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Divider Title: **March 12, 1997**

White House Lists 41 Paid 'Volunteers'

Documents Also Show Costs for Entertaining

By Stephen Barr
Washington Post Staff Writer

Over the last four years, the Clinton White House employed 41 paid "volunteers" to help write speeches, analyze policies and perform political chores, according to an administration list provided to a House subcommittee yesterday.

The Democratic National Committee (DNC) paid the salaries of 23 of the staff members, the White House said. The remaining 18 drew salaries from nonprofits, universities and a federal research lab. Most were given White House passes and worked out of offices in the adjacent Old Executive Office Building.

The White House was getting the additional staff help at a time when President Clinton said he was cutting the official White House staff payroll by 25 percent to meet a campaign promise. The White House formally abandoned that goal yesterday, saying it needed more employees to work on policies to combat illegal drugs and to staff the White House counsel's office.

Additional information supplied to Rep. Jim Kolbe (R-Ariz.), chairman of the House Appropriations subcommittee that handles White House spending accounts, showed that President Clinton has run up about \$3.5 million in bills entertaining people at coffees, Christmas parties, receptions and other non-official events since 1993.

The cost of entertaining at the Clinton White House exceeded \$1 million in 1995 and 1996, about three times the amount in President George Bush's last year, according to administration figures.

The bills were paid by the Democratic Party, other political groups and by sponsoring organizations, officials of the National Park Service, which maintains the White House, testified yesterday.

Terry Carlstrom, the acting regional Park Service director, said no figures were available showing how much Clinton reimbursed the government for food and other personal expenses, including the cost of guests who spent the night in the Lincoln Bedroom. He said Clinton receives an itemized bill of his personal expenses—primarily food and drink—each month and that the president pays the bill with a personal check.

Kolbe and Rep. Ernest J. Istook Jr. (R-Okla.) expressed skepticism about how the White House accounts for entertainment and the president's personal expenses, and Kolbe pointed out that the White House had refused to let the chief usher, who is in charge of the executive residence, testify before the committee.

But the material turned over to Kolbe, Istook and Rep. Frank R. Wolf (R-Va.) provided a glimpse of the extensive, and sometimes costly, activities at the White House.

The events included a "Clinton/Gore coffee" that cost \$50,49 on April 28, 1995, and a "DNC Arkansas Lawn Reception" that cost \$55,072.18 on Sept. 27, 1995. The single most expensive affairs were the annual year-end holiday parties, such as the \$328,067.78 spent on "Christmas events" in 1995.

The material provided Kolbe's panel by the White House showed that three "volunteers" still work at the White House. One was listed as paid by the DNC, one by a nonprofit group, and the third, a research assistant for a presidential speechwriter, was paid by Creator's Syndicate, which distributes Hillary Clinton's weekly newspaper column. White House spokesman Barry Toiv said yesterday that the DNC-paid staff member no longer worked there.

Toiv said the White House would have met its 25-percent downsizing goal even if the DNC employees had been placed on the federal payroll. The administration has used volunteers more than in the past because of the staff cuts and a general interest in keeping costs low, he said.

But Kolbe said the claim it had cut staff by 25 percent was "a fiction," citing an estimate by Ada Posey, acting director of the White House Office of Administration, that the White House will employ 1,015 staff in fiscal 1998. Kolbe said that amounted to a staff reduction of only 7 percent from the Bush White House.

The Washington Post

WEDNESDAY, MARCH 12, 1997

White House used DNC workers from very first day, memos show

By Paul Bedard
THE WASHINGTON TIMES

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White House use of Democratic National Committee-paid "volunteers" started on President Clinton's first day in office and even included the first lady's brother Anthony D. Rodham, according to documents provided yesterday to *The Washington Times*.

The memos also reveal that the office of administration was aware that DNC-paid "volunteers" were working at the White House before the office director, Patsy Thomasson, falsely told Congress in March 1994 that no aides were paid by the party.

The documents, provided late Monday to the Treasury, Postal Service and general government subcommittee of the House Appropriations Committee, portray a broad, DNC-paid "volunteer" program starting on Jan. 20, 1993. Many of the "volunteers" were put in key positions, such as drafting political briefings for the president and first lady, despite White House assertions the workers were "low-level."

The documents also show that several high-level Clinton aides used the program before Miss Thomasson's denial to the committee that it existed, and that security chief D. Craig Livingston, later fired for searching the secret FBI files of Reagan and Bush officials,

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DNC

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was responsible for giving the volunteers passes to the West Wing.

The issue of DNC-paid volunteers was briefly touched upon yesterday at a subcommittee hearing, during which the White House said it spent \$1 million in Democratic Party funds to entertain donors and supporters.

However, the White House refused to provide details about how much the president spent on guests sleeping in the Lincoln Bedroom.

The White House last month contended it is legal and ethical to have political parties pay for volunteers, citing a vague Reagan administration ruling. Republicans dispute the administration's read-

ing of the ruling and cite another Reagan-era law barring political parties from paying the salaries of White House workers.

The White House killed the program late last month after it became the subject of news reports.

The new documents angered members of the subcommittee, who only recently were told that Miss Thomasson, now deputy director of presidential personnel, provided false testimony about the program.

The false testimony and the administration's three-year delay in apologizing have sparked a firestorm of criticism.

"This has been a deliberate effort to deceive Congress and obstruct our oversight," said panel member Ernest Istook Jr., Oklahoma Republican.

The White House on Feb. 28 apologized for Miss Thomasson's false testimony, saying it wasn't discovered until mid-1995 and no apology was delivered then because of the "press of business."

In the letter, the White House said that Miss Thomasson was unaware that 11 DNC-paid volunteers were working in the White House at the time.

In testimony yesterday, Ada Posey, acting director of the office of administration, said Miss Thomasson "was not aware of any DNC or other similarly paid volunteers working in the White House Office. There is no evidence to suggest that she knew otherwise."

She added that it wasn't until mid-1995 that anyone realized that Miss Thomasson had testified falsely.

But the new memos show that Miss Thomasson was personally alerted to the use of DNC-paid volunteers in May 1994 and her office was alerted to the volunteers in January 1994 — before she denied knowing about the DNC-paid workers.

A May 3, 1994, memo to Miss Thomasson urged that she help get a West Wing pass for DNC-paid volunteer Maureen Atta. The same memo referred to similar efforts to help two other DNC-paid volunteers brought into the White House as early as June 1993.

A Jan. 25, 1994, memo to David Watkins, whom Miss Thomasson replaced, detailed the work of the two DNC-paid volunteers — Joe Trahern and Karen Anderson. In January 1994, Miss Thomasson was Mr. Watkins' chief deputy; both came to Washington from Arkansas.

Mr. Istook said the White House left the impression that DNC-paid volunteers weren't brought aboard

until 1994. A White House official said, "We did not mean to leave that impression."

The new documents show that DNC-paid workers started on Inauguration Day and totaled 42 between 1993 and 1997.

Other documents show that 14 other volunteers were assigned by the DNC to the "White House account," although administration officials said those persons never worked at the White House.

They included Hillary Rodham Clinton's brother Anthony, a Miami consultant who has done grassroots outreach for the first family and the Democratic Party.

The White House has repeatedly played down the role of volunteers in the White House.

For example, in his talking points to handle press questions about the program when it was first revealed last month, spokesman Barry Toiv called the workers "low-level" five times.

Other documents provided to *The Times*, however, counter that characterization.

A May 24, 1995, memo from political director Doug Sosnick to White House Counsel Abner Mikva said the "DNC paid staff" drafted political briefings for the president, first lady, and the vice president and his wife; drafted briefing papers; and acted as a "liaison for the White House to the DNC political and finance people to coordinate trips and events." Others, he added, clipped newspapers.

In another memo, Betsy Myers, director of the president's women's outreach program, called her DNC-paid volunteer a "senior agent adviser." She said the aide, Judith A. Gold, sometimes was needed "on a moment's notice."

Jackson's bias battle moves to Wall Street

NEW YORK (AP) — After using boycotts to help persuade Mitsubishi and Texaco to improve opportunities for minorities, the Rev. Jesse Jackson came to Wall Street yesterday to launch a new effort to root out corporate discrimination.

Mr. Jackson opened an office in the heart of the business capital that will serve as an extension of the Rainbow/PUSH Coalition to pressure companies to increase racial diversity.

The plan comes at a time when the political climate has become less tolerant of affirmative action and many companies are struggling with racism allegations that could cost them millions of dollars.

Mitsubishi Motor Sales of America recently agreed to spend \$200 million over five years to improve minority opportunities, including pay raises and new car dealerships. Texaco agreed to pay \$175 million to plaintiffs in its racism case and hire more minorities.

Aside from problems at Mitsubishi and Texaco, Mr. Jackson cited discrimination cases against Disney, Citibank and Morgan Stanley as "symptoms of a deeper malady."

He said his group would not "need to be on Wall Street" if the Clinton administration paid more attention to "deadbeat corporations that don't honor laws of inclusion."

"Right now they have a free

ride," said Mr. Jackson, who charged that the Equal Employment Opportunity Commission was understaffed and underfunded. "There is no fear that there will be government pressure for them to open up."

Mr. Jackson said the group will use legal action and consumer boycotts if it is unsuccessful at negotiating changes at companies that discriminate against minorities or deal with them unfairly.

He said the group will rate companies on diversity using hiring and promotion practices, the makeup of their corporate boards, and the amount of business they award to companies owned by minorities.

"We are not looking for boycott targets," Mr. Jackson said. "We are looking for partners. But those companies that boycott us will find us ready to reciprocate. The walls on Wall Street must come down."

Mr. Jackson also said he will use the new office to push companies and pension funds to invest in minority areas. He said he hopes to work with them to develop a series of American development banks to help minority areas.

The group also will work with labor organizations to monitor pension funds for their fairness to minorities. It will look to see whether they have minority money managers and where and in what companies they invest.

TV leaders propose more-explicit ratings

would either force the TV industry to provide more detailed rating information about violent content or air-violent shows only when children are not likely to be watching.

A similar bill was introduced in the House by Rep. Edward J. Markey, Massachusetts Democrat. Other legislation also has been offered requiring a more detailed rating system for sex and violence in TV shows.

The industry executives raised the idea of augmenting the existing voluntary rating scheme after Sen. John McCain, Arizona Republican and chairman of the panel, indicated he was willing to push Mr. Hollings' bill forward, the industry sources said.

tem in a Feb. 27 hearing. At that time, National Association of Broadcasters President Eddie Fritts and Motion Picture Association of America President Jack Valenti, who oversaw the development of TV ratings, showed a willingness to make adjustments to the existing ratings system.

However, the two industry leaders would not commit to specific changes other than saying some shows demanded tougher ratings than they were getting and that on-screen ratings symbols needed to appear for more than 15 seconds.

The committee's ranking Democrat, Sen. Ernest F. Hollings of South Carolina, introduced a bill last month that

ASSOCIATED PRESS
New codes for violence, sex and language may be added to television's fledgling program-ratings system.

Cable leaders, executives of the Fox network and some trade group officials are floating the notion of adding "V," "S" and "L" to existing ratings to note violence, sex and language that some viewers may consider offensive.

No final decisions have been made, but industry sources said an agreement to add the changes could be announced by May.

The current six-tier age-based ratings system went into effect Jan. 1. The Senate Commerce Committee looked into the effectiveness of the sys-

The Washington Times

WEDNESDAY, MARCH 12, 1997

Questions of integrity greet Lake at hearing

By Lee Michael Katz
USA TODAY

Ex-national security adviser Tony Lake denied on Tuesday any knowledge of an FBI investigation into whether the government of China tried to influence U.S. elections.

Lake's comments came at the start of Senate confirmation hearings on his nomination to become CIA director. Lake was under sharp questioning by Senate Intelligence Committee Chairman Richard Shelby, R-Alabama, about two of his National Security Council (NSC) aides who were told confidentially about the probe by FBI officials. Shelby wondered how

Clinton's top foreign policy aide could not know "such a dynamite piece of news." Lake said, "Unequivocally, they did not inform me. They should have informed me."

The exchange added to a controversy over who knew about the charges that China was trying to buy influence in presidential and congressional elections. President Clinton declared on Monday that he was not told of the FBI investigation until recent media reports, but that he should have been informed.

The White House has said that the FBI instructed the NSC staffers to keep the information secret. But in an unusual feud with the White House, the FBI said it "placed no restriction whatsoever" on passing the news "up the chain of command."

The exchange over China was the opening salvo between Shelby and several other committee Republicans skeptical of Lake and a bipartisan cast of Lake supporters. Lake's hearings had been postponed twice as Shelby pushed the White House

for more background information.

Lake's nomination once seemed threatened, but supporters predicted the committee would recommend his confirmation. Republican Richard Lugar of Indiana said he would vote for Lake "barring unforeseen circumstances." Sen. John McCain,

R-Ariz., termed Lake "a man of integrity."

One of Washington's most publicity-shy officials, Lake was swarmed by photographers before he testified.

The CIA has been plagued by spy scandals. It has had five directors in less than 10 years. Lake said morale at the agency is slipping. Several senators questioned whether he could serve



Lake: No apology over arms shipment

up unbiased intelligence reports about foreign policy he designed.

And Lake defended himself on "two challenges to my integrity. . . I stand by my record," he said, voice quavering with emotion.

Lake said he had no apologies for ignoring Iranian arms shipments to the Bosnian government in seeming violation of U.N. sanctions. But while denying he lied to Congress, Lake conceded, "It would have been better" to inform key members.

And Lake cited a Justice Department probe that showed "no evidence" he deliberately failed to divest himself of Exxon and Mobil stocks that could be affected by his job. He was cleared of criminal wrongdoing but was fined \$5,000.

Last month, Lake sent the committee a 26-page list of written answers to questions about the NSC role in dealing with Asian campaign contributors and other controversies. Shelby is still negotiating with the White House over raw FBI files on Lake that he wants to see.

USA TODAY

WEDNESDAY, MARCH 12, 1997

Essay

WILLIAM SAFIRE

Lake: Man in The Dark

WASHINGTON

On Jan. 2 of this year, the chief of intelligence for the National Security Council apparently read this column and became alarmed.

After reviewing the White House visits and money transactions of John Huang, Wang Jun and others, I had asked: "Is this a pattern of aggressive fund-raising, corrupt influence peddling — or part of an intelligence operation?"

Rand Beers then remembered a visit the previous June by two F.B.I. agents who told him and an N.S.C. colleague of an investigation into penetration of U.S. political campaigns by China. This was the hottest piece of information in the entire \$28-billion-a-year intelligence community, one that the President had a "need to know."

Did the F.B.I. visitors improperly direct Beers and a colleague to keep this from Anthony Lake or his deputy, Samuel Berger? The F.B.I. fiercely disputes this incredible White House claim. Six months later, Beers confided in neither Lake nor Berger but in Alan Kreczko, the N.S.C. lawyer.

In that first week in January, a White House spokesman informs me, Kreczko went to Jack Quinn, the outgoing White House counsel, and recommended checking out my suspicion with Justice. The spokesman doesn't know if Kreczko had spoken to Beers when he talked to Quinn. The intelligence then sat in limbo.

"I recall speaking to Alan Kreczko about your piece," Quinn tells me, "and he may have said he wanted to have a conversation about it with the Department of Justice that I autho-

The C.I.A.
deserves
better.

rized. But had I known at any point that Justice was conducting such an investigation into Chinese influence on our elections, there is no way — no way — I would have sat on that information."

All through January — with the House Rules Committee publicly requesting the F.B.I. to look into it, with the F.B.I. Director responding that he had 25 agents already on the case — nobody in the N.S.C. told their bosses or the President about a matter central to U.S. foreign policy. Nor did the Attorney General. Why?

We can disbelieve the story now being cooked up between Justice and the White House that it was all a "misunderstanding" — among four spooks about security cautions.

I can understand the N.S.C. staffers' reluctance to tell Samuel Berger during the 1996 fall campaign: he attended the weekly political meetings that included "Asian outreach" and might have been part of the problem. (And for Clinton to assign Berger to review this now is like appointing Bruce Lindsey to be Independent Counsel.)

But Tony Lake was not directly involved in the campaign or the revulsion in its aftermath; he was not a subject of investigation; he was cleared for our deepest national secrets. Why did aides who saw him every day keep him ignorant?

The answer goes to why the Senate Intelligence chairman, Richard Shelby, is taking such a hard look at Lake's nomination to be Director of Central Intelligence. His four-year record at the N.S.C. shows that his greatest weakness is the handling of intelligence.

Lake was uninformed about the China investigation because he created the atmosphere within his staff that there was much he did not want to know.

While Lake was national security adviser, White House clearance procedures were loosened in a way that made a mockery of security and cast a shadow over policy making. Later, when asked by another staffer about the propriety of scores of visits by Asians bearing money, Lake's key Asian aide identified a check-waving visitor as a "hustler" and then shrugged, "Who am I to complain?"

Because Tony Lake showed no interest in the Asian Connection, his staff took an F.B.I. security warning to mean he was out of the loop: why trouble the boss's head with intelligence that would make him uncomfortable?

Tony is an honorable, likable man. His abuse of Congressional trust in winking at Iranian arms to Bosnia and his sloppy stock dealings would not be enough to disqualify him if he were good at this line of work.

The problem is that he has just proved himself to be a colossal flop in the management of intelligence. The Senate must ask: Is Tony Lake, shown this week to have been the N.S.C.'s man in the dark, the best person to keep the President and Congress informed of all they need to know? □

The New York Times

WEDNESDAY, MARCH 12, 1997

Confirmation Hearings Start With Confrontational Tone

By FRANCIS X. CLINES

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CAPITOL
SKETCHBOOK

WASHINGTON, Mar. 11 — The opening hours of the long-awaited hearing about state secrets and political money fell well short of a full-fledged "Borking" — the political character combat that habitués anticipate.

Still, after the introductions and felicitations, after the Red Sox jokes and the prepared opening statements, it only took five brief questions before the chairman of the Senate Intelligence Committee was somewhat gleefully asking Anthony Lake, the nominee for Director of Central Intelligence, about security warnings to the Clinton Administration that China might have been trying to funnel money last year to Federal candidates, the President included.

In an instant, attention was being fully paid in Room 216 of the Senate Hart Office Building, the arena of the now departed Whitewater hearings of the 1995-96 political cycle. Even questions about the nation's readiness to anticipate nuclear attack were secondary to the main question of China money possibly being di-

Issues of national policy yield to current headlines.

rected at polluting the American campaign pot.

"This was your watch, was it not?" asked Senator Richard C. Shelby, the committee chairman.

He smiled tightly as he warmed to the task and sought to press Mr. Lake on his duties as the President's national security adviser last year, when the F.B.I. warnings about China reached White House security underlings but somehow not President Clinton.

"Why were you not informed of such a dynamite piece of news?" Senator Shelby demanded, finally reaching an easy synch with the season's dominant capital topic, suspicions and allegations of high scandal in big-money campaign financing.

Mr. Lake, a man whose career in security and intelligence is intimately linked to anticipating tough questions, was hardly taken aback. He hewed to a mood of courtly openness and replied that he, like the President, had never been told by subordinates of the F.B.I.'s concern which, nevertheless, had managed to reach several other political candidates in Congress directly.

"I should have been informed, and the President should have been informed," Mr. Lake answered as the hearing took off on a two-week schedule that one Democrat warned might be a ritual "bludgeoning" and "trial by ordeal." But Senator Shelby insisted that it would be a full and fair

airing of the nomination.

Even when he was a Democrat, Senator Shelby, of Alabama, never was one to shy from taking on the Clinton Administration. "The tax man cometh," he had complained with an easy needle of one early Clinton budgetary plan, in 1993. When Vice President Al Gore was dispatched to bring him aboard, the Senator had television cameras waiting and aced him with further soundbite denunciations of Clinton, economics.

With that, the Senator's Rubicon was only an election away, and he switched parties on the day after the Republicans took control of both houses of Congress in 1994. The Administration knew then that an ambitious new antagonist was in the majority with his seniority intact and his appetite for confrontation keen.

As the hearing opening, the Senator held the gavel and stayed attentive to nuance as he surveyed a large audience for the hearing. His reference in his prepared statement to the "business of spying" was altered in delivery to "the business of intelligence operations." The spoken mantra of the opening round was not about politicians' endless need of money but rather the nation's higher need of unvarnished truth, unvarnished facts, unvarnished intelligence, with the adjective invoked every 15 minutes on average by assorted speakers.

The Democrats had Senator Bob Kerrey of Nebraska on guard as vice chairman, and he sought to bring some early lightness to the proceedings. "Is Louis Freeh and the President going to strip to the waist and duke it out?" he asked, referring to the F.B.I. Director. He smiled in referring to the contradictory accounts of the China warning offered by the White House and the F.B.I. His larger point was about the need for getting past the headline moment and focusing on national policy.

No one seemed more willing to move on than Mr. Lake, who first had to stress for Senator Shelby that he had not subsequently questioned national security aides about the confusion over the F.B.I. warning because he did not want to create any "impression of my trying to influence them."

With the gavel in the hand, Senator Shelby looked pleased that the topic was fully on the table, and he promised to return to it in detail. The proceeding moved on to other questions, including where Mr. Lake rated himself on a "comfort scale" of 1 ("passive") to 10 ("hysterical") about the dangers of nuclear weapons spreading to third-world rogue nations.

The intelligence specialist thought a moment and managed to drive thoughts of China money briefly from the room.

"Nine," he tersely replied. Then, before the hearing adjourned, Mr. Lake added that the probability was considerably less.

The New York Times

WEDNESDAY, MARCH 12, 1997

NOMINEE FOR C.I.A. IN TENSE HEARING

Lake Is Challenged by Senator Over Campaign Financing

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By TIM WEINER

WASHINGTON, March 11 — As his confirmation hearings began today before the Senate intelligence committee, Anthony Lake, President Clinton's nominee as Director of Central Intelligence, defended his personal integrity against attacks by the committee chairman and promised a "renovation" of the nation's spy services.

Minutes later, Senator Richard C. Shelby, the Alabama Republican who is the chairman of the intelligence committee, changed the subject to the campaign financing story of the day, trying to connect Mr. Lake to a White House morass of money and politics. Mr. Lake mildly said he had nothing to do with it. The chairman's response was strongly skeptical.

The tension between Mr. Lake's vision of a revitalized intelligence service and Senator Shelby's interrogation about campaign financing was palpable. So was the tension between Mr. Shelby and some of his fellow Senators. Democratic members of the committee pleaded with him not to turn the hearings into "a trial by ordeal" or a form of "malicious wounding."

"I appeal to your sense of fairness as our chairman," Senator Richard H. Byran, a Nevada Democrat, told Senator Shelby, asking him to prevent the hearing from becoming "a forum in which we simply bludgeon a nominee."

And Senator John McCain, an Ari-

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zona Republican who introduced and endorsed Mr. Lake before the committee, pointedly told Mr. Shelby that "someone on this committee — perhaps you, Mr. Chairman" — might one day have to submit to a confirmation hearing.

But in the first set of questions he put to Mr. Lake, Mr. Clinton's national security adviser from 1993 through 1996, Senator Shelby pressed hard on a subject Mr. Lake said he knew nothing about — a meeting last July at which two agents of the Federal Bureau of Investigation briefed two staff members of the National Security Council about an investigation of a possible attempt by the Chinese Government to pour money into the American political system.

"Did the National Security Council staff apprise you of this briefing and its substance?" the Senator asked.

"No, sir," Mr. Lake replied.

"So you say they didn't," Mr. Shelby said. "Well, why were you not informed of such a dynamite piece of news? Where was the failure?"

Mr. Lake said the National Security Council staff members received all kinds of intelligence reports, and first had to assay their value. The Senator cut him off. "Are they still working at the National Security Council?" he asked.

"Yes, they are," Mr. Lake said. "And very well, I believe."

"You call that very well?" Mr. Shelby asked. "But you talked in your opening statement of total accountability. You know, if you're the adviser to the President, and this is your shop, so to speak, you're responsible for that shop. Is that right? Does that standard apply to you — accountability?"

"Of course it does," Mr. Lake replied, and the line of inquiry ended without enlightenment.

In that opening statement and in his answers to the first round of questions that will be put to him this week and next, Mr. Lake started to articulate his vision of the \$30-billion-a-year intelligence establishment he would command if confirmed.

He identified one of the causes of "a real problem with morale" at the Central Intelligence Agency as the

public disclosure of the agency's secrets.

"The intelligence community has suffered from turbulence and scandal," Mr. Lake said. "No one knows this better than its dedicated men and women. It's time to put the old problems behind us. We must complete our review of past events, correct our mistakes and begin to build for a new era. I am very eager to help lead that renovation."

He said "overzealous secrecy" in the intelligence agencies could harm the Government. "Not sharing enough information among ourselves, not sharing information with the Congress," was a practice he found "simply unacceptable."

"We have to keep the secrets — and I think I'm known for my ability to do so," he said. "We need the most vigorous counterintelligence program to keep our secrets in and keep spies out. But secrecy whose purpose is to cover up mistakes, preserve mere bureaucratic routine, or avoid responsible oversight is ultimately self-destructive."

Mr. Lake promised to serve until the year 2000 if confirmed, if for no other reason that he would be the fifth Director of Central Intelligence since 1991.

"Long-term problems demand sustained commitment," he said. "If confirmed, I intend to stay on the job for a full four years — the President, the Congress and fate willing."

Mr. Lake said he would be a hard-nosed critic of the foreign policies he helped create as national security adviser. But he did not convince Senator James M. Imhofe, an Oklahoma Republican, who said Mr. Lake faced "an inherent conflict of interest" in analyzing "policies he championed."

In trying to convince the committee that he should run the 80,000-member United States intelligence community, Mr. Lake, who has never run anything bigger than the 151-member National Security Council staff, has had to fend off personal and political attacks by Mr. Shelby.

Mr. Lake said today was his chance "to lay to rest, once and for all, two challenges to my personal integrity." These were his failure to sell energy stocks whose value could have been enhanced by his decisions as national security adviser, and his

failure to inform Congress that the Administration was tolerating Iran's arms shipments to Bosnia. Senator Shelby has called those acts ethical failures at best and potential crimes at worst. The Justice Department has absolved Mr. Lake of criminality in both matters.

Countering Mr. Shelby's efforts to draw him into the campaign financing imbroglio, Mr. Lake contended that he never met with any of the fund-raisers now under Federal and Congressional investigation. "I have sought to keep the N.S.C. staff and its work out of domestic and partisan politics," he said in written responses to questions he submitted to the committee.

For example, in April 1993, Mr. Lake recommended against the President's posing for a photograph with a visiting delegation of Chinese officials led by a former restaurateur in Little Rock, Ark., Charlie Yah Lin Trie, who raised and donated hundreds of thousands of dollars in improper contributions. "The officials were not sufficiently senior," Mr. Lake wrote. The meeting never happened.

The New York Times

WEDNESDAY, MARCH 12, 1997

Lake Promises to Provide 'Unvarnished' Intelligence

Senate Panel Opens Hearings on CIA Nominee

By Walter Pincus
Washington Post Staff Writer

CIA Director-designate Anthony Lake used the opening session of his long-awaited confirmation hearing yesterday to try to assure hostile Republicans on the Senate Select Committee on Intelligence that he would provide "unvarnished and unprejudiced" intelligence to the president and policymakers.

Lake discounted concern that he could not provide objective intelligence regarding policies that he helped craft as White House national security adviser during President Clinton's first term.

"Could I provide unvarnished facts if they questioned the president's policy?" Lake asked rhetorically at one point. "The answer is 'yes.' It would be an act of loyalty to the president and not disloyalty," he said.

The session, the first of a promised six days of testimony, was almost an anticlimax after committee Chairman Richard C. Shelby (R-Ala.) had raised tensions for two months by questioning Lake's nomination on a number of counts, demanding documents from the White House and twice delaying the hearing.

Although GOP committee members in their brief opening statements threatened to attack Lake for his past views and the administration policies he promoted, the nominee received only one barrage of caustic questions, from Sen. James M. Inhofe (R-Okla.) on the Russian missile threat.

Shelby briefly questioned Lake about the FBI briefing in June of two of his subordinates on the threat that China was attempting to influence congressional elections.

Lake, who had said previously he was not informed of the FBI warning, said yesterday that in retrospect he wished he had been. But he added he did not want to "sit in judgment" on the decision of the two career officers not to pass the information on to him.

"They had to make a decision based on the information they had," Lake said, "and on any strictures put on them" not to pass it on. The White House and the FBI are in conflict over whether the FBI briefers did or did not tell the National Security Council staff officers to keep the information to themselves.

When Sen. Pat Roberts (R-Kan.)

later asked Lake to speculate about why the two did not inform him, Lake said they were "fine career officials" and he did not "want to hang them out to dry here."

