R-Nev., early on pleaded for restraint. "I would hope, Mr. Chairman, that this will not become a forum in which we bludgeon the nominee," he said.

White House aides say privately that if Lake's nomination is sent to the Senate floor for a vote, they expect he will be confirmed.

Getting there, however, promises to be an arduous journey. On Thursday the committee is to meet in closed session to discuss

classified information that Lake dealt with at the National Council. Shelby is continuing to press for detailed FBI background information on Lake beyond what is normally supplied.

After press reports described the first day of hearings as tense, Sen. Pat Roberts, R-Kan., tried to defuse the situation Wednesday morning with a joke: "You don't look tense to me," he told Lake. "Are you tense?"

"Senator," Lake replied, "I am not tense."

With 30 years in and around government and diplomacy, including a two-year stint as a State Department official in Vietnam during the war, Lake is, if anything, more adroit than his questioners at anticipating and weathering a hostile environment.

"We prepared endlessly" for the hearings, said a Lake aide.

The preparation shows in Lake's disarming answers to questions about his role in controversial Clinton administration policies for example, the 1994 decision not to block Iranian arms deliveries to Bosnia, despite a U.N. arms embargo.

Lake acknowledged several times under questioning that he should have informed Congress about the administration's secret decision.

"I have said repeatedly that we should have done so," Lake said. "And I suspect there is nobody in America who wishes more fervently that we had done so than me."

But he has pointedly noted that many Republicans favored lifting the arms embargo and voted for a bill that stopped U.S. enforcement of the weapons ban in October 1994.

Lake also has been caught in a crossfire from Democrats who are critical of the CIA's clandestine operations, contending that recent spy scandals reflect an insulated, arrogant culture. Some Democrats Wednesday questioned Lake's ability to run the sprawling CIA bureaucracy.

Quizzed by Sen. Max Baucus, D-Mont., about steps he would take to overhaul the CIA's covert operations, Lake responded that "I am prepared to take absolute, firm action" to weed out double agents and enforce accountability.

Unconvinced, Baucus countered, "You do not have strong managerial experience. ... I have not yet heard a sense that you totally understand the problem (at the CIA) or that you know what to do about it."

Questioned later in the hearing by Shelby about his managerial abilities, an exasperated Lake responded that "I think that being national security adviser is as tough as being" CIA director.

### Scientist who cloned sheep calls for international effort not to clone humans By Mike Dorning Chicago Tribune (KRT)

WASHINGTON The Scottish scientist who cloned a sheep went before

a U.S. Senate panel Wednesday to call for an international effort to prevent his breakthrough research from being used to create copies of human beings.

Although he held out hope that the cloning techniques he has developed will lead to cures for genetic diseases and readily available organs for transplant, Dr. Ian Wilmut emphatically stated his opposition to the creation of cloned humans, even to save or replace a dying child.

"I personally have still not heard of a potential use of this technique to produce a new person that I would find ethically acceptable," Wilmut said, adding, "I hope that ... we do not see human cloning in our lifetimes."

The now-familiar image of Dolly, the cloned sheep that Wilmut produced and the world first glimpsed a few weeks ago, has put that possibility within sight, at least in the popular imagination. And it has lent a sense of immediacy to the emotionally charged possibility that people could create themselves in their own genetically precise image.

But Wilmut cautioned that it took 277 attempts to produce Dolly and several defective clones died soon after birth. Given that failure rate, he told the senators, "it would be quite inhumane" to attempt the technique on human subjects.

Wilmut's appearance opened the Senate panel's deliberations on how to respond to a scientific development that the panel's chairman, Sen. Bill Frist, R-Tenn., described as a "challenge ... (to) our basic beliefs about interference in nature."

President Clinton already has imposed a 90-day moratorium on federally funded research on human cloning and asked for a voluntary halt to private research as his Bioethics Commission considers the implications. Legislation also has been introduced in the Senate to impose a complete ban on human cloning.

Sen. Christopher Bond, R-Mo., sponsor of the legislation for a ban,

wizardry.

Following the summit, which is expected to attract more than 2,000 delegates from across the country, Powell will head the effort to oversee the commitments by corporations and communities to aid disadvantaged young people. The follow-up by select task forces is expected to last three years, with many goals expected to be achieved by 2000, according to organizers.

Summit officials expressed unhappiness that political jockeying might detract from an event that is intended, they said, to be "not just bipartisan, but nonpartisan."

Stuart H. Shapiro, the former Philadelphia health commissioner and CEO of the summit organizing team, said he met Tuesday in New York City with former President Bush and his chief of staff.

Shapiro, Powell and other summit leaders will meet Thursday at the White House with chief of staff Erskine Bowles, domestic policy adviser Bruce Reed and others to discuss the event. Gore is not expected to attend the meeting.

3/13/97

### Lake faces his Senate critics in another day of hearings on his nomination as CIA director By Michael E. Ruane Knight Ridder Newspapers (KRT)

WASHINGTON Anthony Lake, President Clinton's choice to head the CIA, coolly weathered a shelling by the Senate intelligence committee Wednesday, deflecting conservative salvos with ready answers and a pleasantly inscrutable visage.

Lake, 57, who served as Clinton's first term National Security Adviser, was barraged with questions about his handling of the National Security Council (NSC), his candor with Congress, and his managerial experience.

At times he sounded impassioned, but was rarely ruffled. "You don't look tense to me," committee member Pat Roberts, a Kansas Republican, joked at one point. "Are you tense?"

"Senator," Lake replied, "I am not tense."

He had reason to be.

Even though his confirmation is considered likely, the hearings have been twice postponed and several senators said they were very troubled by his track record.

Some kept referring to him as "doctor," even though Lake, a Princeton Ph.D., is known to eschew the title.

Committee Chairman Richard Shelby, R-Ala., hammered him over the recent flap in which FBI warnings to the NSC about foreign attempts to influence Congressional elections were never passed to Lake and Clinton.

"I'm concerned that you were unable to establish ... an environment at the National Security Council that would allow this information to reach you," Shelby said. It's "a breakdown, is it not?"

"There appears to have been some sort of breakdown," Lake replied. "But 'breakdown' itself implies that there was a system that broke down, and I think the system had been working very well on intelligence matters for four years."

Asked Shelby: "How can we, Dr. Lake, be assured, if you were to take the (CIA) helm ... that you will do ... what appears that you were unable to do over at the White House?"

Lake replied: "Senator, if you're asking me to guarantee that ... nothing ever will go wrong in that agency, then I cannot guarantee that ..."

"What I can guarantee you is that, one, when things go wrong, I will hold myself responsible. ... If individuals made mistakes, I will hold them accountable. If the system was wrong, if it's broke, we'll fix it. That's what I can guarantee you."

Lake was also grilled over the administration's 1994 failure to tell Congress about its approval, despite an arms embargo, of secret Iranian weapons shipments to Bosnia during the Balkan war.

Lake acknowledged Wednesday that he and now Deputy Secretary of State Strobe Talbott had recommended the approval to Clinton, but that there had never been an actual decision to keep Congress in the dark.

He said several times that the failure to inform Congress was a mistake. "I have said repeatedly that we should have done so," Lake said. "And I suspect there is nobody in America who wishes more fervently that we had done so than me."

But that did not satisfy Rep. Dan Coats, R-Ind., "We keep hearing this mantra of mistakes. Mistakes were made ... But it seems it was either a mistake of gross incompetence, or naivete, or deliberate calculation."

"To think that it got lost in the shuffle, or it was inadvertent, or it was a mistake, is a strange credulity," Coats said. "I think it would

have blown the lid off if Congress had known, and the American public had known, that we had tacitly agreed to Iranian arms going into Bosnia."

Lake argued that, despite the arms embargo, the Bosnian Muslims needed weapons, and the best way was to let the Iranians provide them. Once peace was achieved, he said the plan went, the Iranians could be maneuvered out of Bosnia. And that, he said, is largely what has happened.

The hearings are expected to continue with a secret session Thursday to question Lake on intelligence issues.

### Clinton administration reconsiders reducing consumer price index By R.A. Zaldivar and David Hess Knight Ridder Newspapers (KRT)

WASHINGTON After sounding out members of Congress, the Clinton administration is backing away from any immediate tinkering with the official inflation rate to help balance the federal budget.

Gene Sperling, a senior economic adviser to President Clinton, said Wednesday that any quick moves to reduce the consumer price index (CPI) may backfire politically.

The index which many economists believe overestimates inflation is used to adjust Social Security benefits and taxes every year. Reducing it would slow the growth of retiree benefits and increase income tax collections, thus narrowing the budget gap by tens of billions of dollars a year.

"A lot of people feel there is some danger that at this time (it) could end up being more counterproductive than productive," Sperling, director of the National Economic Council, said at a lunch with Knight-Ridder reporters and editors. "The politics ... have been difficult"

Leaving the index alone would place a roadblock on a tantalizing shortcut to a balanced budget. It would force lawmakers to more intensely debate such thorny basics as the generosity of tax cuts and the depth of Medicare savings.