Shelby, who had introduced the subject by questioning Lake's experience as a manager, closed by asking the nominee whether he should be held accountable for the failure of his subordinates to inform him of this important information.

Shelby made it clear that he intends to go into the subject again on Thursday, when questioning will be closed to the press and public, after a second open session today.

Yesterday's session, which lasted four hours, was delayed for 45 minutes while panel Democrats and Lake waited patiently for the Republicans to finish a party caucus on the scope of a congressional campaign finance probe. Opening statements consumed an hour, and with the interruption of a floor vote there was less than an hour of questions for the nominee.

Sen. Richard H. Bryan (D-Nev.) said in his opening remarks that he hoped the Republicans were not going to use the hearings "as a forum to merely bludgeon the nominee," but Inhofe was the only GOP member to take a firm shot at Lake.

The Oklahoman asked whether Lake and Clinton had "lulled the American people into a false sense of security" by repeatedly saying in speeches that there were no Russian missiles targeted on the United States. "How long would it take to retarget them?" Inhofe asked, and after pressing the issue got Lake to concede, "Only minutes."

He went on to question Lake's statements acknowledging the continuing possibility of accidental launches, and finally got the nominee to say that on a scale of 1 to 10 his concern about a nuclear missile attack is "a nine." But, Lake added, the intelligence community believes "the probability of that is considerably lower than a nine."

Sen. Max Baucus (D-Mont.) criticized Lake for appearing to seek support in recent weeks from the oft-criticized clandestine service of the CIA. Wondering why Lake appeared at a luncheon of retired and active operations officers, Baucus asked, isn't this like "the lion tamer trying to strike a deal with the lions?" Lake responded that at the luncheon he

made only a three-minute statement about his goals for the agency and left before the food was served.

Overall, he told Baucus, there was a morale problem with the operations officers because people have had to pay a price when mistakes were made, while at the same time they cannot get credit for their successes because of the need for secrecy.

In his prepared statement, Lake produced his own priorities for the mission of the intelligence community, starting with providing the president "the best unvarnished information to make the best decisions for America's security and well-being." After that he listed providing information to "serve our troops"; help to diplomats and policymakers; and last, protection for U.S. citizens with information on terrorists, drugs and international criminal gangs.

The only humor in yesterday's session came when the two Massachusetts senators introduced Lake and made reference to his well-known support of the Boston Red Sox, a baseball team that for generations has let down its fans. Sen. Edward M. Kennedy (D) noted that when Lake joined the Clinton administration, he finally got with a winning team. Sen. John F. Kerry (D) quipped that the nominee's support of the Red Sox might be seen as "reason enough to question his judgment."

At the close of the session, Roberts drew a chuckle from his GOP colleagues when he referred to the daily articles about the Clinton campaign financing controversy. "It's always nice to get the morning paper these days," the Kansan said, "so we have new stories to follow up with more questions" for each hearing.

The Washington Post

WEDNESDAY, MARCH 12, 1997

uses in congressional campaigns. And they demanded a
to protest Burton's "unilateral authority" to release
documents and issue subpoenas.
House, officials testified before a House appropriations
committee Tuesday that Clinton ran up nearly \$3.7 million in bills
during people at coffees, Christmas parties, receptions and other
official events since he took office in 1993.
National Parks Service, which oversees day-to-day operation of
the White House, said the money had been reimbursed by the
Democratic Party or other groups.

Also Tuesday, the DNC Tuesday offered to return \$107,000 donated
by American Indians after tribal leaders said they had been pressured
to make even more contributions.

The Washington Post reported earlier this week that the
Cheyenne-Arapaho Indians of Oklahoma gave the money last year
hoping it would result in favorable Clinton administration action on
the return of their tribal lands. Instead, they were asked for more
campaign contributions, tribal officials said.

Lake Says He Wasn't Told About Alleged Plot By China (Washn) By James Risen

(c) 1997, Los Angeles Times 3/12/97

WASHINGTON Anthony Lake, President Clinton's outgoing
national security adviser and his controversial nominee to head the
CIA, said Tuesday he was never informed of an FBI warning given
two members of his agency's staff about an alleged Chinese plot to buy
influence in U.S. elections.

On the first day of his long-delayed confirmation hearings, Lake told
the Senate Select Committee on Intelligence that he "should have
been informed" by the staff members so that he could have then passed
on the information to Clinton.

In the wake of the recent revelation of a possible influence-buying
scheme by China, Clinton said Monday that had he received such a
warning, the aggressive fund-raising tactics used as part of his
re-election campaign might have been conducted with more caution.

Still unresolved are conflicting versions of why the National
Security Council staff members did not pass along the information.
But the Clinton administration sought to calm the controversy
Tuesday, suggesting it may be a simple matter of miscommunication.

The two NSC staffers, who handle counter-intelligence issues, were
told by FBI agents last June that U.S. intelligence had detected a
Chinese effort to funnel money into congressional campaigns. On
Monday, the White House said the two were told by the FBI to keep
the information to themselves, and so were abiding by those
groundrules.

But the FBI issued a conflicting statement, saying the bureau's
agents did not place any restrictions on sending the information up the
chain of command. In fact, the FBI additionally provided briefings
aimed at informing more than 30 members of Congress on the matter,
including those serving on House and Senate intelligence committees.

On Tuesday, Clinton press secretary Mike McCurry faced a barrage
of questions on the differing versions offered by the White House and
FBI. McCurry and other senior administration officials said the
problem may have resulted from a misinterpretation.

One senior administration official said the FBI agents told the NSC
officials including one FBI official on loan to the NSC that the
information concerning China was highly sensitive and should be
closely held. The NSC officials apparently interpreted that as a
directive not to tell their superiors. Lake, whose nomination to become
CIA director has drawn intense Republican fire because of his role as
a key architect of foreign policy in Clinton's first term, refused to
criticize the two staffers for not informing him or his deputy, Sandy
Berger, who has been named to be his successor as national security
adviser.

He also said he has purposefully avoided asking the pair any
questions about the incident, because the matter is now the subject of
an investigation by the White House counsel. He added that both are
"very fine career officers" still serving at the NSC. "I don't want to
hang them out to dry." Lake testified before a packed Senate hearing
room at the start of a scheduled six days of confirmation hearings. His
nomination has turned into the most contentious among Clinton's
proposed appointees for his second term.

While the president's Clinton's other major foreign policy
appointments sailed through the Senate earlier this year, Lake's
nomination has become a proxy for GOP efforts to attack the White
House on a wide range of national security issues, from controversial
contacts with fundraisers linked with foreign interests to
administration policies in Haiti and Bosnia.

Above all, Republicans question whether Lake, after serving as
Clinton's closest foreign policy adviser for four years, can suddenly
change jobs and offer impartial analysis both to the White House and
to Congress on policies that he helped craft. Lake's critics question
whether he will politicize what is supposed to an independent
intelligence process.

In his testimony, Lake conceded that it was a legitimate question,
one that he had asked of himself.

"The answer, unequivocally, is 'yes,'" Lake said. "I know firsthand
how important it is to defend the bright line separating policy and
intelligence. If I attempted to hide bad news, or soften harsh facts for
the president, he could make mistakes that would damage the security
of our nation and our people."

Lake pledged that if confirmed, he will stay on the job through the
end of Clinton's term to provide badly-needed stability at the CIA,
which has been wracked by spy scandals and a revolving-door
management since the end of the Cold War.

If confirmed, Lake will be Clinton's third CIA director, and the
fourth since the collapse of the Soviet Union in 1991.

Lake made it clear that he really wants to run the CIA, a tar-baby of
a job that rarely leads to bigger things in Washington. The most recent
CIA director, John Deutch, turned down the post once and only
accepted when he incorrectly assumed it would be a steppingstone to
running the Pentagon; Lake emphasized Tuesday that when Clinton
asked him to run the CIA "I immediately accepted."

Ruling Expands Rights of Medicare HMO Patients When Services Denied By David R. Olmos

(c) 1997, Los Angeles Times

Rejecting the government's arguments, a federal judge has issued
new rules that will significantly expand the rights of Medicare
beneficiaries in HMOs to receive speedy hearings in disputes over the
denial of medical treatment.

The ruling comes in a 3-year-old class-action lawsuit in Arizona
brought by health care advocates on behalf of Medicare recipients
who complained of improper denials of medical care by health
maintenance organizations and roadblocks they faced when contesting
those decisions.

The decision would affect some 4 million Medicare recipients
belonging to HMOs nationwide. Membership in Medicare HMOs has
been growing rapidly, with more than 50,000 people age 65 and older
joining such plans each month.

The decision was issued last week by U.S. District Judge Alfredo C.
Marquez in Tucson, Ariz., but not made public until Tuesday.
Marquez's ruling would require the U.S. Department of Health and
Human Services, which oversees Medicare, to revamp its rules to
provide immediate hearings and broader rights for Medicare patients
whenever medical services are denied. His order requires the
government to make the changes by early July.

Marquez's decision follows his rejection in October of government
arguments that his court lacked jurisdiction over the matter. The
government also argued that the current appeals process for Medicare
beneficiaries met federal rules.

At the time, Marquez called on attorneys for the government and
consumer advocates to jointly develop a plan to expanding appeal
rights for Medicare HMOs. The sides were unable to agree on a plan,
so Marquez last week largely accepted the recommendations of
consumer advocates.

"This decision means that patients and consumers will at least have
a fair shot at getting the services they need, when they need them,
before it's too late," said Lenore Gerard, an attorney at Legal
Assistance to the Elderly in San Francisco, who represented plaintiffs
in the lawsuit.

In his decision, Marquez, among other things, orders the federal
government to require Medicare HMOs to:

Provide written notice of coverage decisions within five working
days after a patient's complaint, or one day before an ongoing medical
treatment is reduced or stopped.

Issue written notices in "clear, readable" form in large typeface and
explain the particular policy in "lay language."

Allow patients to contest denials of medical coverage in person or
by telephone with whoever was responsible for making their coverage
decisions.

The federal government has 60 days to appeal the judge's ruling.
Federal officials were not immediately available for comment.

Lake tells panel he also was not given FBI tip on China

Didn't question aides because of pending probe

By Bill Gertz
THE WASHINGTON TIMES

CIA director-nominee Anthony Lake told a Senate committee yesterday that he, as President Clinton's national security adviser, was kept in the dark about FBI intelligence on Chinese efforts to influence U.S. elections but suggested the information may not have been confirmed.

Testifying during the first day of what are expected to be bruising nomination hearings, Mr. Lake defended two National Security Council staffers who did not inform him of information supplied by two FBI officials during a June 1996 briefing.

"Anybody on the NSC staff, or on any staff, every day has to make judgments as to which pieces of information, which decisions to kick up and which decisions and pieces of information to keep there," Mr. Lake told the Senate Intelligence Committee.

"They do so, first, on the basis of the nature of the information itself. Is this good information? Are the sources solid? Are these preliminary reports? Are these final reports? How firm are we in our belief about this information?"

"Why were you not informed of such a dynamite piece of news?" Sen. Richard C. Shelby, Alabama

CORRECTION

A headline on yesterday's front page stated incorrectly that perks for campaign-fund donors were listed in the White House database. Although a memo suggested such notations, the database was not changed.



Photo by Kenneth Lambert/The Washington Times

Sen. John Kerry of Massachusetts talks to Anthony Lake before the pick for CIA director testifies before the Senate Intelligence Committee.

Republican and chairman of the committee, asked Mr. Lake.

"I certainly agree that on a matter of extraordinary importance such as that, I should have been informed and the president should have been informed," Mr. Lake said.

He said his deputy at that time — Samuel Berger, the current national security adviser — was not informed, either.

He also said he did not go back to the two aides to find out why he was not notified of the intelligence because the White House counsel is investigating the matter and he did not want to appear to be interfering in the probe.

White House and FBI officials disagree on why the intelligence on the Chinese funding of U.S. political activities was not reported to top aides and the president.

The White House has said the FBI provided the information to the NSC staffers on condition that it not be disseminated farther up the chain of command. The FBI has denied it directed the NSC staffers not to tell higher-ups.

On other matters, Mr. Lake de-

nied he had acted improperly in failing to divest himself of energy stocks, for which he agreed in a settlement with the Justice Department to pay a \$5,000 fine.

He also defended his decision not to inform Congress about a secret agreement with Croatia's president to allow Iran to covertly ship arms to Bosnian Muslims in 1994 in violation of a U.N. arms embargo.

"I stand by my record," Mr. Lake said.

He said he had "no apologies" for the policy on Iranian arms shipments. "But I do appreciate that it would have been better to have informed key members of Congress," he said.

Mr. Lake promised to provide Congress with monthly briefings as a way to remedy the lapse.

Regarding his financial holdings, Mr. Lake stated in written answers to the committee that he plans to avoid a conflict of interest if confirmed as CIA director by either selling off his stock in companies that have direct business with the CIA or recusing himself in writing from any dealings with the firm.

The Washington Times
WEDNESDAY, MARCH 12, 1997

3/12/97

Confirmation hearings begin for Anthony Lake By David S Cloud Chicago Tribune (KRT)

WASHINGTON President Clinton's battered choice for director of the Central Intelligence Agency, Anthony Lake, defended himself Tuesday against efforts by conservative Republicans to link him to the White House fund-raising controversy.

After twice postponing Lake's confirmation hearings, his chief antagonist, the chairman of the Intelligence Committee, Richard Shelby, R-Ala., on Tuesday opened at least two weeks of hearings to examine Lake's foreign policy actions as national security adviser in Clinton's first term as well as to probe possible National Security Council involvement in Democratic fund raising.

Although he was head of the NSC, Lake testified that he was not informed by two senior NSC aides about a FBI briefing they received last year on allegations that China sought to influence U.S. congressional elections.

"I certainly agree that on a matter of extraordinary importance, such as that, I should have been informed," he said. Lake added, however, that he "cannot sit in judgment on the performance of those two staffers," because of reports that the FBI told them to keep the information secret.

Lake's testimony is noteworthy because it deepens the mystery about why top White House officials allegedly were kept in the dark regarding FBI concerns about China. But it also bears on conservative Republicans' attempts to kill the nomination by raising questions about Lake's fitness to run the CIA.

The White House has repeatedly denied that Lake played any role in the Clinton effort to court campaign donors, several of whom have subsequently been found to have ties to Chinese and other Asian businesses. Documents released by the White House suggest that, if anything, NSC aides sought to restrain the White House from dealing with Asian-linked donors.

Shelby has not linked Lake directly with the fund-raising scandal, although the involvement of NSC staffers is an area that his committee's investigators say will be explored further as the hearings proceed.

After questioning Lake further Wednesday in public, the committee will hold a closed session Thursday to discuss classified material. Next week, outside witnesses will be heard from, including some who oppose Lake.

White House officials complain privately that Shelby is dragging out the hearings because he lacks the votes to kill Lake's nomination. With two of 10 Republicans on the 19-member committee supporting Lake along with all nine Democrats, Shelby has little choice but delay in hopes of roughing up Lake sufficiently that the nomination is withdrawn or voted down by the full Senate.

Lake sought to highlight bipartisan support for his nomination, choosing, among others, Sen. John McCain, R-Ariz., and former Sen. Warren Rudman, R-N.H., to present him to the committee at the opening of the hearings.

Calling him a "decent, fair and well-qualified person," McCain said Lake had gone out of his way to brief Republican presidential nominee Bob Dole about national security matters during last year's campaign, so that Dole would have been well informed if he had won the election.

Conservative Republicans have questioned whether Lake, as a former top policy-maker in the Clinton administration, can shift roles and function effectively as CIA director, whose main responsibility is to present unbiased intelligence assessments, whether or not they fit with White House policy directions.

Lake addressed those concerns in his opening statement, promising to provide straight, unvarnished intelligence to decision makers and do even more than mandated by law to keep Congress informed if confirmed by the Senate.

"Some have asked whether I as a close associate of President Clinton and participant in policy discussions can and will provide him the intelligence straight," said Lake. "The answer, unequivocally, is yes."

Shelby has backed away from demands that the entire Senate be given access to Lake's raw FBI background files, a demand that the White House said could result in leaks of false information and unverified allegations that are frequently collected but not disseminated about senior government officials.

Instead, the White House is still negotiating on who will have access to Lake's FBI files and what portion of the files will be opened. Shelby apparently is insisting that he and senior Intelligence Committee Democrat Bob Kerrey of Nebraska along with the Republican and Democratic leaders be given more extensive FBI background material on Lake.

Other conservatives used the hearing as a forum to attack Clinton administration policies with which they disagreed. For example, Sen. James Inhofe, R-Okla., accused Lake of having "lulled the American people into a false sense of security" by telling them that no Russian ballistic missiles are targeted at the United States because of arms control agreements.

Senate votes to expand investigation of campaign finance practices By Mary Jacoby Chicago Tribune (KRT)

WASHINGTON After a surprise revolt by rank-and-file Republicans,

the Senate on Tuesday ended weeks of wrangling over the scope of its campaign finance investigation by voting to broaden the jurisdiction to include "improper" as well as "illegal" activities.

The vote on the key amendment was 99-0, with Sen. Christopher Dodd (D-Conn.) abstaining. Dodd served as general chairman of the Democratic National Committee during the 1996 presidential campaign, which is expected to be a primary focus of the Senate investigation.

The one-word mission change means that all sorts of questionable, though perhaps not illegal, campaign activity will be open to examination. That includes "soft money" raised in unlimited amounts by both parties and the political activities of labor unions and non-profit, tax-exempt organizations.

The Senate then voted 99-0 to approve \$4.35 million to fund the probe, with Dodd abstaining. The Senate also set a Dec. 31 deadline for wrapping up the investigation. Senate Governmental Affairs Committee Chairman Fred Thompson, a Tennessee Republican, will head the probe.

"We really are back on track again," Thompson said in a Senate floor speech after the compromise had been approved.

At first, Thompson's GOP colleagues were united behind his investigation, which had been planned in response to press reports about improper and possibly illegal fundraising by the DNC and President Clinton.

Some Republicans' support cooled, however, after Thompson ceded to Democratic demands that he focus on congressional as well as presidential campaign abuses. Democrats said a broad investigation would expose problems in the campaign finance system generally and perhaps build pressure for campaign finance reform.

A broad investigation would also have distinguished the Senate's effort from probes being conducted by the House Government Reform and Oversight Committee and the Department of Justice into possible Asian influence-peddling with the Clinton campaign.

With the help of Majority Leader Trent Lott, R-Miss., GOP Sens. Mitch McConnell of Kentucky and Rick Santorum of Pennsylvania rammed a resolution through the Rules Committee last week to narrow the focus of the Senate investigation to illegal activities.

Democrats reacted with outrage and had prepared a slew of amendments for the Senate floor. Privately, however, most Democrats had already conceded that the GOP leadership had won the battle.

Then on Tuesday morning, the GOP's deal began to unravel as Sen. Arlen Specter, R-Pa., told reporters the Republican scope was too narrow and "filled with booby traps."

In the GOP's weekly Tuesday luncheon, other Republicans joined Specter's criticism. In what one participant described as a "spirited discussion," these renegade Republicans argued that without a broadening of their investigation, some of the most eye-catching headlines in the Democratic fund-raising controversy might escape scrutiny.

For example, the much-publicized dropping off of a \$50,000 campaign contribution in First Lady Hillary Rodham Clinton's office by Johnny Chung, a Taiwanese-born California fax-service developer, may be embarrassing but technically legal. That's because a Clinton aide, Margaret Williams, quickly passed the check along to the DNC.

"It was more a question of impression: Would the White House try to construe everything as legal?" Assistant Majority Leader Don Nickles of Oklahoma said.

In addition to Specter, the Republicans who objected to the narrow scope included Thompson, campaign finance reform proponent John McCain of Arizona, Olympia Snowe of Maine, John Chafee of Rhode Island and Dan Coats of Indiana. Their bloc of votes was enough to ensure defeat of the official GOP resolution.

So to save the investigation from collapse, Lott agreed Tuesday to broaden it. And that made Senate Democrats jubilant.

"We got almost everything we wanted," said Harry Reid of Nevada. Dick Durbin of Illinois described his fellow Democrats as "stunned

In 1993, the White House improperly called in the FBI to help oust career aides in the Travel Office. Later, aides there improperly got a "heads-up" tip from Treasury officials about an investigation into the Arkansas savings-and-loan at the heart of the Whitewater affair.

Later came questions about too-cozy ties between the Clintons and their old pal Webster Hubbell, who was the third-highest Justice Department official until he was nailed for felonious embezzling from his former law firm. Finally, misuse by White House political aides of hundreds of secret FBI files inflamed the relationship as recently as last summer.

C. Boyden Gray, who was White House counsel to George Bush, said such mistakes help explain why the Clintonites don't sit down now with the FBI and Justice Department and straighten things out.

"There's always an uneasy relationship between the White House and the Justice Department, and there should be," Gray said. "In the first years of the Clinton administration, there wasn't enough of one ... They got a lot of criticism, so they may be now bending over backwards to be very careful."

McCurry concurs, saying that because of "painful experiences" in Clinton's first term, "there are some established procedures here on how to have contact with the Justice Department ... It's also the reason why ... you know, we just don't pick up the phone and call the FBI and say, you know, 'What's going on?'"

Citing the same history, former FBI Director William Sessions who was fired by Clinton in 1993 for abusing perks of his office said "they used the bureau for political purposes," which put the FBI on guard.

Carl Stern, the Justice Department's spokesman during Clinton's first term, said "there is justifiable concern that the FBI not be a handmaiden to the political apparatus of the White House. On the other hand, that has led to a situation where the FBI is frequently reluctant to discuss investigations where the information might have been important."

The FBI, too, is sensitive to criticism following its handling of armed fanatics in standoffs at Waco and Ruby Ridge, and its misidentification of Richard Jewell as the Atlanta Olympics bomber. Such mishaps made a self-defensive institution even more cautious.

Some experts suggest a chronic lack of trust has evolved.

"The FBI must feel that if it deals with this administration on sensitive issues, it has to be extremely careful," said Theodore Olson, a former assistant attorney general in the Reagan administration.

Senate reverses, opens up fund-raising investigation to include 'improper' practices By David Hess Knight-Ridder Newspapers (KRT)

WASHINGTON Under pressure from Democrats and Republican moderates, the Senate did an about-face Tuesday and agreed to significantly expand its investigation of suspect fund-raising practices by the White House and Congress.

The inquiry now will focus not only on illegal activities, as Republican leaders had wanted, but also on "improper" campaign practices, as Democrats and GOP moderates demanded.

That means that the investigation can examine fund raising that is legal but widely criticized as unseemly. It also means that congressional campaign practices will come under closer scrutiny than Republican leaders had initially hoped.

Faced with an embarrassing revolt in his own ranks, Senate Majority Leader Trent Lott, R-Miss., backed away from a plan he had proposed last week to limit the probe to "illegal" activities mainly at the White House.

Under that plan, the Senate's Republican majority was supposed to vote for a resolution to provide \$4.35 million to the Governmental Affairs Committee to investigate "solely" illegal fund raising in last year's federal elections. The intention was to fix the inquiry's focus on President Clinton and the Democratic National Committee.

But that strategy was abruptly shifted after at least eight Republican senators passed the word in a closed-door party caucus Tuesday that they intended to support an amendment by Sen. Joseph Lieberman, D-Conn., adding the words "or improper" to the Republican leadership's proposal.

The effect of those words was to make both illegal and improper activities subject to the committee's scrutiny, opening a gaping hole for investigators to conduct a much broader investigation of both the White House and Congress.

Lott, sensing his initial proposal slipping away, seized the Lieberman amendment as his own, and offered it in his name after consultation with Democratic leaders. It was adopted by the Senate 99-0.

With that compromise in hand, the Senate later passed 99-0 the resolution authorizing the Governmental Affairs Committee to mount a much broader investigation than envisioned by the GOP leadership.

Senate Majority Whip Don Nickles, R-Okla., who supported Lott's initial effort to narrow the investigation's scope, said the change would "still enable us to concentrate on more egregious illegal activities, but it'll also give us wide latitude to investigate things more broadly. I'm concerned about the breadth of this, but we just have to be discerning about what we choose to look into without straying off on side tracks."

Freshman Sen. Sam Brownback, R-Kan., one of the eight who bucked the leadership's original plan, noted that expanding the scope was what the Governmental Affairs Committee unanimously recommended in the first place, but was reversed by the Lott-controlled Rules Committee last week.

"We've gone 50 zillion miles, and now we're back to where we started on this," Brownback said. "It all goes to the integrity of the process. It goes to the question of whether our process is going to have trustworthiness in what it comes out with ... something people can have confidence in."

Sen. Olympia Snowe, R-Maine, said she supported the expansion of the investigation's scope "so that we could avoid trying to look like we were not willing to run a fair and impartial inquiry."

Sen. Fred Thompson, R-Tenn., chairman of the investigating panel, argued strenuously in the closed-door caucus that limiting his scope to "illegal" activities would have sparked a continuous fight with the White House and DNC, perhaps even involving the Justice Department, over whether any questionable activities were illegal or simply improper.

By adding "improper" to the committee's charter, Thompson said, there would be no way for anyone under investigation to wiggle off the hook.

Sen. Arlen Specter, R-Pa., another who bridled at the leadership's attempt to restrict the scope of the inquiry, said:

"If you don't include the word 'improper,' it would be conceivable that those under investigation could argue that the whole inquiry would be beyond the Senate's capacity to look into these things. There would be an enormous argument over what was legal or illegal, while other things fell by the wayside."

The broader mandate will make it easier for the committee to investigate how both Democrats and Republicans have exploited a loophole in campaign finance laws one allowing contributors to make unlimited donations to political parties if the money is for party-building activities.

In reality, the money is often spent in close coordination with political candidates. Indeed, much of the controversial White House fund-raising practices involve soliciting such donations for the Democratic National Committee.

After the Lieberman amendment was adopted, Thompson said the impending inquiry which had been bogged down for weeks in bitter partisan wrangling was "back on track again. ... This is an opportunity to start a new day."

He cautioned that there will still be disputes between the two sides on whether to view an activity as illegal or improper, but that the committee could now work out those arguments "in good faith" and pursue the most significant cases and leads.

In Senate confirmation hearings, Lake denies wrongdoing in Iranian-Bosnian arms sells By Michael E. Ruane Knight-Ridder Newspapers (KRT)

WASHINGTON Anthony Lake, President Clinton's beleaguered nominee to head the CIA, began his confirmation hearings Tuesday saying he had not been legally obligated to tell Congress about U.S. approval of secret Iranian arms shipments to Bosnia.

Lake's failure to inform Congress about the policy in 1994 later angered many legislators, and now stands as one of a number of major obstacles to the Senate's approval of his nomination.

Others include alleged financial irregularities, for which Lake was penalized \$5,000 but cleared of illegal doing, and any role he may have had in the administration's overseas campaign financing troubles.

Lake, 57, whose confirmation hearing has twice been postponed, finally faced the senators for the first of what are expected to be six days of hearings this week and next.

He is expected to gain Senate approval, but not before what Senate Select Intelligence Committee chairman Richard Shelby, R-Ala., called a thorough "examination."

Lake was praised Tuesday by Democrats, and some Republicans, as a man of extremely high integrity with wide experience, a strong sense

stabilized," one envoy said.

Over the past week, it has become increasingly clear that Berisha no longer has a military option. The army and the police are unwilling to move against the armed rioters, even to restore acceptable public order.

"If things come to the point where a political solution is found, then the Albanian government would have to ask for international help in disarming the rebels," said the diplomat.

NATO members Greece and Italy are the most frequently mentioned candidates for the military role. Both nations have a compelling interest in seeing order restored to Albania, because continued unrest would probably trigger waves of illegal immigration to their shores.

The United States has provided the Albanians some limited military assistance since the collapse of communism at the beginning of the decade but has kept a low profile throughout this crisis.

Zaire officials trying to hide wounded soldiers to avoid costly panic by its residents By Hugh Dellios Chicago Tribune (KRT)

KINSHASA, Zaire The Zaire Express civilian airliner from Kisangani halted on the military tarmac at the airport, out of direct sight of the main terminal.

Down the ramp came more than 200 war-wounded soldiers, many of whom had to be carried and one of whom collapsed, according to witnesses watching at dusk on Tuesday.

The hushed arrival in Kinshasa of the first full plane load of injured from Zaire's civil war revealed how nervous Zairian officials are about public reaction to the increasingly bad news from the front lines after five months of fighting.

The injured were quickly driven away to hospitals so that residents of this volatile capital would not see them.

"The army commanders are worried that if the population sees wounded soldiers, they might panic," said a Western aide worker privy to the arrival plan. "Up to now, much of the population has felt the war is taking place hundreds of miles away and they're worried it could raise tensions in Kinshasa."