Both the administration and Congress say they want to balance the budget by 2002. Adjusting the inflation yardstick has been an option from the beginning. But because it would cut Social Security and raise taxes, it is the kind of thing that can only be done if the two parties collaborate.

Last December, an expert panel told Congress that the CPI consistently overstates inflation by about 1 percentage point. That's a big error, considering the index is rising by about 3 percent a year.

Federal Reserve Chairman Alan Greenspan and Senate Majority Leader Trent Lott, R-Miss., have urged appointment of an expert commission to make CPI reductions while a new index can be crafted. A group of fiscally conservative Democrats known as the Blue Dogs also favors reducing the CPI. As recently as two weeks ago, President Clinton himself seemed keen on the concept.

But last week, senior congressional Democrats warned Clinton against a naming a commission. Groups representing the elderly object to any outside interference with the Labor Department statisticians who compile the CPI.

"Nine million widows live on Social Security," said Rep. Jim McDermott, D-Wash. "Changing CPI would affect a whole bunch of people who are just getting by. Before I bite off a chunk of what they live on, I would want to make damn sure it was right."

Meanwhile, House Republican leaders warned their rank and file that an inflation adjustment leading to higher taxes and lower Social Security benefits could open them to attack by Democrats and their allies. A commission would not offer enough political cover.

House Budget Committee Chairman John Kasich, R-Ohio, a strong proponent of reducing the CPI, lamented that the issue has gotten politicized.

"I have encouraged, I've pleaded, I've waxed long and often and told them how important it is to adjust this index," Kasich said Wednesday. "But I've also said all along that demagoguery is the greatest threat to doing it. ... I said to the demagogues who want to scare people that I want them to go and say their prayers and reflect very deeply on this."

But caution seems to be the watchword at the White House.

"A technical commission at this point could be seen by some as having been driven more by budgetary and political issues than by a desire to find the best technical accuracy," Sperling said.

Ultimately, Sperling's concerns seemed to have more to do with timing than with substance.

He did not rule out the idea of changing the inflation at a later date. Lowering the CPI could help extend the life of the Social Security trust fund by slowing annual cost-of-living increases.

"If there is an overestimation, what's truly important is making sure

## Starr Investigates Hubbell Connection (Washn)

By Charles V. Zehren (c) 1997, Newsday

WASHINGTON Last week President Clinton rejected any suggestion that he acted improperly in hosting longtime friends like Bernard Rapoport overnight at the White House.

"When I was the youngest former governor in the history of the republic and nobody thought I had any political future, he was my personal friend," Clinton said of the Texas businessman.

But Rapoport's April 11, 1995, visit is drawing increased scrutiny from investigators in the wake of Clinton's concession Tuesday that Rapoport "may" have told him he intended to provide income to disgraced former Associate Attorney General Webster Hubbell.

Whitewater Independent Counsel Kenneth Starr is investigating whether Clinton or others close to him arranged for Hubbell to receive payments so that he would not cooperate with prosecutors. Hubbell and White House officials adamantly deny the charge.

But the timing of Rapoport's visit coupled with Clinton's concession raised new questions Wednesday as the White House continued to grapple with myriad ethical allegations.

After Hubbell learned that federal Whitewater investigators could send him to jail for defrauding his law clients, he announced his resignation from the Justice Department March 14, 1994, and quit April 8. Three days later, Rapoport stayed with Clinton at the White House.

It is unclear whether Clinton and Rapoport talked about Hubbell. Shortly thereafter, Rapoport hired Hubbell and paid him \$18,000 for legal work. In all, friends of Clinton reportedly paid Hubbell more than \$400,000.

At a news conference in January, Clinton did not say whether he knew that Rapoport paid Hubbell. Clinton did say he learned that the Indonesian Lippo Group a conglomerate at the center of the fund-raising controversy gripping the White House paid Hubbell hundreds of thousands of dollars when it was reported in the media.

Afterward, Republicans said Clinton's assertion strained credulity because his close adviser Bruce Lindsey testified during the Senate Whitewater investigation that he knew well before it was reported that Hubbell was on Lippo's payroll.

Rapoport who has recently been questioned by Whitewater prosecutors denies ever having talked to Clinton about hiring Hubbell. And in a statement released Tuesday night, the White House said Clinton "never asked or suggested that anyone hire Web Hubbell."

Yet the White House statement went on to acknowledge that Clinton now "thinks that at some point he may have heard from Rapoport or Truman Arnold, both of whom are old friends of the president, that they had hired or intended to hire Mr. Hubbell."