Keeping the calm in the capital is the second most important battle Zairian officials are fighting as the rebel forces of Laurent Kabila close in on Kisangani, the country's third-largest city, after conquering town after town in eastern Zaire with little government resistance.

Injured army personnel had arrived in Kinshasa before Tuesday but never so many as to fill an entire airliner designated for the purpose, according to a security official at the airport.

"There were about 200 wounded," the security official said. "I saw two ambulances and four big (trucks) there to take them away. They must have taken them to the military hospital. And they told us there would be another plane, but maybe tomorrow."

As the war's impact has rippled through Central Africa, the government of President Mobutu Sese Seko has tried to control what information reaches the capital. This is the power center of Zaire, and emotions here can quickly alter the country's fate.

Both in 1991 and 1992, deadly riots erupted in sprawling Kinshasa, ignited by soldiers angered at not being paid by Mobutu's corrupt government. The violence destroyed a good portion of the city's economy and prompted demands for government reform and elections.

Frustration at the failure to fulfill those demands has contributed to the rebellion now spreading across eastern Zaire. While the fall of Kisangani could be decisive for the war, officials fear an uprising in Kinshasa would be a quick and violent end to Mobutu's 31-year regime, with unknown consequences.

Many military officers and other government officials in Kinshasa have begun sending their families away to second residences in South Africa, Gabon and elsewhere, diplomats say.

The capital already has seen protests and a growing acceptance that revolution is imminent. But according to many residents of Kinshasa, Mobutu's government has been somewhat successful in maintaining the appearance that it is still capable of fighting the war.

"In this country, we never know what's going to happen next," said Thomas Kanza, a teacher in Kinshasa. "We wake up each day with no idea what's going to happen that day. All our information comes from outside Zaire."

Mobutu's government has closed down several private television stations after they broadcast footage of rebel leader Kabila addressing crowds in conquered eastern Zairian towns and getting rousing applause. Other stations have been banned from broadcasting any political programming, or have voluntarily ignored the war.

In recent days, as the attack on Kisangani nears, some television news programs in Kinshasa have begun their broadcasts with sports.

"The country is going down the tubes, and they're talking sports," said one Western diplomat. "I guess the philosophy is, if you have nothing good to say, you say nothing."

Despite a persistent disinformation campaign by rebels, diplomats say the anti-government forces have not yet begun the siege of Kisangani. That trading port along the Congo River has been the launching pad for the army's failed counter-offensive, and many wounded government soldiers have been evacuated there.

For the most part, government soldiers have chosen not to engage the growing rebel forces and instead have fled. The flow of injured toward the capital may increase when the battle for Kisangani begins, however.

Kabila, the rebel leader, held a rally in the town of Kindu on Tuesday, repeating that he would not accept offers of a cease-fire until the government agreed to negotiations about giving up power.

Latest controversy increases strain on FBI-White House relations By Robert A. Rankin and Angie Cannon Knight-Ridder Newspapers (KRT)

WASHINGTON It looked bad - the White House and the FBI arguing publicly over how they handled sensitive information about possible Chinese meddling in U.S. elections.

What was that all about? Just how bad are relations between these two cornerstone institutions of the federal government, and why?

One part of the answer is that relations between the two at best are stiff and proper by design. The FBI, as a law-enforcement agency, must maintain credible independence from the White House, lest it be suspected of being a pliant tool of politics rather than impartial justice.

But another part of the answer may stem from the bad blood that has spilled between the two institutions since 1993. First the Clintonites dragged the FBI into the White House Travel Office fiasco. Later came the furor over misused FBI files. And those are only the two biggest headline conflicts.

The latest discord shows how strained FBI-White House relations have gotten since then.

First the White House said Monday that the FBI had told two National Security Council staffers last June about possible Chinese intervention into U.S. congressional elections and swore the NSC aides to secrecy, pledging them not to share the information with their superiors, including President Clinton.

Then Clinton stood before a televised White House news conference and said it was wrong to keep him in the dark on such a sensitive foreign-policy matter. He announced a probe to find out why he was not told until February what the FBI had told the NSC seven months before.

Shortly after that the FBI issued a statement flatly contradicting the White House: "The FBI placed no restriction whatsoever on the dissemination up the chain-of-command at the NSC on any information" at the June briefing.

White House Press Secretary Mike McCurry immediately replied: "The White House considers the FBI statement to be in error." Neither agency backed down Tuesday.

But an official of the Justice Department which oversees the FBI tried to smooth things over a bit by suggesting it was all just "a misunderstanding."

"Clearly last year a meeting took place, and some form of caution was offered, and the NSC folks took the caution as that it shouldn't go past the two of them," the Justice official said.

The FBI intended their "caution" one way, the NSC aides took it another, eight months have passed and no one remembers exactly what was said and "that amounts to a misunderstanding of what was meant," the Justice official suggested.

White House spokesman McCurry said flatly that for the two NSC aides, there was no misunderstanding. One firmly recalls that they were told not to tell anyone else what the FBI told them and has notes to back it up, McCurry said; the second NSC staffer does not recall the request, but accepts his colleague's recollection. Both aides, whose names have not been released by the White House, are veteran career professionals, not Clinton appointees.

McCurry acknowledged, however, that the FBI could not bind the NSC aides to such a commitment; they chose to honor the confidentiality request themselves.

The essential question remains why. Why would the FBI be so circumspect in talking to the White House? And why has the White House been unable to pin down what this was all about since it began checking into it on Feb. 17?

The answer appears to lie in problems that erupted during the first Clinton term, which haunt the White House and FBI still.

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Divider Title: **March 11, 1997**

White House Used Database For Campaign, G.O.P. Says

By ALISON MITCHELL

WASHINGTON — A Republican Congressman said today that memorandums the White House turned over to Congress show that a White House computer database, paid for with Government money, was used for campaign purposes.

The memorandums, written by Marsha Scott, then a deputy assistant to the President, portray the database as an element of a plan to reach out to President Clinton's earliest supporters as the White House prepared at the end of 1994 for a new Presidential campaign.

It is improper to use taxpayer-supported resources for political purposes.

A Nov. 1, 1994, memorandum from Ms. Scott to other White House officials noted that Mr. Clinton had asked that an immediate effort be made to "reach out to his friends and

Memorandums outline plans to reach out to Clinton supporters.

early supporters." She said the President "recognizes how crucial this group is to his success" and "has asked me to locate these friends and begin a dialogue with them."

As part of that effort, Ms. Scott proposed identifying and contacting people — including those who volunteered for Mr. Clinton during the 1992 Democratic primaries or who had contributed the maximum allowable amount to his Presidential campaign by March 1, 1992 — and add their names and "relevant information" to the White House database. She said she wanted to organize the data into a workable format "so that everyone doing outreach in the White House can utilize the information."

Representative David M. McIntosh, the Indiana Republican who heads a House panel investigating the database, said the memorandums were "the best indication we've got yet of our theory that the database was used for campaign purposes."

When the documents had previously been turned over to the House, they had been heavily censored. The new versions were given to the House in full and then passed on to news organizations.

Barry Toiv, a White House spokesman, said the list of early supporters was only a "small part" of the database, which includes 230,000 people who had attended White House events. "Every White House invites supporters to events and every White House maintains lists of people to invite to events including friends and supporters of the President and that's what this database did," Mr. Toiv said.

But the documents also show that Ms. Scott was concerned about protecting from public view the work that she and her aides were doing and that she was reluctant to have career White House officials involved with the database.

In a January 1994 confidential memorandum to Hillary Rodham Clinton and Bruce Lindsey, a longtime Clinton friend in the White House counsel's office, Ms. Scott expressed concern about involving employees in the upkeep of the system.

"Except for four positions," she wrote, "this is a career staff composed of some individuals who were placed there in the waning days of the previous Administration. I find an inherent conflict of interest in having our entire information management system developed and supervised by people who do not know and may not support the President."

At another point, Ms. Scott noted that she had checked with the counsel's office about a career employee working on the project and found that his work was "not subject" to disclosures under the Freedom of Information Act, "as long it was kept separate from his other work."

"To insure this, his notes and disks are kept in my offices," she wrote.

Mr. Toiv said that there were privacy concerns about the database because it included personal information, like supporters' Social Security numbers and home telephone numbers. He said he could not say why Ms. Scott was concerned about using career employees and said that only computer specialists ultimately worked on the system.

Mr. Toiv said that the database had cost the Government \$638,000 through September 1996.

The New York Times

TUESDAY, MARCH 11, 1997

Documents Suggest White House Database Set Up to Track Donors (Washn) By Elizabeth Shogren (c) 1997, Los Angeles Times 3/11/97

WASHINGTON Documents released to Congress Monday appear to show that a White House computer database, which Clinton administration officials have claimed was devised solely for official government purposes, was created to track past supporters of the president and engage them in his 1996 re-election campaign.

In one of the documents provided, a White House official refers to the database project as having been "begun to serve as a way to keep track of early supporters" of Clinton those who volunteered for him during the 1992 Democratic primary season and gave the maximum donations allowable during that campaign.

Rep. David M. McIntosh, R-Ind., chairman of a House subcommittee investigating the database, termed the new documents "a significant step forward in terms of indicating conclusively that (White House officials) had intended to use the database for political purposes."

McIntosh gave the administration the benefit of some doubt, however, by noting that although the documents appear to indicate what the White House planned to do with the database they do not clearly report what ultimately was done.

But he also said that he believes the documents reveal a "cover-up attempt," because much of the information released Monday was "whited out" when the White House earlier supplied documents to him. At the time, White House officials said that the whited-out sections were not relevant to the congressional investigation.

"Now we've seen that the rest of the (information) was very much related" to the inquiry, McIntosh said.

The White House rejected McIntosh's conclusion and repeated the vehement denials issued when it was first alleged in January that the database was used for political purposes.

"We have no information that the database was used for anything other than official purposes," said Barry Toiv, a White House spokesman.

Toiv said that the White House had offered McIntosh's subcommittee a chance to review the documents at issue last fall but that the committee had not done so.

"Calling this a cover-up makes for good headlines but it obviously is not consistent with the facts," Toiv said.

The accusations concern a massive computer data system that the Clinton administration created using federal funds in 1994 to keep tabs on as many as 350,000 people, including large political donors, Democratic campaign workers and visitors to the White House.

In January, a former top Democratic fund-raiser, Truman Arnold, said that he used the database routinely to identify potentially large donors for Clinton's re-election campaign. At the time, the White House denied that Democratic fund-raisers had access to the computers.

The new documents, provided to McIntosh by the White House late Monday afternoon and given to the Times by McIntosh's office, appeared to offer new evidence that a political purpose was at least envisioned for the database by some senior White House staff members involved in its development.

A White House memo, dated Nov. 1, 1994, outlines how the database would be used to track down the presidents' early supporters, so that the White House could identify "all the folks we will be working with in '96."

"This is the president's idea and it is a good one," said the memo, authored by White House aide Marsha Scott and entitled "Early Supporter Outreach Proposal."

"As these supporters are identified and located, the president has asked that they be included in White House social functions as well as policy briefings," Scott wrote.

Among the goals of the outreach effort Scott described was to "recreate the primary campaign structure" and to identify "all those folks who we will be working with in '96."

The memo was written to then-White House deputy chiefs of staff Harold Ickes and Erskine Bowles. Bowles now is chief of staff.

Members of McIntosh's staff said that they were particularly concerned about a plan stated in that memo to use White House volunteers and interns to update the lists of early Clinton supporters and, according to the memo, "organize the data into a workable format which will then be entered into the White House Database."

Such a plan would be illegal, McIntosh's office said, because it would entail government employees and resources being used for work that would be used for a political goal helping the president win reelection.

"It becomes illegal when you use government-funded assets to help

in a campaign," McIntosh said. "From the outset, they were to use the government-funded computer to assist them in the campaign."

First Lady Defends Staff as 'Courteous' in Donations Flap (Washn) By Jonathan Peterson (c) 1997, Los Angeles Times 3/11/97

WASHINGTON Hillary Rodham Clinton, commenting for the first time on the fund-raising controversy that last week spread into her own office, Monday defended her staff as "courteous" in allowing White House access to a Democratic donor who handed a \$50,000 check to the first lady's top aide.

"My staff is a polite and courteous group, and certainly has over the last four years been willing to be courteous to people who come to the White House," she told reporters who asked about her office's repeated clearance into the White House of Johnny Chien Chuen Chung, an entrepreneur who figures prominently in the investigations of questionable Democratic fund raising.

But she added that "I don't know anything" about the precise reasons Chung was cleared at least 49 times into the White House, including 21 times by her own office.

She also said she could not remember making any fund-raising phone calls from the White House. But, as the president did at a news conference Friday, she stopped short of ruling it out.

"I do not recall making any (fund-raising calls), but I'm not going to say absolutely never," she said.

At a briefing for reporters ostensibly about education issues, the first lady responded to several questions about the campaign finance furor. She seemed prepared for the questions and answered them amiably. In doing so, she provided a far different interpretation of events than her husband's critics.

Contrary to those who perceive a donation-hungry president throwing open the White House doors to those willing to funnel large amounts of money to the Democratic Party, the first lady offered the image of a highly social president who delighted in hosting an ongoing stream of visitors at the White House. Indeed, she said, he enjoyed giving in-depth tours in the middle of the night.

She and the president "were overwhelmed by the honor" of living in the White House "and we were excited to share it with a lot of people and we did," she said.

Those guests with the endurance to "stick it out" into the wee hours often ended up with the president as a tour guide, once he had finally disposed of his day's work.

"I cannot tell you how many times in the middle of the night we'd be walking up and down the ground floor or the first floor and the president would be talking about the significance of a portrait or of what happened in this room," she said.

Responding to skeptics who doubted that many of the visitors were real friends, the first lady said: "We may not have been the best friends with everybody. We may not have known them for 30 or 40 years. ... (But) they were all people that the president wanted to spend time with, and he did."

She defended her top aide, Margaret Williams, as "an honorable and courteous person." Williams last week was at the center of criticism over a \$50,000 donation from Chung that Williams accepted at the White House and passed on to the Democratic National Committee.

What Williams did "is legal and proper under the prevailing rules," the first lady said.

Clinton Defends Veto as Way to Keep U.N. Out of Negotiations (Washn) By Norman Kempster © 1997, Los Angeles Times

WASHINGTON President Clinton said Monday that he realizes the latest U.S. veto of a U.N. resolution critical of Israel could damage American credibility in the Arab world but said that he had to act to prevent the United Nations from interfering in negotiations between Israelis and Palestinians.

In a news conference after their White House meeting Monday, Clinton and Egyptian President Hosni Mubarak agreed that Israel will put the peace process in jeopardy if it goes ahead with plans to build a new Jewish neighborhood in East Jerusalem. But the two leaders disagreed sharply over the impact of Washington's veto of a Security Council resolution condemning the project.

Clinton said he is confident that the U.S. veto, cast Friday to block a measure supported by the 14 other council members, would not be

By TIM WEINER

WASHINGTON, March 10 — Senate hearings on Anthony Lake's nomination as Director of Central Intelligence, set to start on Tuesday, might become a debate over campaign financing and foreign policy failings instead of a discussion of the future of United States intelligence.

News Analysis The good news for Mr. Lake, President Clinton's national security adviser from 1993 through 1996, is that he will finally have a hearing, and that he probably has the votes for confirmation.

The bad news is not so different from the good news. The hearing is likely to be politically brutal, and Mr. Lake will probably be bloodied when it is done. His margin of victory in confirmation might be the narrowest ever accorded a Director of Central Intelligence.

His prize will be the Central Intelligence Agency — now suffering self-inflicted wounds from two treasonous officers, botched economic espionage operations against allies and an abiding midlife crisis as its 50th birthday approaches — and the rest of the intelligence services.

What might be lost in the political scuffle are serious questions and answers about where the \$30-billion-a-year intelligence establishment is headed.

On the eve of the hearings, which are scheduled to run for six days this week and next, Senator Richard C. Shelby, the Alabama Republican who heads the Intelligence Committee, is still looking for a show-stopping allegation that could cripple or kill the nomination.

Mr. Shelby still wants the White House to hand over raw files from the Federal Bureau of Investigation on Mr. Lake. Several conservative Republicans have warned that they might block the nomination in the full Senate unless the White House lets them see the reports. Mr. Shelby has warned that Mr. Lake could face "a firestorm" over the files on the Senate floor.

Behind closed doors, the Intelligence Committee staff, at Mr. Shelby's direction, has been researching some major foreign policy issues under Mr. Lake's control. These include what Mr. Lake knew about Chinese missile sales to Pakistan, his failure to tell Congress about President Clinton's tacit approval of Iran's arms shipments to Bosnia's Muslims in 1994, and whether he played down human rights abuses in Haiti under the government the White House helped install in 1994.

But publicly, Mr. Shelby has been questioning Mr. Lake's ethics and integrity. By postponing

Questions on the C.I.A. could get lost in the scuffle.

the hearings twice, he has held Mr. Lake at arm's length with one hand while rhetorically pummeling him with the other. The Senator's latest set of questions — what role if any Mr. Lake and his National Security Council staff played in campaign fund-raising — now appear likely to dominate the hearings.

"He's going to try and use Tony to get to the President on fund-raising," an Administration official said.

Mr. Shelby said on the Senate floor last week that he wanted to examine "the extent to which Mr. Lake knew of the ties the White House was building with questionable fund-raisers and foreign contributors and what effect this might have had on Administration foreign policy."

The Intelligence Committee's staff questioned four members of the National Security Council staff today about their work for Mr. Lake — and their contacts with or knowledge of Asian fund-raisers. Those questioned included Sandra Kristoff, the head of the council's Asia directorate, and Robert Suettinger, a China expert.

Ms. Kristoff had meetings with Pauline Kanchanalak, a Thai businesswoman whose \$253,000 in contributions to the Democratic Party were returned and are the subject of a Federal investigation. Mr. Suettinger wrote a memorandum last year describing Johnny Chung, another Democratic Party fund-raiser under investigation, as a "hustler."

But barring some devastating disclosure or some insurmountable procedural hurdle erected by Mr. Lake's opponents in the Senate, support from moderate Republicans is likely to put Mr. Lake at the helm of United States intelligence.

Some of the 10 Republicans on the Senate Intelligence Committee are likely to spend a good deal of time at the hearing attacking Mr. Lake politically, professionally and personally. The nine Democrats, led by the vice chairman, Senator Bob Kerrey of Nebraska, will spend much of their time defending him on those three fronts:

Two moderate Republicans on the committee — Senators Richard G. Lugar of Indiana and John H. Chafee of Rhode Island — are likely to provide a margin of victory for Mr. Lake. They will be bolstered by the committee's former vice chairman, Warren B. Rudman, a former Republican Senator from New Hampshire, who said in an interview that he planned to endorse Mr. Lake before the committee on Tuesday.

"I've had extensive dealings with Lake," said Mr. Rudman, who has served as the acting chairman of President Clinton's Foreign Intelligence Advisory Board. "I have very high regard for him. I think he's first rate."

The New York Times

TUESDAY, MARCH 11, 1997

CIA nominee Lake gets his hearing today

By Barbara Slavin
USA TODAY

After more than three months in confirmation limbo, Anthony Lake gets his chance today to defend his qualifications to be CIA director.

That Lake will take his seat before the Senate Select Committee on Intelligence is in itself a victory for him. Sen. Richard Shelby, R-Ala., the committee chairman, twice has postponed the hearings in a quest for information that might cause the White House to pull the nomination.

Shelby and other congressional conservatives have sought to make Lake a focus for criticism of administration policies, from turning a blind eye to Iranian arms deliveries to Bosnia in 1994 to being soft on Chinese weapons proliferation. Shelby also has focused on any links between Asian-American fund-raisers and the National Security Council while Lake was national security adviser from 1993 to 1996.

In a letter to the committee Feb. 13, Lake said he was "not aware of having met" with Asian-American fund-raisers. But Shelby, calling Lake's answers and supporting documents released by the White House insufficient, threatened last week to subpoena staffers.

On Monday, after protracted negotiations with the White House, four former Lake staffers appeared before the Senate committee. The White House declined to identify the four, two of whom no longer work for the security council. In one

of dozens of memos released last month, Robert Suettinger, a council Asia expert, warned that fund-raiser Johnny Chung was a "hustler" and a potential "royal pain" but indicated that it was not his place to bar him from the White House. Chung brought six Chinese officials to

watch a radio address by President Clinton on March 11, 1995. Chung donated \$366,000 to the Democratic National Committee from 1994-96, which has returned the money because of suspicions about its origins.

"At issue is the extent to which Mr. Lake knew of the ties the White House was building with questionable fund-raisers and foreign contributors and what effect this might have had on administration foreign policy," Shelby said in a speech last week.

Shelby also repeated demands for access to Lake's complete FBI files, citing as precedent the failed nomination of John Tower as secretary of Defense in 1989. But Shelby appears to have backed off after other senators pointed out disparities between the Tower and Lake cases and noted that the Tower case had been a low point in Senate confirmation history.

"The treatment of John Tower was a setback for the whole confirmation process," said Sen. Richard Lugar, R-Ind.

Tower's nomination was torpedoed by fellow Republicans who testified that the former Texas senator engaged in drinking and womanizing. The Bush White House made available a 140-page summary of an



Chung: Fund-raising link



Shelby: Has fought Lake's nomination

FBI probe — not the raw data itself — in an effort to save the nomination.

Among those most critical of the way the nomination was handled was Shelby. Then a Democrat — he switched parties after the Republican congressional victories in 1994 — Shelby charged that the Bush White House "poured gasoline all over (Tower)." Then he voted against Tower.

Tower was the first Cabinet-level nominee defeated on the Senate floor since 1953. His ordeal led to much debate by politicians and pundits. But in ensuing years, scurrilous personal leaks about nominees have been the rule. "The normal procedure is a kind of senatorial assisted suicide," said Ross Baker, a political scientist at Rutgers University.

Norman Ornstein of the American Enterprise Institute said Shelby's first postponement of the Lake hearings was "reasonable." The Justice Department was looking into complaints that Lake misled Congress about Bosnia and failed to divest himself of energy stocks that posed a conflict of interest. On Feb. 7 Lake was cleared of criminal wrongdoing but fined \$5,000 over the stocks. Four days later, Shelby put off the hearings again. "The second postponement was for the purpose of killing the nomination," Ornstein said.

But President Clinton has stood by Lake, a camera-shy foreign policy expert who first angered conservatives when he quit the Nixon White House over the bombing of Cambodia in 1969.

With two Republicans on the 19-member panel — Lugar and John Chafee of Rhode Island — leaning toward Lake, as well as all nine Democrats, Lake probably will be approved. Monday, he picked up endorsements from three influential former senators: Republican Warren Rudman and Democrats David Boren and Sam Nunn.

Shelby said Sunday that the nomination could run into a "firestorm" on the Senate floor. He apparently is expecting the nomination to survive the committee hearings. The battle would then move to the full Senate, where Republicans outnumber Democrats 55-45.

► Fund-raising from ...

USA TODAY

TUESDAY, MARCH 11, 1997

FRANK GAFFNEY JR.

As long-awaited hearings begin today on Anthony Lake's controversial nomination to become the next director of central intelligence (DCI), the suspense over whether he can successfully run the Senate gauntlet has largely disappeared. Tony Lake's prospects are becoming those of a Dead Man Walking.

The more interesting question is: How much damage will Mr. Lake inflict on the Clinton-Gore team's triage operation — aimed at stanching the hemorrhage of ruinous revelations about communist Chinese influence operations — in the process of proving that he cannot be confirmed?

After all, Tony Lake will be the first senior Clinton administration official to appear under oath before a Senate committee with a responsibility — and, one must expect, a keen interest — to discover the extent to which Beijing's agents successfully gained access to the White House, to John Huang's Commerce Department and to congressional offices like those of California's Democratic Sens. Diane Feinstein and Barbara Boxer.

Last Tuesday, I suggested in this space that Tony Lake presided as national security adviser over what appears to be the most successful penetration of the White House by an unfriendly foreign government since the British took the place in the War of 1812. Information that has subsequently come to light only compound concerns about entrusting such a man with the job of assessing and countering hostile foreign intelligence activities.

This information also raises a host of questions about what President Clinton knew about China's offensive, and when he knew it. On Saturday, an unnamed White House official backgrounded The Washington Post that: "The White House was unaware of alleged Chinese efforts to funnel money into presidential campaigns [sic] until reading news accounts last month." By Sunday, however, this line of defense began to crumble.

After Vice President Al Gore's former chief of staff and President

Dead man walking . . . the confirmation plank?

Clinton's outgoing counsel, Jack Quinn, used this line on the record, ABC News' evening report featured further backgrounding to the effect that administration officials on the political side were kept in the dark about the FBI's information about Chinese penetrations. The story now goes that only the foreign policy side of the house knew about them, as long ago as June 1996 — and they failed to relay the information to the president.

If true, it is a scandal for Tony Lake, his former deputy and successor as national security adviser, Sandy Berger, and their NSC team. The latter would include not only those senior officials with responsibility for counterintelligence but also those handling the East Asia portfolio who met with the likes of Pauline Kanchanalak, a Thai businesswoman with ties to China and a Democratic donor of suspicious funds.

On the other hand, if, as seems far more likely, the FBI warnings about Chinese activities were passed from the NSC to the political types, but were ignored by the latter as inconvenient in the midst of a campaign determined to raise money from any source — including convicted drug dealers, Russian arms proliferators and, it appears, Chinese intelligence — the scandal is vastly more serious.

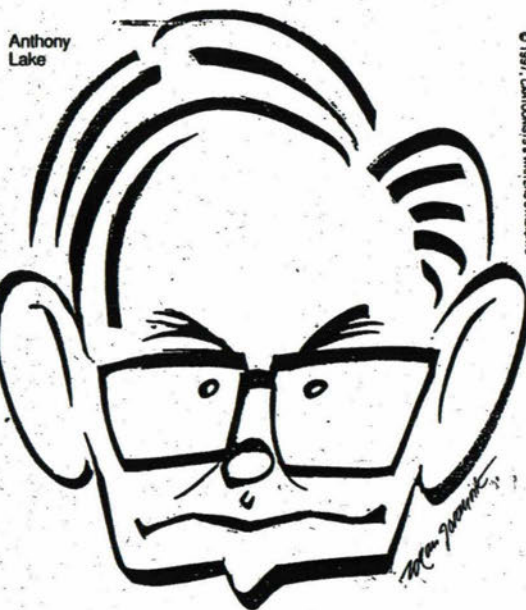
Mr. Clinton is not a man given to profound personal loyalties when his own interests are in jeopardy. Time and again, the plug has been pulled on Cabinet and sub-Cabinet positions when they proved controversial. None of the controversies to date, however — not the nanny problems, not the Radical Leftist writings, not the problematic records of two previous candidates for the DCI job — have posed anything like the possibly mortal peril to Mr. Clinton's own future that the China-Lake issue does.

Consequently, the president seems likely to conclude that Tony Lake is expendable. In fact, Saturday's New York Times reported that "Mr. Clinton has not done much to promote Mr. Lake's confirmation," regarding the CIA job as "a step

down" from the position of national security adviser and a post for which Mr. Lake is "overqualified." This smacks of an administration maneuvering to cut its losses.

Interestingly, it comes as the New Republic — a magazine reputedly considered required reading by Mr. Clinton, Mr. Gore and other self-styled "New Democrats" — published this week a devastating cover story titled, "The Great Equivocator: Why Tony Lake Should Not Run the CIA." While the author, Jacob Heilbrunn, takes pains to disassociate his criticisms from those of Mr. Lake's more conservative critics, he nonetheless arrives at basically the same bottom line: Tony Lake's record is one marked by dismal policy judgments, a lack of vision or the courage of his convictions and a seeming inability to make tough, to say nothing of sound, decisions. As Mr. Heilbrunn puts it: "Lake's view of the world, decisively shaped by the central event of his young adulthood, the Vietnam War, is rooted in moral ambiguity and ambivalence. From Cambodia to the Soviet Union, from Bosnia to the Middle East, Lake's career-long penchant has been to evade unpleasant realities and elide the differences imposed by clear moral choices."

(Interestingly, Mr. Heilbrunn notes that, "as one of the architects of the [Clinton] administration's China policy, Lake has been at the forefront in coddling Beijing. Lake, who has adopted the Clintonite obsession with markets — the term appeared 41 times in a recent speech — has insisted that the U.S. refrain from exposing Chinese efforts to export nuclear materials to Third World countries. No country will loom larger in the CIA's future calculations than China." As The Washington Times observed yesterday, this obsession with trade has seen the Clinton administration turn over one of the nation's premier military installations, the Navy base at Long Beach, Calif., to the Chinese merchant marine without a formal review of the obvious,



Anthony Lake

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adverse national security implications of doing so.)

These are qualities that would be undesirable in a director of central intelligence under any circumstances. Such an individual is clearly an unacceptable candidate for that post under the very difficult circumstances in which the U.S. intelligence community is currently operating.

Whether President Clinton decides to pull the plug on Anthony Lake's nomination as part of his own damage-limitation operation or the Senate concludes that Mr. Lake lacks the judgment, integrity and independence to serve as an effective DCI, the net result is likely to be the same: Tony Lake will not be allowed to make matters worse at the CIA.

Chairman Richard Shelby and

his colleagues on the Senate Intelligence Committee must work to ensure, however, that two positive things come out of this dismal nomination: First, the present hearings must thoroughly examine what just occurred with respect to China's efforts to advance its interests by, among other things, buying access and influence in Washington on Tony Lake's watch. And second, a high standard must be set so the nation can be assured that future nominees to run the American intelligence community do not have Mr. Lake's serious liabilities.

Frank J. Gaffney Jr. is the director of the Center for Security Policy and a columnist for The Washington Times.

The Washington Times

TUESDAY, MARCH 11, 1997

KEN ADELMAN

Minefield on the Hill

Anthony Lake comes before the Senate Intelligence Committee in that sometimes arduous, distinctly American, ritual of conformation hearing. Whether he becomes director of central intelligence turns on various factors, especially how he comes off in person.

Mr. Lake will be grilled on withholding information from the Senate committee on Iranian arms to Bosnia, his personal finances, past policy decisions made as President Clinton's national security adviser, and his relationship with the president.

Such straightforward subjects now shape a minefield. Confirmation hearings differ in dynamics from all other Hill hearings in government proceedings.

My grueling confirmation hearings, 14 years ago, still seem fresh. They lasted three months, nearly the time it's taken the Senate committee to begin hearing Tony Lake.

Then, as now, the nominating president was of a different party than the probing Senate. Then, too, the hearings came at a time of partisan antagonism and criticism of the administration's foreign policy. The agency for which the director was nominated was deemed demoralized.

Such particular circumstances add rancor to confirmation hearings. But institutional and political factors make them uniquely treacherous.

Senators usually feel themselves less powerful than executive officials (even though administration leaders oft feel the opposite.) Here, however, senators are all-powerful.

A nominee is wholly in the committee's, then the Senate's, hands. Confirmation hearings constitute the quintessence of John C. Calhoun's "government by concurrent majority." A willful band of senators can halt such a critical action as the appointment of a president's choice to implement his policies. Just as our separation of powers is unique, so ours is the only country with such a confirmation process. The procedure was concocted as a compromise in the closing weeks of the Constitutional Convention.

For the nominee, time becomes an enemy. He or she yearns to move into the new job and tackle its otherwise insignificant material. The opposition uses delay to keep the suspense alive or encourage the nominee or president to yield.

Journalists can become participants rather than observers. Hill opposition feeds material to friendly reporters while supporters do likewise to maintain a semblance of balance.

Above all, television news reigns supreme. This is unfortunate as TV thrives more on passion and controversy than a fair exposition of facts. Yet what TV shows shapes what senators think and feel.

While Tony Lake was already knowledgeable, and has reportedly read thousands of CIA memos and reports in preparation, his precise answers to senators' questions are necessary but insufficient. They deal with the facts rather than the underlying passions on a particular issue.

In these heated circumstances, one misspoken phrase can be a big deal.

Only a rare senator breaks from the pack to suggest that justice for the nation — the Senate's constitutional obligation to pass sound judgment on a nomination — has to be balanced by justice for the individual.

Too many serious public servants have had their reputations soiled during confirmation hearings. Clarence Thomas, Clement Haynesworth, Walter Hickel, Theodore Sorensen, William Clark, Ed Meese, Robert Bork, and sundry other decent men — from a host of different administrations — were treated roughly in the process.

Most made it through. Some did not. None thought the treatment fair. Abba Eban said, "politics is not for the fainthearted." Sometimes it is not for the fair-minded.

At risk, besides the nominee's reputation and president's prestige, is the willingness of outsiders or civil servants to join the top echelon of government. Confirmation rancor further discourages good people from putting themselves up for, and putting up with, public service.

Eventually, confirmation votes hinge upon how senators feel about the nominee as an individual — how qualified, decent, truthful.

After all the sound and fury, integrity becomes the supreme consideration. If the nominee conducts himself with decency and integrity, that shines through.

And that comes through, especially to senators who are keen at gaining a sense of the nominee. For they have reached the top of their profession largely due to their skill at sizing up people. As former House Speaker Sam Rayburn once said, "A man who can't size up another person when he walks in the room had better be in another profession."

Despite what he must now endure, Tony Lake will make it through this distinct, and distinctly unpleasant, proceeding. His integrity will shine through.

Ken Adelman is a columnist for *The Washington Times* and is nationally syndicated.

The Washington Times

TUESDAY, MARCH 11, 1997

White House, FBI accuse each other of lying about Chinese allegations By Robert A. Rankin Knight-Ridder Newspapers (KRT) 3/11/97

WASHINGTON In an extraordinary public dispute, the White House and the FBI all but accused each other of lying Monday as they tangled over what the FBI told the White House about China's involvement in U.S. elections.

First President Clinton said the FBI was wrong to tell two White House staffers last summer that they could not inform their superiors including him that China may have been making illegal donations to U.S. congressional campaigns.

Four hours after Clinton spoke, the FBI denied doing it.

Minutes later Clinton spokesman Mike McCurry issued a statement concluding that "the White House considers the FBI statement to be in error."

The rare round of public finger-pointing between the White House and the FBI was the latest twist in the campaign finance controversy that has bedeviled Clinton since October.

It started when the White House reported that the FBI told two National Security Council aides last June about the suspicions regarding China and that the FBI insisting on ground rules requiring the NSC aides to keep the information to themselves.

Clinton and other senior White House officials did not know about the FBI's information until mid-February, when news reports alerted them, the White House reported.

That was a mistake, Clinton complained at a White House news conference.

"First of all, yes, the president should know," Clinton said. The president said if he had known about the reports earlier, it would have raised "a red flag" to be on guard.

The FBI fired back in early evening, insisting that it had not kept the president in the dark on this sensitive matter of foreign policy. The FBI confirmed that senior bureau officials had briefed two NSC staff members "about the possible covert activities of a foreign government in the United States," but added that:

"The FBI placed no restriction whatsoever on the dissemination up the chain-of-command at the NSC on any information provided to the NSC senior staff by the FBI during the June 3, 1996 briefing."

McCurry then issued this retort:

"The White House legal counsel had very specific conversations with the NSC staffers in question and they are adamant in recalling specifically they were urged not to disseminate the information outside the briefing room. Therefore the White House considers the FBI statement to be in error."

The White House maintains that it still does not know why the FBI muzzled the NSC intelligence officers, which was a highly unusual procedure, if indeed it occurred.

White House officials said their inquiries to the Justice Department about the matter received guarded responses because of the ongoing Justice investigation into fund-raising practices that involve Clinton and Vice President Al Gore.

At the same time, Clinton holds final responsibility for the conduct of U.S. foreign policy, and the FBI's information on China obviously falls within that realm.

Moreover, the FBI saw fit to inform many Democratic members of Congress directly about the possible Chinese intrusion into their elections; news reports say between six and 30 Democratic lawmakers got FBI briefings last summer warning them about improper Chinese activities.

In addition, Rep. Nancy Pelosi, D-Calif., said FBI agents warned her in San Francisco as early as 1991 that China "is going to attempt to get funds into campaigns in the United States." Pelosi asked then Attorney General William Barr about the matter at a 1992 hearing, but Barr did not respond.

Speaking at a Capitol Hill news conference, Pelosi said she heard nothing more until last June, when the FBI repeated similar warnings.

Both of California's Democratic U.S. senators Dianne Feinstein and Barbara Boxer have acknowledged that they got such FBI warnings.

Why members of Congress but not the president?

Clinton was outwardly calm when discussing all this, but when asked why he didn't "seem particularly angry" about not being informed on such an important matter, the president responded this way:

"Well, what I seem and what I feel may be two different things."

Clinton stressed that these FBI reports were only "allegations" albeit "very serious" ones that have not been conclusively confirmed.

Nonetheless, the president said if he had known about the reports, he would have directed his staff to evaluate them and determine if any safeguards were needed.

Clinton said he has directed White House legal counsel Charles Ruff and National Security Adviser Sandy Berger to find out why the FBI acted as it did and to report back to him.

White House spokesman McCurry said they have been seeking answers since Feb. 17, but they are unsure when they might complete their inquiry because the FBI and Justice Department are being so guarded.

Asked why Clinton didn't just call FBI Director Louis Freeh on the telephone, McCurry said the White House doesn't want to be perceived as impeding an ongoing inquiry.

McCurry said Clinton retains confidence in Freeh as FBI director. Earlier however, in response to a suggestion that the FBI's failure to inform the president was "appalling," the White House spokesman said, "that's an idea that has not gone unnoticed."

On Capitol Hill, the new evidence of a "Chinese link" to last fall's U.S. elections spiced Senate debate on how broadly to investigate campaign-funding abuses.

Sen. Orrin Hatch, R-Utah, argued for a narrowly focused inquiry.

"We cannot allow ourselves, in an attempt to satisfy tendentious calls for a broad inquiry into congressional campaigns, to interfere with what is a serious matter involving the China link. Investigating the 1996 presidential campaign alone will involve a very substantial budget and a substantial amount of time," Hatch said.

But Sen. Carl Levin, D-Mich., a member of Governmental Affairs Committee that will conduct the investigation, insisted anew that the panel should conduct a broad-scale inquiry not only of the China link but of the role of "soft money" and independent expenditures in federal campaigns.

"These practices are not the sole domain of one political party," Levin said. "There will be no confidence in the credibility of this investigation if we don't look into all the abuses."

Senate starts Lake's confirmation hearings By Michael E. Ruane Knight-Ridder Newspapers (KRT) 3/11/97

WASHINGTON The Senate Intelligence Committee begins six days of hearings Tuesday on a top Clinton national defense nomination that of Anthony Lake to head the Central Intelligence Agency.

While Lake appears likely to win Senate approval after a good working over by committee chairman Richard C. Shelby, R-Ala. there are striking similarities between his case and the fall three years ago of Martin E. Halperin.

Ghosts of the Vietnam War hang over both men.

Like Lake, Halperin was a young White House staff intellectual who resigned in 1970 over the U.S. invasion of Cambodia and then sought a top national defense post in the Clinton administration.

Like Lake, he had conservative enemies in the Senate who saw him as too liberal and were determined to bring him down. In Halperin's case they succeeded.

Lake, who was the national security adviser in Clinton's first term, was nominated by the president to head the CIA amid the second-term cabinet shuffle that saw John M. Deutch ousted as head of nation's intelligence apparatus.

But Lake, a soft-spoken, low-profile insider, managed to make Republican enemies, especially over the administration's policy of winking at Iranian arms shipments to Bosnian Muslims during the recent Balkan war, and not informing Congress.

He has also been faulted for failing to sell off promptly oil stock holdings after White House lawyers told him he faced a potential conflict of interest. He had to pay a \$5,000 settlement, though the Justice Department ruled no crime had been committed.

Lake's deeper problems with the conservatives, though, reach back almost 30 years to the bitterly partisan days of the Vietnam War. And here lies the similarity with Halperin.

Halperin, who had been out of government for two decades, was nominated by the president in March 1993 to a new Pentagon post, assistant secretary of defense for democracy.

But Senate conservatives with long memories recalled that Halperin had resigned from President Richard M. Nixon's National Security Council, then headed by Henry Kissinger, over the U.S. invasion of Cambodia during the Vietnam War.

Senate Republicans called Halperin "a radical" who opposed the war and supported liberal causes. Ten months after his nomination, Halperin withdrew his name from consideration.

Lake, too, had been on the White House staff, as a special adviser to Kissinger. He, too, resigned in 1970 over Cambodia. And like Halperin, Lake later sued when it was learned that Kissinger had probably wiretapped him in a search for news leaks.

One of reasons that Lake's Senate hearings have been twice delayed

has been Shelby's desire to examine the complete FBI file on Lake, which some have suggested might contain data from the wiretaps.

The FBI has offered summaries, which Shelby has rejected. "I would like to see a more complete background investigation," Shelby told CBS's "Face the Nation" on Sunday.

"I'm not trying to look at every wiretap," he said. "I think we have an opportunity and should have the opportunity to look at a more complete file. Will it be everything the FBI has on Mr. Lake? I'm sure it won't be."

While Shelby has permitted the hearings to go forward, others in the Senate have said they may block further action if a fuller FBI report is not forthcoming. Even if approved, as expected, by the intelligence committee, Lake's nomination must be confirmed by the full Senate.

But he does have many allies, and supporters believe his access to the president would be a major advantage for the beleaguered CIA.

Among them are John McCain, R-Ariz., a former Navy pilot and Vietnam War POW who opposed Halperin, and Massachusetts senators Edward Kennedy and John Kerry, both Democrats.

And, Senate Minority Leader Tom Daschle, D-S.D., said:

"It's a nomination that ought to be given the opportunity to be considered. ... Whether it's two days, four days, six days, I guess it's not the number of days as much as it is the way the nominee's been treated and the process overall that I'm concerned about."

Nationwide agrees to change policies on inner-city homes By Angie Cannon Knight-Ridder Newspapers (KRT)

WASHINGTON Buying a home in America's cities may become easier because of a settlement reached Monday between the Justice Department and Nationwide Insurance.

Nationwide, accused of racial discrimination by the government, will change its policies for insuring inner-city homes across the country under the agreement. Without insurance, buyers can't get mortgages.

Attorney General Janet Reno said the settlement would "bring the dream of owning a home within the grasp of many more Americans."

One change: Nationwide now will inspect the home's condition to decide whether it should be covered, instead of simply refusing coverage because the home is too old or falls below a certain value.

Nationwide, the fifth-largest insurance company, also agreed to provide \$2.2 million a year for six years to help minority home buyers with down payments, closing costs, below-market mortgage loans and home ownership counseling. The money will be spread out among up to 10 cities.

Richard Crabtree, Nationwide president, denied that his company had done anything wrong. Instead, he said the company "has identified urban America as a target market critical to our future."

However, the National Fair Housing Alliance, which first complained to the U.S. Department of Housing and Urban Development about Nationwide's practices, said the settlement was weak.

"It is a totally ridiculous amount of money for a company that has engaged in intentional, willful discrimination," said Shanna Smith, executive director of the housing alliance. "This isn't even a slap on the hand. The government should be ashamed to make this announcement."

Smith said the settlement pays no damages to anyone harmed by Nationwide's policies. Her organization, she said, has statements from Nationwide agents, including redlining maps with neighborhoods circled, in which agents were told to stop writing in these "salt and pepper neighborhoods" or to "quit writing blacks."

Agents in Philadelphia were told by Nationwide to keep their listings out of the phone book so blacks wouldn't call them, she said. Smith also said a Michigan agent was told to get rid of his "Detroit exposures."

The money from Nationwide will be administered by nonprofit community development organizations in up to 10 cities. The cities will be selected by Nationwide from a list of 15 that includes Philadelphia; Chicago; Atlanta; Cleveland; Cincinnati; Indianapolis; Charlotte, N.C.; Louisville, Ky.; Columbus, Ohio; and Toledo, Ohio.

In addition, Nationwide said last month it would open sales and service centers in Philadelphia, Baltimore and Cleveland by the end of the year and would invest \$1 million in each city.

Smith said the settlement would amount to about \$220,000 a year for each city. "How much of that will actually filter down to homeowners?" she said. "How far does \$220,000 go?"

The Justice Department began its investigation of Nationwide last July, and settlement discussions began in earnest in early October,

government lawyers said. Reno said no other insurance company currently was being investigated.

The Justice Department said that in Philadelphia, Nationwide did not offer replacement policies on homes valued under \$50,000 and did not offer repair-cost homeowners insurance on homes valued under \$45,000. If a home is destroyed, a replacement policy pays the amount it would take to completely replace the house, not just its market value.

In Philadelphia's minority neighborhoods, eight out of 10 homes are valued at less than \$50,000, according to the 1990 census. In comparison, about a third of the homes in white Philadelphia neighborhoods are valued under \$50,000.

Nationwide also discouraged replacement-cost policies on homes over 30 years old, the government said, and required that the market value of a home be from 70 to 80 percent of the replacement cost in order to obtain replacement-cost coverage. In many inner cities, homes sell for an amount that is significantly less than the cost necessary to rebuild the house.

FBI denies withholding donor warnings

By Susan Feeney and David Jackson
The Dallas Morning News (KRT)

WASHINGTON President Clinton said Monday that he should have been told last year about allegations that China was trying to influence U.S. congressional elections through campaign contributions.

He said that the FBI briefed two of his National Security Council intelligence aides in June 1996 but that the bureau insisted the information not be passed on to senior administration officials.

The FBI strongly denied that account, saying its officials never prohibited the information from being passed on. Justice Department officials later Monday suggested there had been a misunderstanding.

"The FBI placed no restriction whatsoever on the dissemination up the chain-of-command at the NSC on any information provided to the NSC senior staff by the FBI during the June 3, 1996 briefing," the agency said in a written statement.

The White House has been under fire since the fall for its contacts and fund raising in 1995 and 1996 among individuals with ties to China.

The Democratic National Committee has returned an unprecedented \$3 million in campaign contributions for which it could not confirm the source. Some of those donations came from individuals with connections to China.

The FBI's warnings to the National Security Council and to several members of Congress occurred last June. Of the warnings, Clinton said, "I absolutely did not know it was done."

The president said that the FBI officials who briefed his intelligence aides "for whatever reasons, asked that they not share the briefing, and they honored the request."

Clinton said: "Why that is, I don't know. But anyway, that happened."

Even after the FBI denied that it forbade sharing the warning, the White House NSC aides stood by their version of events.

"They are adamant in recalling specifically that they were urged not to disseminate the information outside the briefing room," White House spokesman Mike McCurry said. "Therefore, the White House considers the FBI's statement to be in error."

Justice Department officials said the matter appeared to be a misunderstanding. They said that the FBI advises other departments of the government to handle sensitive information with caution and that in this case the National Security Council apparently misunderstood that to mean they could not share the information with anyone else.

The latest controversy coming a day before the Senate votes to set the parameters of its campaign-finance investigation provided new fuel for Republicans who are calling for Attorney General Janet Reno to appoint an independent counsel to examine fund-raising practices by the president's campaign and the Democratic National Committee.

However, a Justice Department lawyer stressed that any "political espionage" by China would not necessarily trigger the independent counsel law.

"You would have to have a covered person" such as the president or vice president "knowingly soliciting or accepting those contributions," one attorney said, adding that so far there is no evidence that anyone in the White House or Congress knew of any attempts by China to buy influence.

Had he known about the FBI concerns regarding China, it would have raised a "red flag," Clinton said during a joint news conference with Egyptian President Hosni Mubarak, who was visiting the White

Clinton Presidential Records Digital Records Marker

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Divider Title: **March 10, 1997**

Concerns About Huang Had Surfaced Before White House Helped Get Him Job

By GLENN R. SIMPSON
And DAVID ROGERS

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — Senior White House aides learned that Commerce Department officials had concerns about John Huang in mid-1995, several months before the White House helped place him in a sensitive fund-raising job at the Democratic National Committee.

Mr. Huang's ties to the Lippo Group, an Indonesian financial conglomerate, came up during an internal White House inquiry into the company's relationship with Webster Hubbell. During the meeting Harold Ickes, former deputy White House chief of staff, was told that people at the Commerce Department described Mr. Huang as "bad news." According to several people familiar with the matter, officials at the department were worried that Mr. Huang's government work posed a conflict with his past employment at Lippo. Several months later, Mr. Ickes helped Mr. Huang transfer from the Commerce Department to the DNC and yesterday he said he couldn't recall being told of any concern.

Mr. Huang's role in aggressive fund-raising by the DNC from Asian sources, including almost \$1 million from Lippo-related donors, has become the focus of a massive federal inquiry into possibly illegal meddling in U.S. elections by foreign interests. The Federal Bureau of Investigation and the Justice Department are examining whether China or private companies such as Lippo, which has extensive holdings in China, sought to influence the administration and Congress. In 1995, the FBI warned six members of Congress about possible approaches by China advocates, the Washington Post said yesterday. The warnings included the possibility of illegal Chinese campaign contributions.

Extensive Contacts Cited

Mr. Huang's Commerce Department logs and calendars also show that he had extensive contact with members of Congress and their staffs despite his largely bureaucratic job, which wasn't supposed to involve much congressional lobbying.

The FBI has questioned Commerce Department officials about Mr. Huang's contacts with members of Congress and their staffs, one official said yesterday. In at least one case, the contact involved renewal of most-favored-nation trade status for China.

At a news conference yesterday, Democratic Sen. Dianne Feinstein of California confirmed that the FBI warned her last June that China might attempt to funnel campaign contributions to U.S. lawmakers. "There were no specifics about who or how or whether or what to look out for," the senator said.

In August 1994, an aide to Republican



John Huang

Rep. Dennis Hastert of Illinois, left a message with Mr. Huang giving Mr. Hastert's position on the issue: "In favor of renewing China's MFN status." Mr. Hastert said yesterday he has never spoken to Mr. Huang.

On three occasions, twice in 1994 and once in 1995, Rep. Howard Berman, a California Democrat, called Mr. Huang at his office. Mr. Berman, a member of the International Relations Committee, has been active on issues involving Taiwan and China. Like several other legislators with whom Mr. Huang had contact, Mr. Berman received campaign contributions from Mr. Huang. His staff said he couldn't be reached. Nine other Democratic lawmakers, many of whom also received contributions from Mr. Huang, also contacted his office.

Earlier Warning Given

The concern about China moving money into the U.S. to influence campaigns isn't entirely new. Democratic Rep. Nancy Pelosi, also of California, who has been a long-standing critic of China's government, said the FBI office in San Francisco warned her of money coming into the U.S. in the early 1990s. She later raised the issue with then-Attorney General William Barr at a hearing, saying she knew the Justice Department had information about attempts by China to steer "political contributions to the members of Congress who are sympathetic to China's position or to persuade them to be interested in China's position."

Rep. Pelosi said last week that FBI officials met with her last year to alert her to potential overtures from China. She said yesterday that the timing appeared similar to the FBI meeting with Sen. Feinstein.

White House lawyers first came across Mr. Huang when they learned in the spring of 1995 that Mr. Hubbell had done legal work for Lippo Group in the brief period between his resignation as associate attorney general from the Justice Department and his late 1994 conviction for fraud.

That summer, Jane Sherburne, a White House lawyer handling the Whitewater matter, briefed Mr. Ickes about issues related to Lippo Group, including Mr. Huang and his work at the Commerce Department. The substance of the concerns about Mr. Huang related to his continuing ties to Lippo while working for the government.

Mr. Ickes said yesterday he didn't recall being told of the concern and would have raised it with Mr. Huang and others before the appointment to the DNC.

According to one person familiar with the meeting, Mr. Huang was a minor element of the discussion and Mr. Ickes might have forgotten it by the time he met Mr. Huang later.

The White House yesterday declined to comment. Mr. Hubbell's employment by Lippo is currently being investigated by Independent Counsel Kenneth Starr.

—Jeffrey Taylor and Robert S. Greenberger contributed to this article.

Top of page:

Col 1: Feature on Korea. Moving later.

Cols 2-5: Feature on children who commit suicide. Moving later.

Col 6: Past and present aides to President Clinton insist the White House's upper echelon was not warned by the FBI of a possible Chinese government bid to funnel campaign money to congressional members, but Republican leaders say the mystery of who knew about it widens the fund-raising controversy. (DONATE-TIMES, moved.)

Below fold:

Col 2: With the most prosperous region of his country in the hands of well-armed insurgents, Albanian President Sali Berisha agrees to form a new "government of national reconciliation" and hold fresh elections. (ALBANIA-TIMES, moved.)

Cols 3-4: Rap music star Notorious B.I.G. is shot to death in Los Angeles as he leaves a music industry party, a brazen attack that is the second murder of a "gangsta rap" celebrity on a public street in the last six months. (with art) (RAPPER-TIMES, moved.)

Col 5: The risk of developing Alzheimer's disease can be reduced by as much as 60 percent by frequent consumption of the common anti-inflammatory drug ibuprofen over two years or longer, a massive study has shown. (ALZHEIMERS, moved.)

Bottom of page:

Cols 1-3: A chilling lust for riches and a resentment of society's rules propelled the leader of two armor-clad bank robbers who fought Los Angeles police to the death in the city's most spectacular shootout of a quarter century, the man's half brother says. (SHOOTOUT, upcoming.)

Cols 5-6: One of Washington's nastiest political dramas will break into the open this week when Senate hearings begin on the nomination of former White House national security adviser Anthony Lake as director of the CIA; Lake will face off against his chief tormentor, Sen. Richard C. Shelby, R-Ala., who chairs the committee. (LAKE, moved.)

3/10/97
Aides: White House Elite Unaware of Warning on China Funds (Washn) By David G. Savage and Richard A. Serrano (c) 1997, Los Angeles Times

WASHINGTON Past and present aides to President Clinton insisted Sunday the White House's upper echelon was not warned by the FBI of a possible Chinese government bid to funnel campaign money to congressional members, but Republican leaders said the mystery of who knew about it widens the fund-raising controversy.

"I certainly wasn't advised of that. And the president wasn't advised of that," said former chief of staff Leon Panetta, who left office in January. Current Chief of Staff Erskine Bowles said some "mid-level staffers" at the National Security Council knew of the intelligence warnings, but were told not to pass the information to higher-ups.

The question of when the White House first heard of the alleged attempt by China to influence the U.S. political system could prove crucial, Republicans said. The Democratic National Committee has already been obliged to return thousands in questionable campaign contributions because they came from fund-raisers with business links to China, such as John Huang, a former Commerce Department official; Johnny Chung, a California businessman; and Charles Yah Lin Trie, a former Arkansas restaurateur.

Last year, the FBI briefed at least six members of Congress, including Sen. Dianne Feinstein, D-Calif., after receiving evidence that China had targeted them to receive laundered campaign funds through Asian donors. Lawmakers speculated Sunday the money may have been designed to buy favorable votes for China on retaining its Most Favored Nation trading status.

"Billions of dollars of trade are involved" on that issue alone, Sen. John McCain, R-Ariz., said on CNN. Returning to Washington Sunday afternoon from California, Feinstein said at a news conference she was exasperated with the FBI because its agents gave her little useful information at the briefing she received June 14.

She said they told her nothing about who might be involved, how much money was donated, and what their purpose might have been in contributing to her campaign. "The information was vague and nonspecific," she said.

Senate Judiciary Committee Chairman Orrin Hatch, R-Utah, said it is "amazing" if no warnings of the FBI's suspicions were passed on to the top levels of the White House.

"If the FBI knew that China and other Asian countries were trying to exert influence in our society with the White House and with Congress, and they knew enough to warn six members of Congress, it seems to me the White House certainly had to be warned too," Hatch said on Fox News Sunday. If top officials were alerted in advance, "that makes this problem and these allegations even more serious than before," he said.

But joining Panetta and Bowles in saying that top White House officials had not been briefed on the issue was Jack Quinn, the White House counsel until last December. Quinn added that he found it "a bit baffling" that he and other senior officials were not told of the intelligence reports involving China.

"I do not believe that any senior White House (officials) were aware of that," Quinn said on CBS' "Face the Nation," regarding the FBI warnings.

Other Republican leaders suggested the White House may have been kept in the dark because it had already come under suspicion. "There's a potential for people in the White House to be under investigation in this attempt," said McCain. "So I think that's why they were not informed."

Still a third Republican senator said he plans to press staff members with the National Security Council, which is considered part of the White House, this week to disclose what they knew and who they informed.

Sen. Richard C. Shelby of Alabama, who chairs the Senate Intelligence Committee, said he expects the issue to arise as his panel begins long-stalled confirmation hearings Tuesday on Clinton's nomination of former NSC director Anthony Lake to head the CIA.

"We're willing to go as far as we need to get the information we think is pertinent," Shelby said.

An FBI spokesman said the bureau would not comment on why the president was not told of the possible Chinese meddling in U.S. politics.

The latest twist in the furor over questionable campaign donations and fund raising prompted renewed calls from Republican leaders for the naming of an independent counsel to handle the probe into the matter.

Attorney General Janet Reno has resisted the calls to appoint an outside counsel, saying she has not been given specific evidence of a criminal violation involving a top executive branch official.

Hatch said the revelations of the past week including fund-raising phone calls from the White House made by Vice President Al Gore and that first lady Hillary Rodham Clinton's chief aide accepted a \$50,000 check at her office there from Chung, the California businessman should trigger the appointment of an independent counsel.