Arnold's attorney, Richard BenVeniste, Wednesday said his client was unavailable for comment. But the The New York Times reported that Arnold a Texas oilman who stayed overnight in the White House and contributed heavily to the Democrats asked Rapoport to help Hubbell by giving him a job.

As part of the Whitewater investigation, Hubbell a former law partner of first lady Hillary Rodham Clinton pleaded guilty to tax evasion and fraud in December 1994. Recently released from prison, Hubbell is once again under investigation by Starr, this time for allegedly accepting hush money. Hubbell vows not to cooperate.

## CIA-Nominee Lake Not Consulted on China Lease of Base (Washn) By Roy Gutman (c) 1997, Newsday

WASHINGTON Anthony Lake, sweating under a barrage of questions over his nomination as CIA director, said Wednesday the White House had not consulted him when it threw its support to a plan to lease the old U.S. Navy base at Long Beach, Calif., to the Chinese government's merchant marine.

"We are finding a number of cases in which I was not informed" of actions with national security implications, the former national security adviser told the Senate Select Intelligence Committee.

"Hypothetically in this case there should have been a consultation with NSC staff."

It was the third instance in which Lake acknowledged he was kept away from matters with obvious national security implications. And the intense exchange raised questions by Democrats and Republicans alike whether Lake's consensus-seeking style of management and gentlemanly demeanor, as revealed in his White House post, are suited for the CIA, a vast bureaucracy that operates in secret and has been plagued by management problems.

"There seem to be recurring situations in which people don't tell

you things which you ought to know," said Sen. Jon Kyl, R-Ariz., one of Lake's sharpest critics.

Earlier in the hearing, Lake said he would have preferred that his subordinates had informed him of a warning delivered by the FBI that China allegedly was trying to buy influence through political contributions to congressional candidates.

He also said he was not familiar with two Democratic Party campaign contributors who had been named to the President's Foreign Intelligence Advisory Board. Lake said most nominees for the advisory board, an oversight body composed mostly of citizens with some intelligence experience, were suggested by his office, but that in this instance, "I don't think I knew either gentleman." Asked if he should have checked their qualifications, he replied: "It is not the job of the NSC adviser to make background investigations."

And on the leasing of the Long Beach facility to Cosco, the China Ocean Shipping Co., the government merchant marine, Lake could say only that the U.S. Department of Defense was consulted before the decision.

Republicans have singled out Lake as one of the most vulnerable of President Clinton's nominees, and committee Chairman Richard Shelby, R-Ala., delayed the hearings to gather more material.

But two Democrats on the committee seemed to share doubts about Lake's fitness to take over the critical intelligence post. Sen. Max Baucus, D-Mont., was plainly displeased with Lake's tentative responses when asked if he would have fired top CIA officials instead of handing down mild reprimands in the wake of the Aldrich Ames spy case. Lake, noting he had fired subordinates on the NSC but kept it private, said it would not be useful to review the record of former CIA directors.

"To be totally frank with you, Mr. Lake, when I hear your answers, I hear ... just a touch of an academic speaking, somebody who really is not sufficiently decisive ..." Baucus told Lake. "I didn't hear any actions that indicate to me actual leadership or getting hold of a real problem."

Lake responded: "I am prepared to take absolute, firm, decisive action" if more spies are found. "I can assure you no one I have talked to at the CIA ... is in any doubt on the importance of this." But he refused to say he would fire a deputy for insubordination.

Baucus was not satisfied. "I hope you will not be the third DCI (director of Central Intelligence) who ducked this issue," he said. "Only time will tell."

Later Sen. Bob Kerrey, D-Neb., another moderate, asked Lake a series of simple but pointed questions that indicated discomfort both with Lake and with Clinton's leadership in intelligence matters.

Kerrey elicited from Lake a statement indicating that Clinton had given him no specific instructions on changing the "culture" at the CIA. "We did not have a specific discussion," Lake said. "He said there's a big, tough challenge out there. He said I would have access to him and said nice things about my ability to deal with it."

"I was very excited," Lake said.

Wednesday was the second of six scheduled days of hearings, and though Lake spoke in calm tones, he appeared to be sweating during the afternoon session. Although his confirmation appeared possible, he seemed to have lost ground.

Shelby practically ordered Lake not to return to the hearings until he had answers to key questions.

"Why don't you get a briefing on the facts from NSC staff" about the FBI's warning on Chinese contributions, he said. "Do that before another hearing."