White House officials have insisted the first lady's aide, Margaret Williams, was merely an innocent conduit between Chung and the DNC. But Time magazine reported in its latest edition that the check's delivery followed a meeting between Chung's lawyer and an aide to Williams.

Feinstein, at her news conference, speculated that she might have been targeted by Chinese donors because of her long interest in U.S.-Asian interests. She added that she plans to discuss the issue Monday with FBI Director Louis J. Freeh.

Of the six members of Congress allegedly targeted by China to receive illegal contributions funneled through foreign corporations, Feinstein is the only one whose name has surfaced publicly.

Donors to DNC May Have Violated Agent Registration Law (Washn) By Robert L. Jackson (c) 1997, Los Angeles Times 3/10/97

WASHINGTON When John Huang and other friends of the Clinton administration brought potential donors with foreign interests to meetings at the White House and other federal offices, they may have run afoul of more than campaign finance laws, according to legal experts.

A Justice Department task force is examining a range of violations that may have occurred as the administration solicited millions of dollars in donations for the 1996 presidential election.

Among the laws being scrutinized is the Foreign Agents Registration Act, which requires those who engage in political activities or solicit money on behalf of a foreign country, a foreign corporation or a foreign businessman to register with the Justice Department.

Legal authorities said half a dozen or more intermediaries who arranged meetings with the president or other U.S. officials for foreign-linked donors seemed to have engaged in the activities covered by the law. Yet none ever registered as a foreign agent.

Violation of this law may be another reason that an outside independent counsel should be appointed to take over the Justice Department's campaign finance probe, some authorities said.

Huang, the central figure in both Justice Department and congressional investigations of the foreign-money controversy, interceded for officials of the Lippo Group an Indonesian firm and his former employer in setting up meetings at the White House and the Export-Import Bank, according to documents and statements by others.

Huang, who is under subpoena by congressional investigators, also is suspected of seeking influence on behalf of the People's Republic of China. He has declined to discuss the allegations.

The Justice Department has initiated prosecutions under the Foreign Agents Registration Act only three times in the past 30 years, and it achieved no convictions. One case was settled out of court, another was dropped when the prosecutor resigned from his job and the third resulted in a conviction that was overturned on appeal because of the statute of limitations.

Heather Hunt, an attorney with the Justice Department's foreign agents registration section, agreed to respond to questions about the law without reference to specific cases or individuals.

"If you're representing a foreign businessman or acting as an intermediary ... to influence U.S. policy, yes you'd have to register," Hunt said.

In most cases, Huang and other friends of Clinton who arranged meetings for actual or potential campaign donors at the White House or elsewhere are not believed to have received a fee for their services. Such people also included Arkansas lawyers Mark W. Grobmyer and C. Joseph Giroir, both of whom interceded with Maria L. Haley, director of the Export-Import Bank and a former Arkansas associate.

"Whether you're paid or not paid by the foreign interest is not relevant" to a person's obligation to register as a foreign agent, Hunt said. "Money is not a factor."

Marshall J. Breger, a law professor at Catholic University in Washington, said the requirement to register "depends on why the intermediary brought a foreign businessman to a meeting at the White House or some other agency."

"If he can say with a straight face, 'I just wanted him to see what the Oval Office looked like and to have coffee,' then that would not

require registration under the act," Breger said.

"But if the purpose of the meeting was to discuss U.S. policy" such as, "We would like you to change your policy toward Taiwan, or change your policy granting most-favored-nation status to China" then that would require registration under the act," he said.

Hunt said a lawyer or lobbyist might not have to register under the act if that person already had registered with Congress as a lobbyist. But in the case of Huang and others, none has ever registered with Congress, according to the latest public filings.

Charles Lewis, author of "The Buying of the President" and director of the nonpartisan Center for Public Integrity, commented that the apparent violation of registration laws "is another reason that a special prosecutor should be appointed."

Referring to Huang and others, Lewis said, "It's pretty apparent they're doing the bidding of foreign corporations or foreign countries such as Taiwan or China. I'm sorry, but they have to register somewhere for that. That's exactly what those laws were designed for."

ANALYSIS: Lake Confirmation Hearing Portends Free-for-All (Washn) By James Risen (c) 1997, Los Angeles Times 3/10/97

WASHINGTON One of Washington's nastiest political dramas will break into the open Tuesday when hearings begin before the Senate Intelligence Committee on the nomination of former White House national security adviser Anthony Lake as director of the Central Intelligence Agency.

Lake will face off against his chief tormentor, Sen. Richard C. Shelby, R-Ala., who chairs the committee. The two have little in common.

Lake is a Harvard graduate (magna cum laude) and has ties to Cambridge, Princeton (where he earned a doctorate degree), the State Department, the Carnegie Endowment and Mount Holyoke. He is a member of the country's Northeastern elite but never has been elected to anything more exalted than the Worthington, Mass., Planning Board.

Shelby of Tuscaloosa, Ala., is a graduate of the University of Alabama and its law school and has served in the Senate more than 10 years. A Democrat who was punished for opposing the president's 1993 budget plan, he changed his party affiliation and is now a Republican chairman who is in position for some payoff.

The two sides in this political drama have been preparing for the collision for months, fighting over FBI files, trading accusations, whispering innuendos, spinning facts for the media and dealing out leaks like poker cards. It has turned into that rare Washington set piece, a test of wills between two men backed by powerful partisan forces the Democratic administration and the Republican Congress.

The latest twist in the ongoing confrontation between the White House and Shelby came Sunday, in response to a new report about alleged efforts by China to funnel illegal campaign contributions into U.S. politics last year. According to the report, staff members at the National Security Council, which Lake headed, were informed by the Justice Department of an FBI investigation into the allegations concerning China, but President Clinton and other senior White House officials were not briefed. Shelby said he will raise the issue during Lake's confirmation hearings to find out whether a breakdown in the system kept the president in the dark.

All this has earned the Lake nomination comparisons to the ugly battle over Sen. John Tower's failed 1989 nomination by President Bush to become secretary of defense.

To stave off a similar fate, Lake has aggressively and successfully courted the old boys' network at the CIA, dining with retired spies, bringing others into the White House for private chats, promising anxious CIA alumni that he will stay at the agency for four years and take an active management role in its espionage operations. The CIA's public affairs staff, meanwhile, has referred inquiring reporters to talkative retired officers, and Lake's NSC staff has "inspired" friendly op-ed pieces in major newspapers while providing background sessions with reporters on Lake's leadership role in the administration's foreign policy successes.

Firefights between Shelby and the White House have been breaking out almost daily: over Lake's FBI file, over NSC contacts with controversial Democratic fund-raisers, over White House claims of executive privilege on documents related to U.S. policy in Haiti. The White House has resisted many of Shelby's requests, prompting him twice to ratchet up the pressure by delaying Lake's hearings. Exasperated White House officials said that, as soon as they meet Shelby's conditions on one issue, he piles on new demands, raises new questions.

"This is torture by QFR," admits one Capitol Hill Republican, using Congress-speak for "questions for the record." "The opposition has reached critical mass," said a gleeful Frank Gaffney, an ultra-conservative defense analyst who is both widely credited and blamed for starting the drumbeat against Lake. Now, with virtually the entire conservative wing of the Republican Party lined up behind Shelby and Clinton demanding that the Senate consider the matter, the Lake nomination has evolved into a foreign policy surrogate for the clash of cultures between the White House and the GOP Congress. Stuck in the middle is the CIA, an agency already numb from a bad case of the post-Cold War blues. Reeling from a rapid-fire succession of scandals its highest-ranking officer ever to be charged with espionage just pleaded guilty to selling out to Moscow last Monday the last thing the CIA needs is a partisan congressional battle over its leadership and its direction "I think it is safe to say that the attitude among career employees is that they are dismayed by what is happening," said one U.S. intelligence official. "The longer this goes on," declared Richard Stolz, a former chief of the CIA's clandestine operations who has been consulted by Lake, "the more damage it does to the agency." Shelby has carefully avoided committing himself to voting against Lake, but that has not stopped him from making the nominee's life miserable. He has ordered the committee staff to conduct a complete scrub of Lake's life and his record as national security advisor. He also makes it clear that he does not believe Clinton thought very carefully about the likely Senate response to a nominee who was a central player in all of the most controversial foreign policy actions of the president's first term, from Bosnia to Haiti and beyond.

"I think this nomination surprised a lot of people," said Shelby. "It's surprising that the president would nominate someone that would bring controversy with him to a post as important as the CIA. It's troubling. I have a lot of unanswered questions and I'm not alone."

Even Democrats acknowledge that the Republicans have raised some serious questions on Lake's record as national security advisor, his commitment to keeping Congress informed of secret policies and whether he has provided objective information and analysis on administration policies that he helped craft.

Lake knows that, too. So, behind closed doors, he has been subjected himself to "murder boards" intensive mock congressional hearings staged by his staff.

Shelby and others remain troubled by Lake's involvement in Clinton's 1994 decision to give a green light to Iranian arms shipments into Bosnia without telling the CIA, the Pentagon or Congress. Sen. Arlen Specter, R-Pa., who chaired the Intelligence Committee at the time, has circulated a letter to every other senator stating that Iran-Bosnia should be the central issue of the Lake nomination. Lake's failure to notify Congress of the secret policy, Specter has charged, calls into question whether he can be trusted to keep Congress informed of CIA operations.

Feud Between White House and Richard Shelby Is 4 Years Old (Washn) By James Risen

(c) 1997, Los Angeles Times 3/10/97

WASHINGTON Bad blood between Sen. Richard C. Shelby, R-Ala., the chairman of the Senate Intelligence Committee which will hold confirmation hearings on Anthony Lake for director of the CIA, and the Clinton White House dates back four years, to the administration's first major legislative battle: the 1993 tax and budget bill.

Then-Democrat Shelby chose to announce his opposition to the president's budget in the midst of a photo opportunity with Vice President Al Gore. "The taxman cometh," he said.

Furious, the White House yanked 900 National Aeronautics and Space Administration jobs out of Alabama and moved them to Texas. To make sure Shelby got the message, the White House then denied him tickets to a South Lawn ceremony honoring the University of Alabama's championship football team.

Later, on the night Deputy White House Counsel Vincent Foster committed suicide in July 1993, President Clinton tried to make amends. Shelby was Foster's next door neighbor in Washington and after comforting Foster's wife and family Clinton, always the politician, went next door to talk with Shelby.

But Shelby "never seemed interested in repairing the breach," said one source. And in November 1994, just days after the Republicans took over Congress, Shelby switched parties.

Study: 1 in 7 L.A. High Schoolers Has Packed a Weapon (Los Angeles) By Richard Lee Colvin (c) 1997, Los Angeles Times

LOS ANGELES Citing the threat of random street violence and the menace of gangs, one in seven Los Angeles high school students says he has carried a weapon to school for protection, according to a detailed new study.

The weapons of choice for most are knives, sharpened screwdrivers, razor blades and the like. But in the survey scheduled for release Monday, 2.5 percent of the students questioned at 11 high schools said they brought a gun on campus. And 1.4 percent said they bring a weapon every day, making it as much a part of their school routine as a textbook or a calculator.

They clearly have not been deterred by the Los Angeles Unified School District's policy of making random checks with metal detectors. Nearly half of the high schoolers were unaware their schools had such a policy.

The survey, which covered 1,802 Los Angeles Unified School District high school students, was conducted in 1995 and '96 by the American Civil Liberties Union of Southern California with the help of researchers from California State University, Los Angeles, and the University of Southern California. The schools represented the geographic diversity of the district.

Titled "From Words to Weapons: the Violence Surrounding Our Schools," the two-yearlong study was financed in part by the California Wellness Foundation.

The issue of school safety has been high on the national agenda since U.S. Senate hearings in the mid-1970s. In 1994, the national Council of the Great City Schools reported that 83 percent of urban superintendents and school board members listed violence and gang activity as their top concern.

Such findings have caused many to believe that urban schools are dangerous. Nevertheless, the survey depicts the schools in the nation's second-largest district as relatively safe islands compared to their surrounding communities, where violence is pervasive and guns are plentiful. About 49 percent of the students said they could "easily" get a gun and 25 percent said they would have to pay less than \$50 for it.

Only 14 percent of those surveyed said weapons are a means of repelling on-campus attacks, while 39 percent said it was fear of gang-related violence that led students to arm themselves. Another 30 percent said a weapon offered protection getting to and from school.

It's not always necessary to use a weapon for it to be effective, said one ninth-grader. He said he once brought a knife to school, "because I was gonna get jumped by a bunch of people." All he had to do was show it, he said, and they left him alone.

The survey found some differences by race in whether students had armed themselves. While 9 percent of the white students said they had carried a weapon to school, 13 percent of the Asian-Pacific Islanders and Latinos and 22 percent of the African American students said they had.

"The students that attend here know nothing but how to be violent," one respondent from Jordan High School in the heart of South-Central Los Angeles wrote in the survey. "I also think the biggest cause of violence ... is where the students live and how they live."

A chilling 70 percent of the students at Jordan said they had witnessed a drive-by shooting near campus. More than a third of the respondents in the entire survey had seen a fellow teen-ager shot in their neighborhood, and 41 percent had witnessed a drive-by shooting.

In one of their most disturbing conclusions, the survey's authors said the Los Angeles school district "has clearly been unsuccessful" in implementing a consistent policy for using metal detectors to deter pupils from carrying weapons. In 1993, after fatal shootings at two high schools, the district began requiring administrators to conduct daily, random searches of some students using a hand-held metal detector.

Intelligence panel wants to question Lake's former staff

By Joyce Price
THE WASHINGTON TIMES

The Senate committee reviewing Anthony Lake's nomination to head the CIA wants to interrogate his former staff at the National Security Council, the panel's chairman says.

Sen. Richard Shelby said yesterday that the Senate Intelligence Committee might meet "in a closed session" to discuss reports that the FBI told some NSC staffers in 1995 that China was trying to buy influence with the Clinton administration and Congress. According to a report in *The Washington Post*, the president was not made aware of this.



Shelby

"If they didn't know about it, what broke down? Something is broken," Mr. Shelby, Alabama Republican, said on CBS "Face the Nation." "Sen. [Bob] Kerrey [the panel's ranking Democrat] and I have asked the White House for the Intelligence Committee staff to be able to interrogate a number of National Security Council staffers.

"That has not been worked out yet. . . . We are working together in a bipartisan fashion to try to work that out," the chairman said.

Confirmation hearings for Mr. Lake, delayed for more than a month, are set to begin tomorrow.

Mr. Lake, former national security adviser, has secured the support of a majority on the Intelligence Committee. The GOP has only a one-seat margin.

There are some links between the NSC staff and the White House's questionable campaign fi-

nance practices last year. Mr. Shelby says Mr. Lake has not explained why NSC staffers met with Thai businesswoman Pauline Kanchanalak, a lobbyist who helped raise \$250,000 that the Democratic National Committee later returned.

"Given the allegations about Chinese involvement in DNC fundraising, this is an area for some serious questioning about potential influences on policy," Mr. Shelby said on the Senate floor last week. He has said he plans closed-door meetings into the administration's policy toward China.

The Intelligence Committee chairman has sought unsuccessfully to get access to the complete FBI files on Mr. Lake.

FBI Director Louis Freeh has offered to turn over a three- or four-page summary. But Mr. Shelby says that is inadequate.

Mr. Shelby at one point vowed to suspend the hearing process until he was given direct access, but strong criticism from Democrats and some Republicans prompted him to reset a hearing date.

Conservative Republicans don't like Mr. Lake, who resigned from Henry Kissinger's National Security Council in 1970 to protest President Nixon's decision to bomb Cambodia.

As President Clinton's national security adviser, Mr. Lake has been at the center of the administration's foreign policies for the past four years.

Critics such as Mr. Shelby and Sen. Jesse Helms, North Carolina Republican, are disturbed that Mr. Lake and President Clinton kept the Senate in the dark about a secret policy that allowed Iranian arms to flow into Bosnia to help the Muslims. Officially, the United States was supposed to be supporting an arms embargo in the former Yugoslavia.

The Washington Times

MONDAY, MARCH 10, 1997

Nominee for Top C.I.A. Post Braces for Senate Showdown

A By ELAINE SCIOLINO

WASHINGTON, March 7— In the middle of a recent briefing at the Central Intelligence Agency on the drug war, Anthony Lake was shown an aerial photograph of a cultivated field.

"Why, that's wheat," announced Mr. Lake, President Clinton's former national security adviser and the man in line to become the nation's spy master.

"That's amazing!" one of the briefers said. "How did you know?"

Mr. Lake said he had been a farmer for more than a decade.

He paused. "Another thing," he said in his quiet voice. "It says 'wheat field' on the top of the photo."

The group of nearly a dozen intelligence officers was clearly amused.

As he awaits what promises to be grueling confirmation hearings next week, Mr. Lake is spending much of his time at the Central Intelligence Agency, practicing for a job that Senate Republicans seem reluctant to give him.

In the last few weeks he has devoured thousands of pages of documents, called on three dozen lawmakers and startled C.I.A. officials by walking in the public corridors of the agency's headquarters — all part of a campaign to fend off criticism that he is too liberal, too intellectual, too political, too non-managerial and too close to the foreign policies he helped fashion to lead the nation's vast, \$30 billion espionage apparatus into the year 2000.

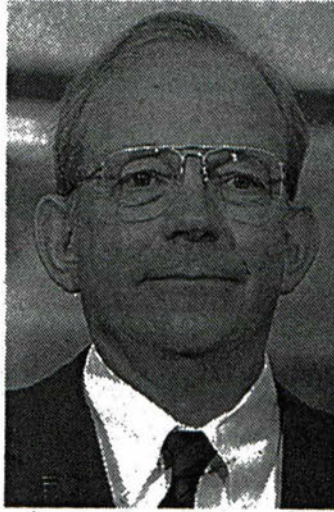
Some people on the far right have

Continued on Page 8, Column 1

Continued From Page 1

portrayed Mr. Lake, a very soft-spoken but very driven former academic, as a dangerous radical who has been soft on Communism ever since he resigned from the White House staff in 1970 to protest the American invasion of Cambodia.

With few close allies on Capitol Hill, he has also suffered from a backlash over the gentle treatment accorded to Madeleine K. Albright in her confirmation hearings as the first woman to be Secretary of State; some lawmakers are determined to make Mr. Lake a lightning rod for all the real or perceived failures of Mr. Clinton's foreign policy.



Anthony Lake

Reuters

More specifically, the Senate Intelligence Committee wants to know why Mr. Lake decided to keep Congress uninformed about the decision to allow Iranian arms to flow to the Bosnians, whether he and his subordinates were involved in political fund-raising activities and whether he ignored intelligence data in forging foreign policy decisions.

Even if Mr. Lake survives his confirmation hearings — twice postponed and now scheduled to begin on Tuesday — he will take over as Director of Central Intelligence at a time when public confidence in the C.I.A. remains low and the agency itself is reeling from spy scandals, botched covert operations and five directors in five and a half years. The reports from analysts are considered uneven at best, and morale is so bad that the agency has begun an internal investigation into why so many of its good people are leaving.

Mr. Lake insists, however, that taking on what is considered one of the toughest and least rewarding top jobs in Washington would be the culmination of his government career. A man who early in the Clinton Administration told visitors he would not stay more than two years in Washington as he showed them a photograph of cows on his farm, he now gushes about the prospect of overseeing the C.I.A. and the nation's other intelligence agencies until Mr. Clinton leaves office.

"I just can't think of a more interesting job in government," he has said. "I hate to be bored, and God knows, this isn't boring."

As national security adviser, Mr. Lake loved reading raw intelligence reports from the field and drawing his own policy conclusions from them, a process that sometimes produced mixed results.

Relying largely on C.I.A. intelligence reports predicting terrorist acts against American diplomats in the Sudan, Mr. Lake was instrumental in the decision to withdraw the American Ambassador, Timothy Carney, and other American diplomats last year, over the objections of the Ambassador, senior Administration officials said. Some of the officials said that only later was it discovered that information given by a major informant was unreliable. But officials sympathetic to Mr. Lake said the decision was based mainly

Lake awaits a job that Republicans seem reluctant to give him.

on other intelligence.

Mr. Lake was so secretive as national security adviser that his own staff often learned about policy developments from their counterparts in other agencies. So it is not surprising that he has given few specifics of what he would do as the nation's intelligence chief, except to say he will make no sweeping structural changes or lay out any grand vision.

"Change comes through stability and continuity," one senior intelligence official said in summarizing what Mr. Lake has been saying. "And nothing big's going to change."

To that end, the official said, Mr. Lake will continue to implement a classified Presidential order signed by Mr. Clinton in the beginning of 1995 that formally defined the priorities for the intelligence community, including all necessary intelligence support for the military during its operations; emphasis on several "hard targets" around the world, like Russia, China, Iran, Iraq and North Korea, and global threats like

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Divider Title: **March 7, 1997**

Clinton Aides and a Proposal to Build a Chinese Power Plant

By RICHARD W. STEVENSON

WASHINGTON, March 6 — For American companies eager to crack the vast but frustrating Chinese market, it was a big deal when Commerce Secretary Ronald H. Brown announced on a trade mission to China in 1994 that he had secured an agreement for the Entergy Corporation of New Orleans to help build a \$1 billion power plant 250 miles north of Beijing.

"The public sector-private sector partnership envisioned by President Clinton is working well," Mr. Brown said at the time, hailing his department's willingness to use its muscle to pry open opportunities for American business abroad.

But the deal collapsed, unheralded, about six months after Mr. Brown's announcement, yet another victim of the political, economic and cultural difficulties that plague foreign companies trying to obtain a toehold in China.

China never bought the \$450 million worth of parts and supplies from the United States that the deal called for, and Entergy never received its 20 percent, or \$37.5 million stake, in the power plant, in Datong.

The project has another legacy. Entergy's partner in the project was the Lippo Group, the company controlled by the Riady family of Indonesia, which has been at the center of questions about whether the Clinton Administration traded access and influence over policy for campaign contributions.

Around the time that the Commerce Department was working to win agreement on the deal from the Chinese Government, businesses controlled by the Riadys employed Webster L. Hubbell, the former Associate Attorney General and a close friend of Mr. Clinton.

Mr. Hubbell had left office to face criminal charges that stemmed from the Whitewater investigation. The Whitewater independent counsel is now examining Mr. Hubbell's 1994 income to determine whether his employment by the Riadys and by others with ties to Mr. Clinton were intended to discourage him from cooperating with investigators who were looking into the Clintons' finances.

Mr. Hubbell, who recently completed an 18-month prison sentence, has denied that his employment after leaving the Administration played any role in his dealings with prosecutors during the case. And Mr. Clinton has said he does not think that there was any improper influence on Mr. Hubbell or the White House from the Riadys.

Entergy, which also owns the electric utility that serves Mr. Clinton's

home state of Arkansas, has been among the most active American companies in China. It is involved in another power plant in Taishan, in Guangdong Province in southern China, and it is considering other investments.

A spokesman for Entergy, Patrick Sweeney, said the Commerce Department's involvement in the deal had been minimal. He said the company had been ready to sign the formal memorandum of understanding before the trade mission led by Mr. Brown in August 1994, but held the signing ceremony with Chinese officials during the mission because the chairman of Entergy, Edwin A. Lupberger, had signed up to travel with Mr. Brown.

"The trade mission was coincidental," Mr. Sweeney said. "There was nothing that happened because of the trade mission that would not have happened anyway."

Commerce Department officials

Putting the hows and whys of an international project under a microscope.

said the Entergy project had not been high on Mr. Brown's priority list on the trip, which centered on trying to help bigger companies like the Chrysler Corporation and the McDonnell Douglas Corporation.

Entergy's involvement in the failed Datong project dates from well before Mr. Hubbell announced his resignation from the Justice Department on March 14, 1994.

Entergy said it signed a nonbinding agreement to work on the project that month, and Commerce Department officials said the nonbinding agreement was reached a month earlier.

A spokesman for the Commerce Department, Jim Desler, said the American Embassy in Beijing had provided some help to Entergy before Mr. Brown's trip. But Mr. Desler said he did not know whether the assistance began before the signing of the nonbinding accord in March 1994.

— Mr. Brown died in a plane crash in Bosnia a year ago.

Within months of the signing, the deal went awry. Mr. Sweeney said the main problem was that not enough water was available to cool the plant, causing the project to collapse for engineering reasons. Commerce Department officials said their understanding was that the Chinese authorities did not feel that the deal would be profitable.

"The project is dead," Mr. Sweeney said, "and as far as Entergy is concerned it's dead for good."

The New York Times

FRIDAY, MARCH 7, 1997

Diary Suggests Huang Wanted Badly to Keep Security Clearance

By Paul Blustein
Washington Post Staff Writer

A voluminous diary kept by a former top aide to the late Commerce Secretary Ronald H. Brown contains potentially damaging material about John Huang, a central figure in the political fund-raising controversy buffeting the White House, according to sources familiar with the diary's contents.

The diary, which was kept by William W. Ginsberg, Brown's former chief of staff, has been subpoenaed by congressional investigators.

Consisting of 12 volumes, the diary's existence has flabbergasted Commerce officials, who recall the sensation generated three years ago when a journal kept by Joshua Steiner, then chief of staff to Treasury Secretary Lloyd Bentsen, was subpoenaed and made public during the early stages of the investigation into the Treasury's handling of the Whitewater probe.

One of the passages of the Ginsberg diary that could cause trouble for the administration is an account of a conversation suggesting that Huang, a former Commerce official, was anxious to keep his top-secret security clearance even after he left the department to join the Democratic National Committee in December 1995.

Republican congressional investigators have said they wonder whether the Chinese-born Huang sought access to classified information to help his former employer, the Lippo Group of Indonesia, or some other foreign entity.

No evidence has surfaced indicating that Huang, a naturalized U.S. citizen, was leaking state secrets during his 18-month tenure as a deputy assistant secretary for international economic policy. But Republican suspicions have been aroused because he received a

payment of about \$800,000 when he left Lippo to join the Commerce Department, and Lippo, which is run by an ethnic Chinese family, maintains business ties with a bank owned by the Chinese government that has been linked to Chinese military intelligence.

Ginsberg jotted notes of a meeting he held in December 1995 with Huang's boss, Assistant Secretary Charles F. Meissner, to discuss a request by Meissner and Huang for Huang to maintain a consultant's job with Commerce. Huang was then preparing to join the DNC as a finance vice chairman.

Ginsberg wrote the single word, "Why?" and next to that, the words "Keep his security clearance," according to a page in the diary obtained by The Washington Post. That, according to people familiar with Ginsberg's account, indicates that Meissner was citing Huang's desire to keep his security clearance as a reason for seeking his consultancy.

Meissner died, along with Brown, in a plane crash in Bosnia a year ago. Huang was denied his consultancy by other top Commerce officials, but thanks to what Commerce officials have described as a bureaucratic foul-up, he kept his security clearance until late last year because paperwork for the proposed consultancy had been sent to the Defense Department and wasn't retrieved.

The diary also discloses that Ginsberg attended frequent meetings at the White House during last year's presidential campaign with chiefs of staff of other Cabinet departments, to discuss how Cabinet officials could be helpful to President Clinton's reelection effort without violating legal restrictions on their political activities.

Starr Complaint Sent to Judges

By Toni Locy
Washington Post Staff Writer

An ethics complaint filed against Whitewater independent counsel Kenneth W. Starr has been referred to the chief judge of the U.S. District Court and the appeals court judge who heads the special panel that appoints the special prosecutors.

In a March 3 letter, the six-member Committee on Grievances for the U.S. District Court informed Francis T. Mandanici, a public defender in New Haven, Conn., that judges now will consider his allegations that Starr has several conflicts of interest and should be removed as independent counsel.

Attorney Joseph E. diGenova, the chairman of the grievance committee, said yesterday that the committee's move meant little, if anything, because Mandanici's charges fall outside the panel's jurisdiction. "We don't have jurisdiction over conflicts of interest," diGenova said.

By referring the complaint to the judges, diGenova said, "We were not making a judgment on it one way or the other. It's not in our ball court."

Mandanici, a registered Democrat, has filed several similar complaints against Starr here and in Arkansas.

In this case, he is asking that Starr be disciplined for his "financial, political and personal conflicts of interests" in investigating President Clinton and first lady Hillary Rodham Clinton.

In his complaint, Mandanici listed several examples, from Starr's continued representation of tobacco companies that oppose Clinton to his recent acceptance and then rejection of a Pepperdine University deanship that is bankrolled by Richard Mellon Scaife, a southwestern Pennsylvania newspaper publisher who is an ardent Clinton foe.

The court's grievance committee referred Mandanici's complaint to Chief U.S. District Judge John Garrett Penn and Judge David B. Sentelle of the U.S. Court of Appeals for the D.C. Circuit.

The Washington Post

FRIDAY, MARCH 7, 1997

FINAL

IN BRIEF

Pena's Nomination Receives Double Boost

The nomination of Federico Peña as energy secretary moved closer to approval yesterday with the endorsement of a key committee and a promise by Republican leaders to push for an early Senate vote, probably next week.

The Energy and Natural Resources Committee voted 19 to 0 to confirm Peña to the Cabinet post. One member, Sen. Rod Grams (R-Minn.), withheld support because of a disagreement with the White House over nuclear waste disposal.

The dispute over the disposal of thousands of tons of nuclear waste now at civilian power plants held up the committee's action on the nomination for nearly a month. Sen. Frank H. Murkowski (R-Alaska), the committee chairman, said he hoped to get a floor vote on the nomination as soon as possible. He called Peña, a former mayor of Denver and transportation secretary during President Clinton's first term, clearly qualified to head the Energy Department.

Senate Majority Leader Trent Lott (R-Miss.) said Peña's nomination likely would come up for a Senate vote next week. He is expected to be confirmed easily.

While winning bipartisan praise from committee members, Peña's nomination was used by several Republican senators to highlight their disagreement with the White House over what to do with thousands of tons of waste stored at civilian nuclear power plants. Murkowski and other GOP senators on the committee want the administration to support legislation that would require construction of a temporary waste storage site in Nevada.

The White House has refused to endorse the bill, saying no decision on an interim site should be made when the government is still considering whether to build a permanent underground repository, also in the Nevada desert.

The Energy Department is to determine next year whether the proposed permanent burial site at Yucca Mountain, 100 miles from Las Vegas, is scientifically acceptable for waste that will remain radioactive for thousands of years. Congress has designated that Nevada location as a permanent repository if it passes scientific and geological muster.

Peña is among three of Clinton's Cabinet nominees still awaiting Senate confirmation. The other two, Alexis M. Herman as labor secretary and Anthony

Lake as CIA director, face problems in the Senate but are expected eventually to be confirmed.

—Associated Press

Hackers Pierce NASA Net

Computer hackers found their way into NASA's No. 1 Internet site and posted a political manifesto Wednesday, forcing the U.S. space agency to take the popular location off-line, a spokeswoman said yesterday.

The hackers, who called themselves H4G13, left a message online claiming responsibility. Brian Dunbar, NASA's Internet services manager, said the group berated officials for jailing well-known hackers and promised to launch an attack on corporate America for commercial use of the Internet.

"During the next month, we the members of H4G13 will be launching an attack on corporate America. All who profit from the misuse of the Internet will fall victim to our upcoming reign of digital terrorism," the message said.

The message was up for about half an hour and the site was operating as usual yesterday morning, Dunbar said. It was the first time hackers had broken into that NASA server, located at the Goddard Space Flight Center in Greenbelt. NASA officials said they would move the public Web page, at www.nasa.gov, to a new server.

Besides providing information for public use, the server is used by NASA scientists and researchers to exchange information on solar research. The data is considered "proprietary," but not classified. It was not clear whether the hackers had access to the data. Dunbar said NASA was investigating.

—Reuter

Intoxication Limit Bill

States would have to reduce their legal intoxication limits or lose part of their federal highway construction funds under a bill introduced yesterday by two Democrats.

Rep. Nita M. Lowey (N.Y.) and Sen. Frank J. Lautenberg (N.J.) said at least 500 alcohol-related deaths could be avoided yearly if all 50 states adopted a 0.08 limit on the amount of alcohol in a driver's blood. States set their own limits for blood alcohol content, which is 0.10 in most. Lautenberg said 13 states already use the 0.08 threshold and two states have no limit.

—Associated Press

The Washington Post

FRIDAY, MARCH 7, 1997

Key Senator's Crusade to Block Anthony Lake From CIA Post Puzzles Intelligence Watchers

By CARLA ANNE ROBBINS
Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — Who is Richard Shelby and why is he saying those terrible things about Anthony Lake?

Until recently, the Alabama senator was best known for being the first Democrat to bolt the party after its crushing 1994 defeat. As the new GOP chairman of the Senate Intelligence Committee, he is waging a public crusade to block Mr. Lake's nomination to head the Central Intelligence Agency.

Sen. Shelby questions the former national security adviser's political ideology and personal integrity, suggesting he may have had a role in everything from illegal foreign campaign contributions to an alleged White House cover-up of Chinese missile sales to Pakistan. Mr. Shelby rejects a Federal Bureau of Investigation summary of Mr. Lake's past as "shallow" and incomplete. And after the Justice Department cleared Mr. Lake of criminal charges for failing to sell a block of energy stocks, Sen. Shelby dismissed the results — and the \$5,000 civil settlement — as unsatisfactory and "arbitrary." He says: "This is his Justice Department."

Conflicting Views

Sen. Shelby says he has taken on the fight because the CIA job is so important and Mr. Lake so "controversial" that he must ask tough questions and "follow the facts." Others suggest a more personal mix of ideological conviction, partisan politics and a long-standing feud with President Clinton — including the case of the missing football ceremony tickets.

After weeks of wrangling and delays,

VALUJET INC.

Carrier to Resume Service Between Atlanta and Dallas

ValuJet Airlines said it will resume service between Atlanta and Dallas/Fort Worth International Airport on April 10 with four daily round-trip flights. The Atlanta low-fare airline said it will offer an introductory one-way fare of \$69 to Dallas, which has been a strong market for the carrier. The expansion will bring ValuJet's schedule to 154 daily departures to 22 cities. ValuJet Airlines, a unit of ValuJet Inc., has been rebuilding its operations after a crash last year led to intense scrutiny and a lengthy regulatory shutdown for safety reasons.



Richard Shelby

Mr. Shelby finally will convene confirmation hearings next week. But with the White House still balking at his demand to review Mr. Lake's raw FBI files, the chairman won't say when or if the nomination will come to a vote. "The way you finish the hearings is cooperation," he warns.

The Shelby-Lake face-off is both puzzling and dismaying to veteran intelligence watchers, including those who are less than enthusiastic about the nominee.

Some warn the fight is fracturing a traditionally bipartisan oversight committee, creating such ill will that several staffers are ready to bail out. Others worry that it diverts attention from more substantive matters like Mr. Lake's plans for intelligence reform or his managerial skills. "As an intelligence watcher I don't feel it's intelligence that's being watched," says Roy Godson of the National Strategy Information Center, a Washington think tank.

Requests for Data

With problems of his own, President Clinton has given his nominee only a sporadic public defense. The White House has also dragged its heels on several bipartisan committee requests for information, including documents showing what the National Security Council may have known about alleged death-squad activities in Haiti.

Sen. Shelby says he has no personal problems with Mr. Lake. "I haven't totally closed my mind to whether or not ultimately, if Mr. Lake were totally cleansed, I mean politically, of all these accusations and concerns that I wouldn't support him." At the same time, he traces his doubts back to what he calls a "duplicitous" Iran-Bosnia policy: Mr. Lake's intentional effort to keep Congress and particularly the Senate Intelligence Committee in the dark about the U.S.'s tacit support of Iranian arms shipments to Bosnia.

He isn't alone. In December, the committee issued a bipartisan report on the episode that said the administration came "perilously close" to an illegal covert action. It is a measure of the committee's historic bipartisanship that former Chairman Arlen Specter, a Pennsylvania Republican, and Vice Chairman Bob Kerrey, a Nebraska Democrat, intentionally withheld the report until after last year's presidential election.

Kerrey's Position

Committee watchers suggest Sen. Shelby may be reacting to that scrupulous bipartisanship. For years he and other committee conservatives chafed under the far more liberal Sen. Specter's chairmanship. Others say Sen. Shelby is responding to the GOP caucus as a whole and Senate Majority Leader Trent Lott in particular, who alternately cheers the anti-Lake cru-

sade and "mediates" when tempers rise too high.

Sen. Kerrey, a Lake supporter who fiercely opposed the request for the FBI files, says he hopes that sort of politicization isn't taking place. "What Sen. Shelby and I both have to do is say no to our caucuses," adding that after Sen. Shelby's decision to go ahead with the hearings, "I'm feeling more optimistic."

And then there is the Clinton-Shelby feud and those football tickets.

In 1993, then-Democratic Sen. Shelby grabbed headlines and angered the newly



Anthony Lake

elected Mr. Clinton by criticizing his new economic plan in three withering words: "The taxman cometh." White House passions grew hotter the next day when Vice President Al Gore invited Sen. Shelby into his Capitol office to patch up things. The senator arrived with television cameras in tow and proceeded to lecture an obviously surprised Mr. Gore about the plan's deficiencies.

The White House struck back. First, it threatened to have 90 space agency jobs transferred from Alabama to Texas. A month later, when the football team from Sen. Shelby's alma mater — the University of Alabama — was honored on the White House lawn, he received only one ticket though Alabama's other senator, Howell Heflin, got 15. White House staffers then leaked the story to prove how tough the new Clinton team could be.

Sen. Shelby says he has forgotten all that, telling a reporter about how the president called him when he was sick with cancer. Moments later, he shows off a prized editorial cartoon of himself and Mr. Clinton as two gunslingers ready to draw. Brad Moody, a political science professor at Alabama's Auburn University at Montgomery, says Alabamians have no particular passion — or knowledge — about the usually low-profile Mr. Lake. "Kicking Bill Clinton in the shins" is good for Sen. Shelby's already-strong standing at home, he says.

In a Senate speech Wednesday night, Sen. Shelby gave what could be a preview of next week's hearings, outlining several areas for investigation, including NSC links to illegal campaign contributors, Mr. Lake's stock transactions, Iran-Bosnia, alleged political shaving of intelligence analyses and the less-than-satisfying FBI report. White House officials say they don't see anything new in the list. "He's fishing," said one.

Huang Kept Security Status After Job Ended

By GLENN R. SIMPSON
And DAVID ROGERS

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — A high-level Commerce Department official took unusual steps to retain a "top secret" security clearance for Democratic fund-raiser John Huang after he left the government.

Mr. Huang left his job at the Commerce Department in late 1995 to go to the Democratic National Committee, where he became embroiled in the current fund-raising scandal. According to notes of a December 1995 meeting, then-Assistant Commerce Secretary Charles Meissner apparently argued that Mr. Huang should remain a consultant to the department in order to retain his security clearances. Mr. Huang was never given a consultancy, but he did retain his top-secret security clearance for a year after leaving the government.

The new revelation comes from the working notes of William Ginsberg, a top aide to former Commerce Secretary Ron Brown. The notes, copies of which were obtained by The Wall Street Journal, paint a portrait of the extraordinarily deep involvement that the Commerce Department and other cabinet agencies had in political and fund-raising efforts during the 1996 campaign. Among other things, they show that senior executive-branch officials were briefed in frequent meetings held in the White House basement by Democratic campaign operatives on strategy, "message," and fund-raising developments.

The notes show that in December 1995, Mr. Meissner and Mr. Ginsberg discussed "John Huang being on ITA [International Trade Administration] consultant's list. . . Why? Keep his security clearance."

The notes offer no explanation of why Mr. Meissner was seeking a security clearance for Mr. Huang. Mr. Ginsberg and other Commerce officials also say they can't explain why, how or even whether the clearance, which was actually issued by the Department of Defense, was arranged by Mr. Meissner. Mr. Meissner died along with Mr. Brown in an April 1996 plane crash.

"It was unusual for him to come to me on the issue," Mr. Ginsberg said yesterday in an interview. He said he took no action on the request, and didn't speak to Mr. Brown about it.

Other notes by Harold Ickes, former White House deputy chief of staff, released last week show that Mr. Ickes discussed the Commerce consultancy with Mr. Huang shortly before Mr. Ickes helped arrange his transfer from Commerce to the DNC. Mr. Ickes hasn't commented on the arrangement and couldn't be reached.

The Federal Bureau of Investigation is

investigating a series of unusual events involving Mr. Huang's access to classified information. He received a security clearance five months before beginning his job at the Commerce Department, retained it long after he left, and received numerous intelligence briefings while at the Commerce Department on China, Vietnam and other matters of particular interest to his former employer, the Indonesia-based Lippo Group, whose executives have been major supporters of the president.

Mr. Brown was chairman of the DNC during the 1992 campaign, and many key Democratic operatives followed him to the Commerce Department. Mr. Ginsberg's notes also reflect continued involvement by Mr. Brown and other Commerce officials in campaign issues. White House officials argued yesterday that such involvement is neither unprecedented nor illegal. "It's our information that a primary purpose of these meetings was for political outreach and they occurred after hours in a room designated for political meetings in the White House," said spokesman Lanny Davis.

One February 1996 meeting of cabinet chiefs-of-staff with White House political director Doug Sosnik and Clinton campaign official Craig Smith featured a discussion of fund-raising goals. Mr. Ginsberg's notes record a discussion of the \$26 million raised by the president's re-election campaign and the need for more funds.

The notes appear to indicate that Mr. Sosnik sought names of possible attendees for White House "coffee" events for contributors. "Twenty-four 'coffees' for 10-15 people in the White House residence; if have names, we need to give to Sosnik," the notes of the meeting state. A White House official said yesterday that the coffee events referred to in the notes were for activists, not donors. But other recently released memos from this period discuss a set of 24 coffees for donors. In addition, only a handful of the White House coffees held in 1996 were nondonor events, according to the list.

According to Mr. Ginsberg's notes, the White House basement meetings also touched on polling, advertising strategy and the electoral map. There are comments attributed to "Mpenn," an apparent reference to the president's pollster, Mark Penn. In addition to going over the cost of media buys and how to find "swing" voters, Mr. Penn discussed with the government officials how to raise Mr. Clinton's share of the overall vote.

THE WALL STREET JOURNAL

FRIDAY, MARCH 7, 1997

Clinton donor questioned over payment to Hubbell

Pena clears panel for energy post

ASSOCIATED PRESS

Whitewater prosecutors yesterday questioned longtime Clinton donor Bernard Rapoport about why he paid \$18,000 to former Associate Attorney General Webster L. Hubbell, a witness whose failure to recall key events has frustrated investigators.

In an interview, Mr. Rapoport, a Waco, Texas, insurance magnate, said he hired Mr. Hubbell for six months in 1994 after being urged to do so by another longtime supporter of President Clinton, Truman Arnold, who runs an oil business in Texarkana, Texas, and has known Mr. Rapoport for many years.

Mr. Rapoport acknowledged he made the decision in the spring of 1994, about the time he stayed overnight at the White House.

Mr. Rapoport, who has frequent contact with the White House, said, "I probably told everybody I talked to in Washington that I had hired Webb. I don't remember telling the president," but he acknowledged he might have.

The Whitewater investigation for several months has focused on whether payments to Mr. Hubbell after his departure from the Justice Department in the spring of 1994 was hush money to keep him quiet and limit his cooperation in the Whitewater probe.

Mr. Rapoport said he under-

stood that Mr. Arnold was hiring Mr. Hubbell too. "Truman Arnold called me on the telephone" weeks after Mr. Hubbell resigned "and said 'we need to help Webb,'" Mr. Rapoport said.

Mr. Arnold said that Mr. Hubbell "can do some good for you and I think he can do some good for me," Mr. Rapoport recalled.

Asked to comment on Mr. Rapoport's account, Mr. Arnold's office in Texarkana referred calls to his Washington lawyer, Richard Ben-Veniste, who declined to comment.

At the time Mr. Rapoport and other Clinton allies hired Mr. Hubbell in 1994, Whitewater prosecutors were launching a criminal investigation of Mr. Hubbell that culminated with his guilty plea to two felonies and a promise to cooperate with Whitewater prosecutors in December 1994. Mr. Rapoport said he had no idea Mr. Hubbell was under criminal investigation when he hired him.

Prosecutors have been seeking Mr. Hubbell's assistance in their investigation of the Clintons. Hillary Rodham Clinton was one of Mr. Hubbell's law partners at the Rose Law Firm, which in the 1980s represented the Arkansas savings and loan at the center of the Whitewater investigation.

Mr. Hubbell's father-in-law, Seth Ward, worked at the S&I.

ASSOCIATED PRESS

A Senate panel yesterday overwhelmingly voted to approve the nomination of Federico F. Pena as energy secretary after a month-long delay involving a dispute with the White House over the disposal of nuclear waste.

The Energy and Natural Resources Committee voted 19-0 with one Republican, Sen. Rod Grams of Minnesota, voting present because of the nuclear waste controversy.

Sen. Frank H. Murkowski, Alaska Republican and the panel's chairman, said he hopes to get a floor vote on the nomination as soon as possible, perhaps even later today.

Mr. Pena, former mayor of Denver and transportation secretary in President Clinton's first term, was widely praised by both Democrats and Republicans as qualified and a man of integrity. Mr. Murkowski said the delay over the nuclear waste issue was not meant to reflect on Mr. Pena's qualifications.

But he said the issue focused attention on the dispute over whether to build an interim storage site in Nevada for tons of waste now held at civilian nuclear power plants in 31 states.

The White House has refused to endorse the Nevada site, saying no decision on an interim site should be made when the government is still considering whether to build a permanent underground repository in the Nevada desert.

The Energy Department is expected to determine next year whether the Yucca Mountain burial site is scientifically acceptable for waste that will remain radioactive for thousands of years.

Congress has designated that Nevada location as a permanent repository if there are no scientific or geological problems discovered.

Mr. Grams said he voted present because of Mr. Pena's "inability to provide specific answers" about the administration's intentions on the nuclear waste problem.

The Washington Times

FRIDAY, MARCH 7, 1997

Clinton Presidential Records Digital Records Marker

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

Divider Title: **March 6, 1997**

At White House, Scott described as magnet for trouble

Link to databases, Whitewater don't help 'untouchable'

By Paul Bedard
THE WASHINGTON TIMES

Marsha Scott, the president's former "hippie girlfriend", turned-White House fixer, has emerged as a fixture in many administration scandals, frustrating Clinton aides anxious to see her "shelved."

Miss Scott this week drew first lady Hillary Rodham Clinton deeper into a congressional probe into improper political use of taxpayer-funded White House databases. She also figures in Whitewater independent counsel Kenneth W. Starr's probe for acting as an interlocutor between President Clinton and Arkansas friend Webster L. Hubbell after his 1994 guilty plea on income tax evasion and fraud.

"She's trouble," said a Clinton associate.

White House colleagues said Miss Scott, a 30-year friend of Mr. Clinton's known to despise the national media, has won key assignments from the first family but sometimes has fallen victim to self-promotion and overpromising.

"She's the most important person in the White House. Just ask her," said a former Clinton aide who worked closely with Miss Scott.

Associates describe the 49-year-old Little Rock native as loyal, warm, well-intentioned and personable.

But they add that she's a politically naive name-dropper who at

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times flashed anger when Clinton aides didn't consider her important in the White House.

One example: Former White House Usher Chris Emery recalls Miss Scott arriving at the White House "tipsy" one night in 1993 and demanding a tour for herself and two of Mr. Hubbell's daughters, who were accompanying her.

When told the president wasn't home, she demanded that the usher ring the first lady, who was sleeping at the time — 11 p.m. The usher instead told her to call the first lady, who refused to give the tour.

Also, to get around the usher's office, which helps control access by aides to the White House's residential area, Miss Scott was placed on a short list of Clinton friends granted free rein to the facility. Mr. Emery said the list includes Margaret A. Williams, Mrs. Clinton's chief of staff, and New York lawyer Susan Thomases, a Clinton friend.

Most White House aides won't publicly talk about Miss Scott, describing her as an "untouchable" whose midrank titles belie her association with the Clintons. "I'm not going anywhere near this story," said a top Clinton aide.

In his book "Stranger Among Friends," former Clinton adviser on homosexuals David Mixner said that "because of that friendship and the access it created, her power was greater than her position... would suggest."

However, several White House officials just as strongly encouraged the writing of a report about Miss Scott in hopes of sidelining her.

"Look where people like [former White House administration director] Patsy [Thomasson] went after she came under press heat," said an official, noting that Miss Thomasson, a Clinton associate in Arkansas, was made chief of staff to Personnel Director Bob Nash, who ran Mr. Clinton's black-voter outreach with Miss Scott in Arkansas in the 1980s.

Miss Scott, who earns in excess of \$100,000, has held five jobs in the White House and is currently chief of staff to the personnel director.

She has ducked questions from the press about her varied roles in the administration, and the White House has taken the unusual position of blocking House investigators from questioning her, prompting threats of a subpoena.

Yet shortly after coming to Washington with Mr. Clinton in 1993, she discussed her job with the Santa Cruz (Calif.) Sentinel and complained that "at the White House the reporters are very jaded, very cynical."

Miss Scott is a child of Arkansas' "golden couple." Her mother, Leslie, was Miss Arkansas in 1945. Her father, Clyde L. "Smackover" Scott, from the oil-field town of Smackover, was a second-team All-American halfback at the U.S. Naval Academy and the University of Arkansas and a Silver Medalist in hurdles in the 1948 Olympics. He also played professional football for the Philadelphia Eagles in the 1950s.

Miss Scott met Mr. Clinton in Arkansas when she was 19, after she was hired to work on the campaign of the late Sen. William Fulbright. The man who hired her was James B. McDougal, the former Clinton business partner convicted in the first Whitewater trial.

In the interview with the Santa Cruz Sentinel, her adopted hometown newspaper, Miss Scott revealed that she briefly dated Mr. Clinton and then returned home after the relationship faded.

She later returned to help the Arkansas governor and played a key role in his 1992 campaign.

After his election, she took over the correspondence office and quickly fired many of the women who had worked there for years, sparking several negative reports about how the "little old ladies" were mistreated.

Helping the first lady renovate

the visitors' area was one of her early jobs. She even decided what type of flooring to use.

Miss Scott handled many of the president's personal chores, especially when they involved the Arkansas faction in the White House. For example, she counseled former Deputy Counsel Vincent W. Foster Jr. before he committed suicide and handled communications between the president and Mr. Hubbell after his December 1994 guilty plea in the Whitewater probe.

By last year, she had taken a position in the White House political affairs office, attending 18 controversial Clinton fund-raising "coffee" in over five months in 1996.

During that time she also was in charge of outreach to homosexual groups, promising that the president would back efforts to grant sweeping civil rights to homosexuals — promises that officials later disavowed.

But it is her well-documented effort to build a \$1.7 million, computerized Rolodex for the president and first lady that has dragged her into the public spotlight and into the cross-hairs of Rep. David M. McIntosh, Indiana Republican, who is probing the computer system for the House Government Reform and Oversight Committee.

In several memos describing the database, Miss Scott said she was working under orders from Mrs. Clinton, to whom she regularly provided updates.

Mrs. Clinton in January denied playing a role in developing the system, which holds the names of 355,000 Clinton friends and donors, but a new Scott memo released this week by Mr. McIntosh called that assertion into question.

In that memo, Mrs. Clinton endorsed Miss Scott's efforts to help the Democratic National Committee build a computer database identical to the White House's and the administration's sharing of information with the DNC.

• Brian Eleam contributed to this report.

The cloning ban and other moral matters

The announcements this month of the successful cloning of nine sheep and two monkeys — exciting and impressive as they were from a purely scientific perspective — have aroused a good deal of anxiety on the moral and spiritual front. New York's Cardinal John O'Connor has warned of the "evil" of human cloning; there has already been a hearing in the House about the ramifications of this latest technology; another is scheduled for next week in the Senate; and the National Bioethics Advisory Commission will be discussing the issue at its March meeting, and has been asked to submit a report to the president by the end of May. As politicians and religious leaders, scientists and civilians mull it all over and visions of "Frankenstein" and "Brave New World" trouble all our sleep, President Clinton's ban this week on federal funding of human cloning research was certainly welcome.

Mr. Clinton's executive order is an important signal, albeit one that is likely to have limited effect. The most adventurous cloning research in this country is done by private researchers who do not depend on federal largess — and could, thus, theoretically, afford to thumb their noses at the ban should they decide to go into the business of human farming. The president is fully aware of that and has asked that they declare their own "voluntary moratorium" on human cloning.

There's no reason, at least at the moment, to doubt that they will. On the other hand, the scientific impulse being what it is, it's not unthinkable that

someone, somewhere, someday will succumb to the temptation to create man all over again. The president's ban at least puts the scientific world on notice that that will be unacceptable.

In the meantime, every scientist who has commented on the clonings has expressed serious misgivings about extending the technology to humans. And, indeed, there has been no suggestion that even the successful cloners themselves have the slightest interest in applying their scientific achievement to humans. On the contrary, at least one of them, Ian Wilmut, creator of the Scottish sheep clones, is appalled at the idea — and was shocked when an interviewer casually referred to the possibility of cloning humans for body parts.

It is, and should be, a shocking notion. And Mr. Clinton clearly explained why. "Each human life is unique, born of a miracle that reaches beyond laboratory science," said the president as he announced the ban. "Any discovery that touches upon human creation," he went on, "is not simply a matter of scientific inquiry. It is a matter of morality and spirituality as well."

A very eloquent argument, indeed. One can't help wondering how Mr. Clinton squares that with his decision (on his third day in office, Jan. 22, 1993) to lift the ban on federal funding for fetal tissue research, or with his decision last year to veto the ban on partial-birth abortion, both of which assume a very much less exalted view of the sanctity of human life.

The mother of all databases

To add to the Clinton administration's woe over Vice President Gore's apparently illegal campaign fundraising, there were some disturbing revelations this week from Rep. David McIntosh, chairman of the House Oversight and Reform subcommittee investigating the Clintons' misuse of the 350,000-name, \$1.7 million, taxpayer-funded White House database.

After months of effort, Mr. McIntosh finally managed to wrest some documents from the White House on the subject — though as has become usual in these matters, the White House was recalcitrant until the word subpoena was mentioned. One of the documents produced was a June 1994, memo from senior White House aide Marsha Scott. Addressed to Harold Ickes, Bruce Lindsey and "The First Lady," the memo bears a handwritten response from Hillary Clinton: "This sounds promising. Please advise." And it shows pretty plainly that Miss Scott was eager, and the White House prepared, to mingle any and all lists of possible donors available to it into one giant campaign resource.

The memo sings the praises of the database, which Miss Scott created on orders from Bill and Hillary Clinton, as compared to PeopleBase, the inferior list Gov. Clinton had to make do with in Arkansas. Miss Scott's chief objection to PeopleBase is that "it was not user friendly." This she aimed to change for 1996 by completing the project by January 1995. She wrote, "We will then have a year to fully train and familiarize our folks to its many possibilities and uses." In any event, it's clear that the White House database was designed to have "possibilities and uses" besides that of a sort of giant Rolodex to facilitate invitations to state dinners and the like — which was the official White House description of the database after its existence was revealed by *Insight* magazine last year.

A former Democratic National Committee finance chairman has since revealed, of course, that he regularly used the database for fundraising purposes. And Mr. McIntosh was informed last week in a letter from White House Counsel Charles F.C. Ruff that the DNC received from the database the names of

tens of thousands of 1994 White House Christmas card recipients.

Nor were Christmas card lists all Marsha Scott was interested in sharing with the DNC, if her memo is any indication. "The time to act is now," she informed Messrs. Ickes and Lindsey and Mrs. Clinton. "Cloning or duplicating database systems is not difficult if carefully planned by a good design team. We have proven that it can also be done relatively quickly and inexpensively. Therefore, I suggest that instead of continuing with an old outdated system (PeopleBase) that does not meet our current demands, let my team work with the DNC to help them design a system that will meet our needs and technical specifications. We can show them what to do and then clone another system for our specific uses later on. Any information stored with PeopleBase could then be dumped into the new system and made available, when deemed necessary, to the DNC or other entities we choose to work with for political purposes."

The question here is whether the activities of Miss Scott and others in the White House, as this memo suggests, ran afoul of the Hatch Act, which quite simply forbids the use of government property — or the use of government workers on the taxpayers' time — for campaign purposes. White House spokesman and database spin doctor Barry Toiv insists that Miss Scott did no campaign work until she'd completed her full 40-hour workweek — as mandated by the Hatch Act. Perhaps she has the time sheets to prove that. But what of the "team" referred to in the memo? Who are they? Can they produce their time sheets? And was the team going to avoid using government property — various offices, telephones, fax machines, and the like, not to mention the database itself — when it got together with the DNC to further Bill Clinton's 1996 campaign? These are questions Mr. McIntosh will be trying to get straight answers to in the course of his investigation.

Beyond that, it is a bit chilling to imagine the Clinton White House "quickly and inexpensively" — and no doubt quietly — cloning databases. Maybe Mr. Clinton ought to ban federal funds for this sort of cloning as well.

Payment to an Ex-Clinton Aide Is Linked to Big Chinese Project

Records Show Hubbell Given Large Fees in '94

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By JEFF GERTH and STEPHEN LABATON

WASHINGTON, March 5 — In the months after Webster L. Hubbell was forced to resign to face a criminal investigation in 1994, the former Associate Attorney General received more than \$400,000 from about a dozen enterprises, including the organizers of a multibillion-dollar development in China that received the endorsement of the Clinton Administration, according to associates of Mr. Hubbell and to Government records.

Some payments to Mr. Hubbell came from businesses controlled by old friends and campaign donors of President Clinton, according to the friends and witnesses interviewed by investigators. Many of those who paid Mr. Hubbell, a former law partner of Hillary Rodham Clinton and one of the Clintons' closest friends, were regulars at the White House fund-raising coffees or overnight guests in the Lincoln Bedroom.

But the largest payments appear to have come from Hong Kong-based businesses controlled by the Riady family of Indonesia that have been dealing with the Chinese Government. These businesses are central to a \$2 billion American-Chinese joint project in the Fujian Province of China that received crucial backing from the Administration at about the same time that Mr. Hubbell was being paid, according to Government records and people who have been questioned by investigators.

The late Ronald H. Brown, who was then the Secretary of Commerce, announced the American endorsement of the project on a groundbreaking trade mission to Beijing in August 1994, two months after Mr. Hubbell was put on the payroll of a Riady family company. Afterward, an Arkansas associate of the Riadys left a message with a friend in the Administration saying the Riady-controlled Lippo financial group was "very happy" with the outcome of the trip.

A reconstruction from public records and interviews with witnesses, associates and former employers of Mr. Hubbell show that he was paid significantly more money than was previously known, far more in fact than he had earned as a lawyer in Little Rock, Ark., and from a wider variety of sources, many with close ties to Mr. Clinton.

It has been reported that Mr. Hubbell was paid about \$100,000 from companies controlled by the Riady family. But the new details show that his income was derived from businesses in Hong Kong controlled by the Riadys that have worked closely with the Chinese Government on the huge project in Fujian. The project includes development of a \$700 million power plant, a resort complex, a port and an industrial park.

The Whitewater independent counsel is now examining Mr. Hubbell's 1994 income to determine exactly

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who paid him, what work he may have done in exchange and whether any of the money was intended to discourage him from helping investigators who were looking into the Clintons' finances. That inquiry is increasingly overlapping with the newer investigations by Congress and the Justice Department into the fund-raising activities of the President and the Democratic Party.

All of the investigations share an interest in the same small circle of Democratic donors and fund-raisers, as well as in the ties of the Riady family to the Chinese Government and overseas Chinese business interests. Investigators suspect that these organizations may have tried to funnel money into the United States for political purposes.

The reconstruction of Mr. Hubbell's income shows that he was paid by a company controlled by Bernard Rapoport, a Texas businessman and longtime donor to Mr. Clinton's political campaigns who hired Mr. Hubbell in the spring of 1994, shortly after being named to a White House advisory committee for trade policy. Mr. Hubbell was also paid by a company controlled by Truman Arnold, a petroleum distributor in Texarkana, Tex., who was the top fund-raiser for the Democratic National Committee in 1995. It was Mr. Arnold who suggested to Mr. Rapoport that he consider hiring Mr. Hubbell.

And the reconstruction shows that Mr. Hubbell was on the payroll of Sun America Inc., a California financial services company controlled by Eli Broad, a close Clinton friend who, like Mr. Rapoport and Mr. Arnold, stayed overnight at the White House.

The Riadys, Mr. Rapoport, Mr. Broad, Mr. Arnold and their families and companies have donated nearly \$1 million to the Democratic National Committee in the last five years.

Feeling Frustrated And Isolated

In two interviews this week, Mr. Hubbell said he did not think it was appropriate to discuss the work he did for his clients in 1994 when he left the Justice Department.

"I'm not going to talk about my clients," said Mr. Hubbell, who was released from Federal custody last month after serving an 18-month prison sentence for overbilling his clients at the Rose Law Firm in Little Rock, where Mrs. Clinton also was a partner.

He has told friends that although he is not bitter about his prison term, he feels frustrated that some have questioned his integrity, and isolated by former friends who now shun him. He has also told friends that he has nothing incriminating to say about the Clintons, yet he has had a difficult time getting new clients because they fear they would get subpoenas.

"I made a very difficult, but the right decision, to plead guilty," Mr. Hubbell said today. "As part of that decision I agreed to cooperate. Since that time, I have answered every question and provided every document that has been asked of me by four special prosecutors."

"I have only declined to discuss my clients because I must honor their confidentiality," he said. "But who my clients were, how I got them, what I did for them and how much I was paid, has played absolutely no role in either my decision to plead guilty or how I have cooperated."

The President has said that he did not know about Mr. Hubbell's work for the Riadys until it became known in news accounts. Earlier today, responding to reports that prosecutors had subpoenaed the White House for records pertaining to the Lippo Group, Mr. Clinton said he did not believe there had been any improper influence by either China or the Riady family on Mr. Hubbell or the White House.

In response to questions about reports that had raised the issue in a general way, Mr. Clinton said, "The charge is serious; we need to get to the bottom of it."

"Any time you allege that another

The New York Times

THURSDAY, MARCH 6, 1997

government attempted to influence an American election, that's a serious thing and has to be looked into," he continued. "I have no personal evidence. But I want the investigation to proceed and I want the Justice Department to get to the bottom of it. And I expect that they will."

Once described by Mr. Clinton as his closest friend, Mr. Hubbell was named Associate Attorney General in 1993, the No. 3 post at the Justice Department. Indeed, Mr. Hubbell, rather than Attorney General Janet Reno, was the department's main contact with the White House.

Mr. Hubbell announced his resignation on March 14, 1994, stepped down on April 8, and on Dec. 6, pleaded guilty to two felony counts of mail fraud and tax evasion. At the time, he had few assets and heavy debts that included legal bills and large back-taxes and penalties. In a sign that investigators did not believe he had provided much useful information, prosecutors declined to recommend a reduction in his sentence.

Mr. Hubbell has said little publicly about the work he did for the Riady family or other clients. Last summer he told Congressional investigators on the Senate Whitewater committee that he was retained by one of the family's businesses in June 1994, but he declined repeatedly to say which one or what work he had done.

A month after Mr. Hubbell went to work for the Riadys, John Huang began working as a mid-level trade official at the Commerce Department. Mr. Huang, a central figure in the investigations of illegal donations to the Democrats in 1996, had been the Riady family's top American executive.

The Riadys have told associates that he got his job at the Commerce Department as a token of gratitude for the family's longstanding political support of Mr. Clinton.

Telephone logs from the Commerce Department show that, within days of Mr. Huang's arrival, he was called several times by Mr. Hubbell and by Arkansas friends like C. Joseph Giroir Jr., a Little Rock lawyer and one of Mr. Hubbell's former law partners, who were working with the Riadys on the China project.

The American endorsement of the long-pending deal was announced along with a group of other deals in August 1994, when Mr. Brown took a trade delegation to Beijing.

'Lippo Group Very Happy'

Lippo executives seemed delighted by the outcome. A few weeks after the trade mission to China, an Arkansas associate of the Riadys, Joseph O'Brien, a Little Rock businessman, left a telephone message with Maria Haley, a director of the United States Export-Import Bank, who had been a member of the trade delegation.

"Congratulations on your successful trip to China," said the message, made public last week along with other Government documents. "Lippo Group very happy."

Mrs. Haley, a longtime friend of both Mr. Clinton and Mr. Giroir from their days together in Arkansas, said in an interview that she had general discussions with Mr. Giroir and others involved in the project about the Export-Import Bank's loan procedures. She said that there was no application for any Federal-financing for the venture. On June 23, 1994, Mrs. Haley had what she described as a courtesy visit with Mr. Huang and James Riady, according to the Ex-Im Bank, a Government bank that finances American exports.

The China development project is in the native province of the Riady family, which, like other overseas Chinese, have returned to their roots to expand their business empires. The Fujian development is being organized by Hong Kong China Ltd., which is controlled by Lippo Ltd., part of the Riady conglomerate. Participants in the power plant project include an Arkansas energy company and Mr. Giroir.

According to current and former Lippo executives, Hong Kong China Ltd. has worked out deals with Chinese officials to obtain real estate, arrange permits and obtain significant financing for the project. Officials at Hong Kong China Ltd. said this week that the contracts and agreements for the project were almost completed.

Hong Kong China Ltd, which is based in Hong Kong, is a focus of the inquiry into Mr. Hubbell, according to witnesses interviewed by investigators. The company, as well as a senior executive, David T. Yeh, have been listed on Whitewater subpoenas issued in recent days, including one sent to the White House that the Administration disclosed this week.

The subpoena to the White House also seeks information about Stephen Riady, the family's main executive for its Chinese businesses, Hong Kong Chinese Bank, which is jointly owned by Lippo and a Chinese state-owned company, and Mr. Giroir, who formed a corporation in 1993 to match American companies with Riady businesses.

Federal agents working with the Whitewater independent counsel's office have also contacted others who employed Mr. Hubbell in 1994, including Mr. Rapoport, the head of American Income Life Insurance in Waco, Tex.

A Wide Range Of Legal Work

In an interview last week, Mr. Rapoport said he hired Mr. Hubbell to do legal work several weeks after he left the Justice Department. His work included an examination of how to do business in China. Mr. Rapoport, who stayed overnight in the White House on April 11, 1994, said he "never talked to the President" about hiring Mr. Hubbell.

Mr. Rapoport said he had been asked by Federal agents not to discuss how he came to hire Mr. Hubbell. But Mr. Rapoport was asked to do so by Mr. Arnold, the longtime Clinton friend from Arkansas, as a way to help Mr. Hubbell, according to an associate of Mr. Arnold who asked not to be identified.

Mr. Arnold, whose company also hired Mr. Hubbell, did not return telephone calls seeking comment.

Mr. Broad's company, Sun America, issued a statement saying that Mr. Hubbell was hired to assist the company "in its public-policy efforts to generate further interest in the development of a comprehensive national retirement savings policy to encourage Americans to save for retirement."

The company noted that it had retained Mr. Hubbell earlier in his career and that he had been "highly regarded." It added that his "engagement was terminated shortly thereafter when he entered a guilty plea to Federal charges."

An associate of Mr. Hubbell said he had also received income in 1994 from Mid-America Dairymen Inc. of Springfield, Mo. Dan Reuwee, a company spokesman, said he had been instructed by the company's lawyers not to respond to questions about Mr. Hubbell's employment there. Jack Williams, a Washington lobbyist from Arkansas who has worked for Mid-America Dairymen, also declined to comment.

Democratic circles have also figured in two other widely reported retainers that Mr. Hubbell received in 1994. He was paid \$24,750 by the City of Los Angeles to lobby the Clinton Administration, and he was paid \$5,000 by Time-Warner to work on an antitrust matter.

Many of Mr. Hubbell's friends, including some who helped him find clients, are now surprised to learn of his sizable income in 1994, three times more than the \$120,000 to \$150,000 average annual income he earned as a lawyer in Little Rock.

John Phillips, who helped Mr. Hubbell get a \$45,000 job with a California foundation and then reimbursed the organization after Mr. Hubbell failed to complete his assignment, said Whitewater investigators had described some of Mr. Hubbell's other work in 1994. "They led me to believe his income was a sizable amount, much more than he was telling people," Mr. Phillips said.

House Intelligence Committee to Investigate Possible Foreign Influence in '96 Elections

By TIM WEINER

WASHINGTON, March 5 — The House intelligence committee will investigate whether foreign governments tried to influence the 1996 elections in the United States, the committee announced tonight.

In a one-page statement, the committee, which oversees all United States intelligence agencies, said it was opening yet another Congressional investigation into aspects of political campaign financing, the fifth one under way in the Senate and the House.

The statement said the committee would look into "whether foreign governments have engaged in an effort to illegally influence U.S. domes-

tic political campaigns since November 1992."

A Government official familiar with the origins of the investigation said it would examine, among other things, whether the intelligence agencies of China or any other nation played any role in the American political process. He said it would also look at the security clearances granted to John Huang as a mid-level Commerce Department official and as a vice chairman of the Democratic National Committee. Mr. Huang is a central figure in the investigations of illegal donations to the Democrats for the 1996 campaign.

The Federal Bureau of Investigation has begun a preliminary investi-

gation, based on inconclusive fragments of information, into what role the Chinese Government might have played in legal or illegal lobbying of the White House and Congress, Government officials said.

The announcement of the House intelligence committee investigation came on a day when there were several other developments in the sprawling campaign finance saga:

Senate Republicans worked to resolve a dispute on the funding and scope of an investigation by the Governmental Affairs Committee. The proposal being shopped around by the majority leader, Senator Trent Lott of Mississippi, would focus the investigation on all illegal campaign activities in Presidential, Senate and House elections in 1996, and provide about \$4.7 million for the effort, Senator Thomas A. Daschle of South Dakota, the Democratic leader, said tonight.

The Buddhist temple where Vice President Al Gore attended a \$140,000 fund-raiser last year turned over documents to the Federal grand jury investigating campaign financing, the temple's lawyer said.

Mr. Gore reversed his position on the nature of the telephone calls he had made from the White House to raise money for the 1996 campaign.

Two days ago, in an unusual solo appearance at a White House news conference, he said he had charged the calls to the Democratic National Committee, for which he was raising money. Today, he said the calls were charged to the Clinton-Gore campaign. Although there was little or no substantive difference in who ultimately paid for the telephone calls, the matter is a small embarrass-

ment for Mr. Gore.

The former White House Chief of Staff Leon Panetta went on the ABC News program "Nightline" to defend the Administration's preoccupation with fund-raising. He said that the President and those around him thought they had to raise enormous sums to best the better-financed Republicans, who as they saw it had defeated important proposals on health care and won control of Congress simply because they had more money for television advertising.

Asked whether "that does come dangerously close to the ends justifying the means?" Mr. Panetta answered: "It comes close to recognizing the kind of political wars that we engage in these days. You know, wars have changed, as well, in terms of the weaponry that's used. It's high-tech, it's sophisticated, and it's expensive."

The White House said it would not release any more documents anytime soon from the files of Harold M. Ickes, President Clinton's former deputy chief of staff. Some 600 pages from those files were released voluntarily by the White House last week. They made it irrefutably clear that Mr. Clinton had been the captain of the 1996 fund-raising ship, and had enthusiastically endorsed a plan to invite the biggest campaign donors to spend the night at the White House.

A House committee investigating campaign fund-raising sought all relevant documents from Mr. Ickes; the White House released only some. Others — "quite a few" — reflect financial matters "that the Democratic National Committee considers sensitive," said the White House

spokesman, Michael D. McCurry. "And they presumably don't want to have those made public, or at least certainly don't want them shipped over to the Republican National Committee."

The Federal grand jury investigating campaign financing received records from the Hsi Lai Buddhist Temple in Hacienda Heights, Calif., which complied with a subpoena for documents, said the temple's lawyer, Ron Nessim. Mr. Nessim declined to say what the records were.

In April, Mr. Gore went to the

The number of campaign finance inquiries in Congress rises to five.

temple for a political fund-raising event organized by Mr. Huang.

Politicians generally do not use houses of worship to raise money. Religious organizations like the temple, as charitable institutions with tax-exempt status, are not supposed to hold such events.

Mr. Gore initially said he thought the fund-raiser at the temple was a "community event," not a fund-raiser. In January, Mr. Gore reversed his position, saying he had known that Democratic "finance people" would be at the temple.

In the matter of his reversal on how he paid for the telephone calls

made from the White House asking for campaign contributions, his spokeswoman, Lorraine Voles, said in a prepared statement: "On Monday, the Vice President said a political calling card was used to make phone calls on behalf of the D.N.C. And that was indeed the case. However, the calling card was issued by the Clinton-Gore campaign."

Mr. Gore has said he broke no laws in making the fund-raising calls from his White House office.

Nevertheless, said Kenneth Lyons, president of the 120,000-member National Association of Government Employees, Mr. Gore should resign for having used his White House office and Government-owned telephones to raise money. "I think many Democrats in their heart feel as I do — that Mr. Gore has dishonored the office of Vice President," Mr. Lyons said in a statement.

In the negotiations on Capitol Hill, Mr. Daschle said he could not agree to Mr. Lott's proposal because the \$4.7 million was too much money and the focus on illegal activities would exclude some gray areas the Democrats want investigated, like tax-exempt foundation money helping Republicans.

Senator Fred Thompson, the Tennessee Republican who is chairman of the Governmental Affairs Committee, had sought \$5.7 million for the investigation.

Democrats have argued recently that Mr. Thompson is hardly as non-partisan as his image, and say they want the leverage of a later vote to force at least a relatively evenhanded investigation. All but 2 of Mr. Thompson's first 54 subpoenas were aimed at Democratic money.

The New York Times

THURSDAY, MARCH 6, 1997

Barshefsky Confirmed By Senate

Vote on Trade Official Spurs Angry Debate

By Paul Blustein
Washington Post Staff Writer

The Senate yesterday confirmed President Clinton's nomination of Charlene Barshefsky as U.S. trade representative, but only after a bruising, four-hour debate underscoring mounting congressional restiveness with the administration's free-trade agenda.

Her appointment is still subject to House action on a waiver of a lobbying law.

Barshefsky, who has served as acting trade representative for nearly a year, won raves from a number of senators for her negotiating skills. Noting that she has been labeled the "Dragon Lady" in Asian capitals, Sen. Daniel Patrick Moynihan (D-N.Y.) declared: "The capacity Ambassador Barshefsky brings to the task is formidable to the point of being dazzling."

But her nomination ran into a legislative roadblock and withering criticism from Sen. Ernest F. Hollings (D-S.C.). "The dragon lady, the dragon lady, oh man, tough, tough, tough," Hollings scoffed. He asserted that Barshefsky had "given away the store" in a recent global trade agreement to open telecommunications markets, which he said would effectively rewrite longstanding U.S. laws restricting foreign ownership of communications companies.

The debate revolved around an amendment proposed by Hollings and Sen. Jesse Helms (R-N.C.) to the waiver bill needed to clear the way for Barshefsky's confirmation. The amendment, which would require congressional approval of all trade accords that involve changes in U.S. "law or practice," was strongly opposed by the White House as an excessive burden on its ability to negotiate trade deals.

The amendment was killed by an 84-to-16 vote, but even among the majority opposing it, several senators said they were doing so to avoid delaying Barshefsky's nomination, and they acknowledged that Hollings was raising some important issues about congressional prerogatives that should be considered later.

The development, according to administration officials and congressional staffers, was symptomatic of a growing sentiment on Capitol Hill in recent years to reassert Congress's constitutional authority over trade, which was largely ceded to the executive branch in the decades following World War II.

House and Senate critics of free trade are expected to put up a tough fight against the administration's effort to win new "fast-track" negotiating authority to expand the North American Free Trade Agreement. House Minority Leader Richard A. Gephardt (D-Mo.) also is seeking to require congressional approval of another administration trade priority, the admission of China to the World Trade Organization.

"I don't think anyone has any real concerns about Charlene's credentials as a trade negotiator," said Greg Mastel, a trade expert at the Economic Strategy Institute and a former Senate aide. "But Congress is more and more reasserting authority over trade, and this battle over Charlene's confirmation, and the coming battle over fast-track, are two struggles in that conflict."

Barshefsky's nomination has been complicated because she ran afoul of a 1995 law barring the president from appointing a trade representative who had worked for a foreign government. Before joining the administration in 1993, Barshefsky provided legal representation to the Canadian and Quebec provincial governments on some trade matters.

After killing Hollings's amendment, the Senate approved, 98-2, a bill granting Barshefsky a waiver from the lobbying law. Her nomination was then approved by a vote of 99-1, with Sen. Wayne Allard (R-Colo.) casting the sole no vote.

The Washington Post

THURSDAY, MARCH 6, 1997

Senator Says Written Responses From Lake Still Leave Questions

Associated Press

CIA Director-designate Anthony Lake has failed to adequately answer a Senate committee's concerns in written responses days before his confirmation hearing, the panel's chairman said yesterday.

Sen. Richard C. Shelby (R-Ala.), chairman of the Senate Select Committee on Intelligence, said the committee investigation is focusing on personal stock transactions, U.S. foreign policy on China and the burgeoning campaign-financing issue. Lake's Senate confirmation hearing is scheduled for next Tuesday.

For a committee chairman to speak on the Senate floor about a nominee before a confirmation hearing is highly unusual and indicates the degree to which President Clinton's nomination of his former national security adviser to head the CIA has become a political lightning rod.

"This leader must be worthy of the confidence of the president, the Congress and, yes, the American people," said Shelby.

The key committee concerns revolve around Lake's "ability to make the transition from a White House insider to a political provider of intelligence information."

At least two Republicans on the committee have said they plan to support Lake, making it almost certain the nomination will go to the Senate floor with a favorable recommendation.

White House officials say that Lake has provided extensive answers to committee questions and that each time new issues have arisen, Lake has addressed them.

Shelby disagreed.

"The information supplied by Mr. Lake could be the tip of an iceberg," Shelby said.

The Washington Post

THURSDAY, MARCH 6, 1997

FINAL

WASHINGTON

Republicans trying again to ban abortion procedure

Congressional Republicans renewed a push Wednesday to ban a controversial abortion procedure in which the fetus is partially delivered through the birth canal and killed when a doctor removes its brain. President Clinton vetoed an earlier ban on the procedure, which opponents call a partial-birth abortion.



Hyde: Says Clinton should reconsider

The new effort to enact the ban comes after abortion-rights activist Ron Fitzsimmons said he lied in 1995 when he said just a few hundred such abortions were performed annually — and then only to save the mother's life or abort deformed fetuses. He now says several thousand are done yearly, and not only in the third trimester, but on some healthy women in the middle of pregnancy.

Abortion opponents say the new information should change Clinton's mind. "I think we ought to give the president another chance to get it

right," said Rep. Henry Hyde, R-Ill.

The new bill, like the earlier version, would allow the procedure if there's no other way to save the mother's life. Clinton insists the bill also safeguard a woman's health.

ALBANIA PLANS: U.S. military commanders are preparing for possible action in Albania should violent unrest threaten the more than 1,600 Americans there. "We have ships in the region. We are in communication with the ambassador," said Gen. George Joulwan, U.S. commander in Europe. "Right now, there is no need for action." Defense Secretary William Cohen said the United States, which has supported Albania's shaky democracy with military aid, considers the violence a domestic problem "and not a security problem for the United States at this time." He said that "to the extent that some action is called for in the future, then obviously (we) make preparations for that."

Cohen, visiting Europe for the first time since joining the Cabinet, also said his top goal is developing a NATO plan to leave Bosnia. Clinton committed troops through June 1998. Slightly fewer than 8,000 are there now. Cohen said NATO "is not there to guarantee a peace in perpetuity" and U.S. support is waning. — Steven Komarow in Germany

TEN COMMANDMENTS: The House passed a resolution backing Alabama's position that it is OK to display the Ten Commandments in a courtroom. The American Civil Liberties Union has challenged the Alabama practice and Gov. Fob James has threatened to use the National Guard and state troopers to keep the display up if a judge orders it down. Proponents of the nonbinding resolution, which passed 295-195, say it's about the U.S. heritage founded on Judeo-Christian principles. Barry Lynn of Americans United For Separation of Church and State, said, "This is a sad day for church-state separation and common sense."

CHEMICAL WEAPONS: U.S. arms control chief John Holum urged Congress to ratify the chemical weapons treaty that 160 nations, including the United States, have signed. But three former defense secretaries — Donald Rumsfeld, James Schlesinger and Caspar Weinberger — urged rejection, saying the treaty is unverifiable and "contrary to U.S. security interests." The United States must ratify the treaty by May 6, when member states first meet, in order to participate in overseeing and enforcing the treaty.

KENNEDY FUNDS: U.S. Rep. Joseph Kennedy, D-Mass., acknowledged that John Huang, a key figure in the Democratic fund-raising scandal, twice asked for help in resolving bank problems. Kennedy said he asked bank regulators about one of Huang's problems, and he met personally with Huang and some associates about the other issue. Kennedy's statements appear to contradict what he told reporters in December, when he said Huang had neither asked him for anything nor had he done Huang any favors. Huang raised \$18,400 for Kennedy, who has since returned \$10,100.



Kennedy: Huang asked for help

ALSO ...

► **IRS AUDITS:** IRS Commissioner Margaret Milner Richardson said the chairmen of the House and Senate tax-writing committees will be given a confidential briefing to rebut charges that conservative groups are the targets of politically motivated audits. The IRS says confidentiality laws have hurt its ability to respond to the accusations.

► **D'AMATO POPULARITY:** A Quinnipiac College Polling Institute telephone survey found Sen. Alfonse D'Amato's home state popularity rose to 40% from 33%, but the New York Republican trails former Democratic Rep. Geraldine Ferraro 55% to 34% in a mock Senate race.

► **HYDE LAWSUIT:** A federal lawsuit against Rep. Henry Hyde, R-Ill., and other directors of a failed savings and loan was dismissed after all defendants except Hyde contributed to an \$850,000 settlement. Hyde wouldn't pay a cent, saying he did nothing wrong.

► **LATE ARRIVAL:** First-term Rep. Julia Carson, D-Ind., arrived at the Capitol after being delayed two months by heart bypass surgery. She took the oath in January and has kept up on House proceedings by watching C-SPAN.

► **LONG ARM OF THE LAW:** The Reuter reporter arrested Monday at the White House on a 1982 theft warrant from Iowa was identified as Wafa Amr, 35. Authorities said she wrote bad checks, pleaded guilty to a felony and made restitution but skipped out on sentencing.

► **CLINTON TRIP ABROAD:** President Clinton added Venezuela to his Latin America-Caribbean trip in May. Other stops include Barbados, Costa Rica, Brazil and Argentina.

Senator criticizes Lake's answers

Anthony Lake, who is President Clinton's choice to head the CIA, has failed in written answers to adequately address Senate Intelligence Committee concerns about his actions, the panel's chairman said. Lake's hearing is Tuesday. He has support among some Republicans on the panel, which is likely to recommend confirmation by the full Senate.



Lake: Nomination hearing Tuesday

Chairman Richard Shelby, R-Ala., questioned Lake's "ability to make the transition from a White House insider to a political provider of intelligence information."

Lake was national security adviser in Clinton's first term.

The committee is focusing on why Lake delayed selling personal stock that could pose a conflict of interest, despite being told 14 times over two years that he still owned the stock. Other issues are his role in foreign policy involving China and Bosnia, whether he tried to mislead Congress and how much he knew about how foreign policy might have been affected by campaign fund-raising from Asians.

By Paul Leavitt

USA TODAY

THURSDAY, MARCH 6, 1997

Barshefsky approved; trade deal survives

By Lorraine Woellert
THE WASHINGTON TIMES

The Senate yesterday approved the nomination of Charlene Barshefsky as the nation's top trade negotiator, after turning back an attempt by a senior Democrat to torpedo a recent global telecommunications trade deal.

Receiving high praise from lawmakers from both parties, Mrs. Barshefsky's nomination was approved 99-1, with only freshman Sen. Wayne Allard, Colorado Republican, dissenting.

But that vote took place after more than four hours of debate over an amendment from Sen. Ernest F. Hollings, South Carolina Democrat, that would have required congressional approval of any trade agreement that "in effect" rewrites U.S. law.

Mr. Hollings' amendment, which failed on an 84-16 vote, targeted a global telecommunications agreement reached last month in Geneva. That pact, he said, overrides a 1934 U.S. law that requires the Federal Communications Commission to approve foreign ownership of U.S. telecommunications firms.

Even as his amendment headed toward defeat yesterday afternoon, Mr. Hollings attacked America's trade record and accused his colleagues of selling out to big business.

"Two-thirds of the clothing in this chamber is imported," Mr. Hollings said. "Rather than Congress controlling the multinational [corporations], the multinationals are controlling the Congress."

Many of his colleagues, however, criticized the Hollings amendment as a vague and unnecessary move that threatened to cripple U.S. trade policy and derail Mrs. Barshefsky's confirmation.

"The simple fact is, if there is an inconsistency between the executive agreement and a statute, the statute prevails. Trade agreements cannot effectively change U.S. law," said Senate Finance Committee Chairman William V. Roth, Delaware Republican.

"The only result the amendment can accomplish is to derail the Barshefsky nomination," Mr. Roth said, calling her a "vigorous advocate and defender of U.S. trade."

Nevertheless, Rep. Michael G. Oxley, Ohio Republican, and Sen. John McCain, Arizona Republican, yesterday submitted legislation that would confirm the FCC's power to waive a 20 percent limit on foreign ownership of U.S. telecommunications companies.

Mr. Oxley said the bills don't "implement" the WTO agreement but will help mollify critics such as Mr. Hollings, who believe the USTR exceeded its authority when it signed the pact.

The United States agreed last month at the WTO to allow the waivers on direct foreign ownership limits and to eliminate the cap on indirect foreign ownership as part of the WTO telecommunications agreement.

On a 98-2 vote, the Senate also waived provisions of a law that prohibits anyone who has represented a foreign government from holding a top post at the U.S. Trade Representative's Office.

As a trade lawyer with the D.C. firm Steptoe & Johnson, Mrs. Barshefsky

see TRADE, page B9

From page B7

represented Canadian lumber interests.

"The ambassador never lobbied the U.S. government on the part of a foreign government," said Mr. Roth, whose committee in January unanimously approved the waiver and Mrs. Barshefsky's nomination.

Some senators used the occasion of yesterday's debate to assail the nation's \$114.2 million merchandise deficit and the failed promises of pacts such as the North American Free Trade Agreement, which they said cost

U.S. jobs and did little to help the economy of Mexico.

"We kind of got snookered," said Sen. Conrad Burns, Montana Republican.

A bipartisan group of lawmakers led by Rep. Marcy Kaptur, Ohio Democrat, yesterday took a pre-emptive strike against new free-trade pacts, reintroducing a bill that would prohibit NAFTA's expansion until the existing treaty meets a stringent list of performance requirements.

Mrs. Kaptur's NAFTA Accountability Act failed to get anywhere in Congress last year, but she said there is more momentum for the legislation this time.

The Washington Times
THURSDAY, MARCH 6, 1997

Clinton Presidential Records Digital Records Marker

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

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

Divider Title: **March 5, 1997**

president, Cabinet members or high-level White House aides may have committed a "serious crime."

Republicans on Tuesday argued that the revelations about aggressive fund raising by Gore crossed the threshold for naming an independent counsel.

Lott stopped short of saying Gore broke the law, but said an independent counsel is needed to look into the vice president's actions. "The law is clear: you should not be raising money on federal property, in federal buildings," Lott said.

Gore said the law is not so clear, contending it did not apply to the president and vice president. Still, even as he defended himself, he announced he no longer would seek campaign money while at his White House office.

As Lott scheduled the Senate vote later this week on a nonbinding resolution calling on Reno to appoint an independent counsel, it was learned the Senate Judiciary Committee may exploit a little known aspect of the independent counsel law to pressure her. If the committee votes to call on her to request an independent counsel, Reno would have 30 days to prepare a report detailing her decision.

The Senate's investigation of campaign finance irregularities is supposed to be conducted by the Government Affairs Committee, which voted earlier this year to conduct a broad probe covering both presidential and congressional fund-raising practices.

But the panel's request for \$6.5 million has been stalled in the Senate Rules Committee. As a result, Sen. Fred Thompson, R-Tenn., head of the government affairs panel, has agreed to lower the figure to \$5.7 million, aides say.

Lott said he hoped a compromise on the investigation's budget and scope could be reached by Friday.

3/5/97

Scrutiny of Fund-Raising Falls on Civil Rights Figure (Wash) By Sara Fritz (c) 1997, Los Angeles Times

WASHINGTON To those who have seen "The Ernest Green Story" on television's Disney Channel, he is a heroic figure the remarkably courageous young man who helped integrate Little Rock's Central High School in the mid-1950s.

But to Justice Department and congressional investigators probing Democratic fund-raising practices, Ernest G. Green is viewed as an increasingly important link in alleged efforts by China to influence President Clinton.

A friend and favorite companion of the president, Green, now a managing director of the Lehman Brothers investment bank here, was a major player in the full-court press to raise funds for Clinton's 1996 re-election campaign, one of the top 10 fund-raisers as of early 1995, according to a recently disclosed campaign memo.

But none of the donations raised by Green has proved as important to investigators as a \$50,000 contribution made by his wife, Phyllis, on Feb. 7, 1996.

If, as congressional investigators suspect, the contribution is connected to a White House visit the previous day by Chinese investment banker and arms dealer Wang Jun, it would compound fears that some questionable donations to Clinton reflected an effort by the Chinese government to influence U.S. policy.

Fueling the investigators' suspicions are two pieces of circumstantial evidence. Not only did Green play a part in bringing Wang to the United States, but neither he nor his wife had ever made a donation even approaching \$50,000.

Thus congressional investigators suspect the true source of the money was not Phyllis Green but Wang, who as a foreigner is not allowed to contribute to American political campaigns.

Green, who had met Wang in China because both worked for investment banking concerns, refused to comment on the allegations that he acted as a go-between for the Chinese. The Greens' lawyer, James M. Christian, acknowledged that Green was under investigation by the FBI and committees of Congress.

At the same time, Christian said, Green whom he describes as "Mr. Clean" has done nothing wrong. He said Green intended to answer the allegations fully under oath.

It is Green's clean image that makes the allegations so surprising. As one of the black youngsters who integrated Central High School after the Supreme Court's Brown vs. Board of Education ruling, he has been honored many times as a civil rights pioneer.

Green was working in the Carter administration's Labor Department in the late 1970s when he met Clinton, then an aspiring Arkansas politician. The two became friends and, ever since, Green has been a Clinton confidant and fund-raiser.

It was Green's fund-raising abilities not his personal contributions

that earned him membership in the Democratic Party's Managing Trustees club for \$100,000 donors. It also earned him an invitation to join at least one of former Commerce Secretary Ronald H. Brown's foreign trade missions during the early years of the Clinton administration.

Last year, according to Christian, Green hosted a single party that raised \$1 million for the president's re-election.

Records of Green's personal contributions, however, show that before the \$50,000 contribution in February 1996, he had made relatively small donations of \$3,700 in 1994 and \$250 in 1995. His wife had contributed nothing.

It is not known how Green first met Wang, although both represented investment banks. Investigators have obtained a copy of a letter Green wrote to Wang on Nov. 6, 1995, referring to a meeting between them in Hong Kong the previous month.

"I enjoyed our discussions and feel there are many business opportunities we may pursue," Green told Wang, who heads the China International Trust and Investment Corp., or CITI, an investment company with close ties to the Beijing government.

In the letter, Green invited Wang to visit the United States and promised to "arrange for you to meet some of my business colleagues, so that we may discuss these opportunities in greater detail."

When Green met Wang in Hong Kong, he was visiting Asia in the company of Brown, who had just completed a trade mission to Beijing.

While in Hong Kong, Green and Brown attended a dinner party with a number of wealthy Asian businessmen and another Arkansan, Yah Ling "Charlie" Trie. After the dinner party, several Asian guests complained that they were contacted by Trie, who asked them to contribute to the Democratic Party.

At least one guest said Green also solicited business for himself and advised other guests not to tell anyone about the party.

Investigators believe that Wang also may have been among the party guests.

The investigation of Democratic Party contributions began with allegations that some of the biggest donations may have been come indirectly from illegal foreign sources. Investigators suspect China was the source of some of these donations, but they have no proof.

When Wang applied for a visa to enter the United States in January 1996, he submitted with his application two letters: the letter of invitation written by Green the previous November and a similar letter written by Trie in January.

Trie's letter indicates that Trie and Green were working together in their efforts to attract Wang into a business deal with them. The nature of the proposed deal was not specified. He wrote that he wanted Wang, while in the United States, to meet with "Ernest Green and my other business contacts to discuss the possibility of business endeavors."

Trie and Green apparently knew each other from Little Rock.

While he was in the United States, Wang went to the White House with Trie to attend a political "coffee" with Clinton on Feb. 6. When Wang's visit to the White House was disclosed recently, it caused embarrassment for Clinton.

White House officials said they knew at the time of Wang's visit that he headed CITI. But they were unaware that he also held an executive position at Poly Technologies Inc., a Chinese arms company that at the time was under investigation by the U.S. Customs Service for smuggling.

Green did not attend the Feb. 6 coffee with Wang and Trie, according to White House records, although he was a guest at other such coffees.

Christian insisted there was no connection between Wang's visit to the White House and the Feb. 7 \$50,000 contribution from Green's wife, but investigators noted the donation did not fit with the pattern of giving previously established by Green and his wife.

Investigators said they were anxious to question Green about his relationship with Wang because they believe the Chinese pursued this connection in an effort to win favor with Clinton.

White House Political Tightrope: Separating Business From Politics

A1

By ALISON MITCHELL

Continued From Page A1

WASHINGTON, March 4 — A visitor to the cramped White House office of Harold M. Ickes last year might have noticed one computer in his office and several just outside — one of which was set aside solely for campaign politics. Mr. Ickes, then a White House deputy chief of staff, also had two telephones, one for government and one for politics, two separate pagers, and a cellular phone for politics.

A short walk away in the basement warren of offices where Douglas Sosnik worked as the White House political director, the same duality existed. There were four phones, two fax machines, two pagers and two cellular phones. As was the case with Mr. Ickes, half of them were paid for by the Government for official business, half of them were paid for by the Clinton campaign.

These are the parallel universes that White House aides lived in last year as they ran the Clinton Presidential campaign largely from within the White House while trying to obey — their critics would say skirt — the laws separating government from politics. Vice President Al Gore admitted this week that he had made calls from his White House office to solicit campaign donations but said he had used a credit card issued by the Democratic National Committee.

Dick Morris, the President's former political strategist who advocated the sustained television advertising campaign that forced the Democrats to raise so much money, described the situation this way: "It always struck me like using the special dishes in Passover. You couldn't mix the trayf and the kosher."

Michael D. McCurry, the White House press secretary, said the two sets of equipment kept political expenses walled off from government expenses. "Common sense applies," he said. "The taxpayers shouldn't pay for us to run a campaign."

In an era in which a race for President lasts longer than a year, the Clinton White House is not the first to use the dual systems. C. Boyden Gray, who was President George Bush's White House counsel, recalls that James Baker, the chief of staff who ran the 1992 campaign, had a separate fax machine for politics. Mr. Gray sent a memorandum of rules to Mr. Bush's White House staff members in late 1991 instructing them to use political credit cards for political calls or "telephones in-

Continued on Page A16, Column 1

stalled and maintained by a political committee." But Mr. Gray said fund-raising solicitations had been flatly prohibited from anywhere inside the White House.

On Capitol Hill, members of Congress and the Senate can sometimes be seen outside government buildings on their cellular phones — a quick way to obey the prohibition on soliciting campaign contributions from their offices. They also have cubicles and phones reserved for their fund-raising calls in various political headquarters just a few blocks from the White House.

Just where the lines fall between politics and government have been set in two separate laws, the Hatch Act — which does not apply to the President and the Vice President — and a late-1800's statute that prohibits "any person" to solicit contributions on Federal property "occupied in the discharge of official duties."

The Hatch Act limits the political activities of most Federal employees even when they are off duty. But it makes an exception for White House employees, who are on the payroll of the Executive Office, to carry out political activity short of fund-raising. As with previous Administrations, the Clinton White House instructed its employees to put in a 40-hour government workweek and to conduct their campaign work on top of that. But that is not actually required by the law.

"If they are on the payroll of the Executive Office of the President, they can do politics from their duty station 24 hours a day," said Michael G. Lawrence, the spokesman for the Office of Special Counsel, which enforces the Hatch Act. "What they can't do is solicitation."

The Hatch Act carries civil penalties. A separate law dating to 1883, and enforced only a handful of times, makes it a criminal offense for "any person" to solicit a campaign contribution on Federal property used for official duties. That statute was last interpreted by the Justice Department in 1979 when a situation arose during the Carter Administration that was similar to Mr. Clinton's coffees with donors and potential donors.

The question before the Justice Department was whether President Jimmy Carter or a White House aide had illegally solicited campaign donations at a White House luncheon, which led to Democratic contributions of \$100,000 and \$25,000 by two businessmen on the day of the luncheon. That inquiry was closed when the department decided that because the luncheon was in the Family Dining Room of the White House, it was not covered by the law.

"The White House does turn out to be the President's house," said Stanley Brand, a former counsel to the House of Representatives. "He lives there."

It is partly because of those kinds of legal distinctions that successive White Houses have held receptions for political and financial supporters of their party in the White House residence, not the West Wing.

Mr. Clinton held his coffees in the Map Room, which is part of the residence. His weekly political meetings were held in the residence. And as in previous White Houses, the basement Ward Room was set aside for political meetings because it adjoins the White House mess and so could be seen as a place where people socialize and do not conduct official work. It was there that the top White House staff and Democratic National Committee staff conferred weekly on the party's fund-raising goals.

Sometimes, the deliberations about where to meet could seem as important as the meetings themselves. Mr. Morris recalled an evening when the President's weekly political meeting had been switched out of the White House residence to the Roosevelt Room and the White House chief of staff, Leon E. Panetta, ran in.

"Leon said we can't have this meeting here because we're not allowed to have this meeting here and our lawyers are figuring out where to have the meeting," Mr. Morris recalled. "So we all sat around talking about weather and baseball because we were not allowed to talk about politics."

The group eventually moved to the Ward Room.

But what about Mr. Gore, who admits that he made fund-raising calls from his White House office — albeit with a Democratic Party credit card? He argued on Monday that "no controlling legal authority" barred the practice — or in essence that such a situation had never been tested in the courts.

Election law experts were divided today over whether Mr. Gore's action was covered by the criminal law barring fund-raising solicitations.

Mr. Gray, the counsel in the Bush White House, said: "It says no fund-raising. No fund-raising. How would you interpret it?"

Fred F. Fielding, who was White House counsel for more than five years under President Ronald Reagan said, "We operated on the assumption that no fund-raising was to be conducted in Federal buildings."

Of Mr. Gore's statement that "no controlling legal authority barred his phone calls, Mr. Fielding said, "A Vice President or President shouldn't hide behind such technical arguments to defend his conduct in any event."

But Mr. Brand, a Democrat, noted that the legislative history of the statute in question showed that it was written to stop "shakedowns" of lower-level government employees from their employers.

In the case involving Mr. Carter in 1979, the Justice Department, in its opinion, did not resolve the question of whether the law is violated in instances when the person being solicited is not a Federal officer or employee. "Compelling arguments," the opinion said, "can be marshaled on either side of this issue."

Hearings on C.I.A. Nominee Will Go Forward

By TIM WEINER

WASHINGTON, March 4 — The chairman of the Senate Intelligence Committee said tonight that he would go forward with confirmation hearings next week for the nominee for Director of Central Intelligence, Anthony Lake.

The chairman, Senator Richard Shelby, an Alabama Republican, appeared to retreat slightly from his demand of last week to see the raw files on Mr. Lake gathered in an F.B.I. background check. On Thursday, Mr. Shelby had said, in effect, no files, no hearings, and a dozen Senate Republicans backed him.

But today Mr. Shelby agreed to schedule the confirmation hearing, which has been postponed twice, without an agreement with the White House on whether it would turn over those files, which contain unedited and often unsubstantiated informa-

**Twice postponed,
lacking agreement,
but now on track.**

tion.

"Although we have not resolved anything regarding Mr. Lake's F.B.I. background files yet, we do plan to begin Mr. Lake's nomination hearings on March 11," Mr. Shelby said.

The Senator met today with the White House counsel, Charles Ruff, and Senator Bob Kerrey, the Nebraska Democrat who is vice-chairman of the Intelligence Committee. Mr. Shelby said that he, Mr. Kerrey and the Senate's two leaders — Senator Trent Lott, Republican of Mississippi, and Senator Tom Daschle, Demo-

crat of South Dakota — should see the raw files, and that in principle every senator should review them.

Mr. Kerrey said that in the meeting Mr. Ruff had sympathized with Mr. Shelby's position, but had said very firmly that Mr. Lake had a right to privacy that must be respected. Mr. Ruff also said that turning over the raw files would set a bad precedent for future Presidents.

Mr. Kerrey said in an interview that the three men moved from confrontation toward some form of compromise. The White House may give Senators Shelby and Kerrey the raw files while providing a summary of their contents to the 17 other members of the Intelligence Committee. Or perhaps the Director of the Federal Bureau of Investigation, Louis J. Freeh, may give some senators an oral summary of the raw files.

Whatever form the compromise takes, he said, the hearings are set.

The Director of Central Intelligence serves not only as the chief executive officer of the C.I.A. but also as the chairman of all 13 United States intelligence agencies, presiding over a secret \$30 billion budget. Five men have held the job over the past six years.

The hearings will be highly charged. Mr. Lake, who served as President Clinton's national security adviser from 1993 through 1996, is likely to be attacked by Republican senators for a multitude of perceived sins, including every failing of American foreign policy over the past four years as well as his decision to keep secret from Congress the President's decision to give a green light to Iran's shipments of arms to Bosnia's Muslims in 1994.

National News Briefs

Glaucoma Link Found In Some Inhalants

CHICAGO, March 4 (AP) — Older people may raise their risk of developing glaucoma if for months at a time they take high doses of asthma inhalants that contain steroids, new research has concluded.

The study, being published on Wednesday in *The Journal of the American Medical Association*, found that eye patients in Quebec over the age of 65 were 44 percent more likely to have glaucoma or conditions that commonly precede it if they had been using such inhalants for three months or more.

But a co-author, Dr. Samy Suissa, an epidemiology professor at McGill University in Montreal, urged asthma patients not to stop taking their medications but instead to have their eyes checked for early signs of glaucoma.

Further, while it is well known that steroids can promote glaucoma, Dr. Harry A. Quigley, director of the Glaucoma Service and the Dana Center for Preventive Ophthalmology at the Johns Hopkins University School of Medicine, said that this particular study had many flaws and that more research was needed to confirm a link between glaucoma and the steroids in inhalants.

One problem is that the researchers depended on insurance records rather than actual medical charts. As a result, they had no way of being sure whether glaucoma diagnoses were correct or asthma medications were actually taken.

Government Sees Decline In Cost of Air Travel

By The New York Times

WASHINGTON, March 4 — Air fares declined last year and will continue to fall, as airlines cut salaries and travel agency commissions, and buy more efficient planes, the Federal Aviation Administration predicted today.

The F.A.A. painted a rosy picture, in an annual assessment of the state of the industry, and said that air travel would continue rapid growth, partly as a result of the lower fares, while airplane makers are also expanding, and one is designing a "super-jumbo" that would carry more than 700 people.

The report, which will be formally

released at a conference here on Wednesday, said the industry's profits reached a record \$2.7 billion last year, with a record 69 percent of the seats filled by 39 million more passengers in 1996 than in 1995. The total number of passenger boardings reached 605 million and will hit 1.02 billion by 2008, it predicted.

"We're really into exceptionally good economic times," said John M. Rodgers, director of the Office of Aviation Policy and Plans, who said the biggest factor in the growth was the overall health of the economy.

6 Are Accused of Fraud In Sweepstakes Scheme

SPRINGFIELD, Mass., March 4 (Reuters) — Six people were charged today with cheating elderly people out of more than \$1 million by leading them to believe they were winners of the Publishers' Clearinghouse Sweepstakes.

Four Massachusetts residents and two Connecticut ones were charged in Federal District Court in Springfield, Mass., with conspiracy to commit wire fraud in the alleged scam, the United States Attorney for Massachusetts said.

The six people are alleged to have defrauded elderly residents of nine states in 1992 and 1993 by telling them they had won the grand prize of up to \$10 million, but first had to pay Federal income taxes on the prize money, according to the United States Attorney's office.

Each of those deceived by the fraud sent from \$20,000 to \$270,000 to private mailboxes in Massachusetts and Florida.

Klanwatch Reports Rise In Hate-Crime Activities

MONTGOMERY, Ala., March 4 (Reuters) — The number of violent extremist groups has grown since the Oklahoma City bombing two years ago, an organization that monitors hate-crime activity in the United States said today.

The Klanwatch Project of the Southern Poverty Law Center said that at least 858 extremist groups were active in the nation last year, including 380 that characterized themselves as armed militias. The figures represented a 6 percent rise from the number of groups identified by Klanwatch in 1994 and 1995.

The New York Times

WEDNESDAY, MARCH 5, 1997

Cabinet Hearings Promised

Energy, CIA Choices Still Await Action

By Walter Pincus and Joby Warrick
Washington Post Staff Writers

Two embattled nominees to President Clinton's Cabinet moved closer to confirmation hearings yesterday, with Republican committee chairman promising to schedule votes on both in the next few days.

The chairman and vice chairman of the Senate intelligence committee announced that the March 11 confirmation hearing for CIA Director-designate Anthony Lake will take place as scheduled. Sen. Frank H. Murkowski (R-Alaska), chairman of the Energy and Natural Resources Committee, said he would schedule a committee vote on Energy Secretary-designate Federico Peña on Thursday.

The Lake nomination had been stalled over a dispute with the intelligence panel over access to his complete FBI background file while Peña's was delayed by a debate over nuclear waste disposal.

Sens. Richard C. Shelby (R-Ala.) and Sen. Bob Kerrey (D-Neb.), the chairman and vice chairman of the intelligence committee, met for 45 minutes yesterday with White House counsel Charles F.C. Ruff to discuss the Alabamian's outstanding request for access to Lake's complete FBI background file and two other matters.

Shelby called it "a good meeting" and although no agreement was reached on Lake's files, he said negotiations will continue "with the hope we can reach agreement on this and other issues very soon."

Shelby has twice postponed Lake's confirmation hearing and hinted last week that he would do it again if the complete FBI file on the president's former national security adviser was not made available to him and other senators.

After the meeting, Ruff told reporters, "I'm sure we can work out a solution." Kerrey said compromises are in the works on two other com-



BY RAY LUSTIG—THE WASHINGTON POST

FEDERICO PEÑA

... delayed by debate over waste



FILE PHOTO/ASSOCIATED PRESS

ANTHONY LAKE

... CIA nominee kept waiting

mittee requests, one for interviews with Lake's National Security Council staff members who met with campaign fund-raisers and the other for documents about Haiti, which the Clinton White House had withheld because they involved presidential memos and discussions.

After the public hearings begin on Tuesday, there will be a closed session two days later, Kerrey said, and he hoped a vote on Lake would follow soon after.

Shelby's desire for the FBI material was strengthened when the GOP caucus backed his demand based in part on what he described as the precedent set in the unsuccessful fight waged in 1989 to get former senator John Tower (R-Tex.) confirmed as defense secretary.

Shelby, who at that time was a Democrat prepared to vote for Tower, watched as senators' votes changed following their reading of a special FBI investigation into allegations about Tower drinking and womanizing. "A lot of allegations were baseless, but a lot were unanswered," Shelby told reporters eight years ago. "The cloud never went away," he said, and Tower lost.

Peña's stalled bid to become energy secretary sputtered back to life after Murkowski announced that Senate Republicans had secured a new White House pledge to "work cooperatively" with Congress in resolving the dispute over nuclear waste disposal.

But in a statement that assures a bumpy start for the new energy secretary, the Alaskan vowed to press ahead simultaneously with legislation

to create a temporary dump for commercial nuclear waste in Nevada.

White House opposition to a planned interim storage site for the nuclear power industry's highly radioactive waste has long been a sore spot for Murkowski, and it was cited by both sides as the main reason for the delay in Peña's confirmation.

The Clinton administration is studying the feasibility of building a permanent underground repository at Nevada's Yucca Mountain, and it objects to the notion of diverting money from that project to construct a temporary dump. But with completion of the Yucca Mountain site still at least 15 years off, the Energy Department faces billions of dollars in potential civil liabilities for defaulting on a promise to begin accepting the waste by 1998.

Murkowski said he delayed a vote on Peña because the administration had "seemed to rule out a dialogue" on the interim storage plan. In a series of meetings and phone calls with senior White House staff, he urged the administration "not to send me a secretary with his wings clipped."

The administration's reply was a six-sentence letter late last week from White House Chief of Staff Erskine B. Bowles. The letter reiterated Clinton's flat opposition to a temporary dump "before the viability determination of a permanent geological repository" is made. But it said Peña would have "the portfolio ... to work cooperatively" with the Congress on the waste disposal issue.

The Washington Post

WEDNESDAY, MARCH 5, 1997

Why Isn't the White House Counsel's Office Doing Its Job?

Federal laws make it a crime to receive political contributions from foreign nationals, to accept campaign contributions in the name of another, to provide a governmental benefit in return for a political contribution, and for "any person" to solicit or receive political contributions in public buildings.

There has been a flood of evidence that the president, vice president and top officials in the White House, their re-election campaign and the Democratic National Committee engaged in widespread actions that made a mockery of these prohibitions. The president has conceded that "mistakes were made," but he has consistently

Rule of Law

By Theodore B. Olson

denied that laws were broken. Last week, defending the coffees, slumber parties and jog-alongs that White House memorandums explicitly describe as "fund-raisers," he insisted that "we got. . . strict legal advice. . . and everyone involved knew what the rules were." And, on Monday, Mr. Gore said that his lawyers had approved his fund-raising calls from the White House.

Well, if there exists written legal advice that explains in clear language how the fund-raising comported with federal laws, the president should let us in on the secret. But so far he has not shared his "strict legal advice" with the public. Indeed, the only legal opinion released so far was from former White House legal counsel Abner Mikva, who wrote while in office in 1995 that campaign fund-raising "of any kind" (including phone calls) was prohibited in government buildings. This president has a history of legalistic cuteness when asked hard questions, so it will be interesting to learn whether a White House or Justice Department lawyer actu-

ally approved the use of the White House to raise campaign funds and what the rules really were.

One of the oft-cited "lessons of Watergate" is that politics and ambition can corrupt the presidency. Post-Watergate presidents have therefore installed a cadre of highly sensitized lawyers in the Office of Counsel to the President to keep corruption, sleaziness and questionable legal practices out of the White House and away from the president. Generally led by a politically astute Washington veteran, this office, with an occasional assist from the Justice Department's Office of Legal Counsel, sounds the alarm when politics or private agendas threaten the integrity of the presidency, and crafts legal guidelines to protect the president, his family and his subordinates from questionable practices and associations.

Something curious has happened to the counsel's office. Mr. Clinton is now on his fifth counsel. As reported in this paper Friday, the office has become the "nucleus of the Clinton damage-control effort," a "clearinghouse . . . for information that gets disseminated by friends and allies on the airwaves," and is "joined at the hip" with the president's outside private attorneys. Instead of preventing the shipwreck, these lawyers are finding excuses for the captain.

The metamorphosis apparently began as soon as Mr. Clinton took office. Vincent Foster, a Hillary Clinton law partner appointed as deputy White House counsel, reportedly spent most of his energy before his suicide dealing at taxpayer expense with the Clintons' personal tax returns and Whitewater files. Another Hillary Clinton partner, William Kennedy, was installed as an associate counsel and promptly became involved in the controversial White House Travel Office firings and the misuse of the FBI to damage the reputations of career Travel Office employees. Today, one of the two deputy counsels is Bruce Lindsey, another

Arkansas crony, approved last year by a federal judge for designation as an undicted co-conspirator in one of the Whitewater cases.

Presumably some of the lawyers in the counsel's office still try to keep the president out of trouble. If so, no one seems to be paying any attention. Former special counsel Jane Sherburne explained to the National Journal that she had been hired, not by the counsel, but by former Deputy Chief of Staff Harold Ickes, who was revealed last week as the de facto head of the Clinton-Gore re-election and fund-raising

Instead of preventing the shipwreck, the White House lawyers are finding excuses for the captain.

drives. She and Mr. Ickes assembled a Clinton "defense team," including special associate counsel Mark Fabiani, to orchestrate the response to charges against the first family. There was no ambiguity in her job description: "the objective was re-election . . . the goal was to get him re-elected." While Ms. Sherburne and Mr. Fabiani (now replaced by Lanny Davis) were nominally in the White House Counsel's office, they reported directly to campaign impresario Mr. Ickes.

Shortly after taking office, Ms. Sherburne compiled a 12-page "Task List." One task was listed as: "Hubbell—monitor cooperation," a reference to Webster Hubbell, yet another former Hillary Clinton law partner and Mr. Clinton's No. 3 person in the Justice Department. Mr. Hubbell was facing jail for bilking his former law firm and clients and was a potential cooperating witness with Independent Counsel Kenneth Starr.

The Los Angeles Times reported last week that White House aide Marsha Scott

was tapped for the "monitoring" job. She frequently visited Mr. Hubbell at a Little Rock "safe haven," serving "as a line of communication between Hubbell and Mrs. Clinton . . . tell[ing] him what they were doing for him." Fortunately for Mr. Hubbell, in the midst of his legal difficulties he received a large sum of money from Mr. Clinton's Indonesian Lippo Group allies for unspecified legal services. He became a noncooperative (well-monitored?) witness and is now refusing to have any further dealings with investigators.

Lawyers perform entirely legitimate functions when they defend their clients from accusations. And it is certainly not inappropriate for White House lawyers to respond to legal attacks on an incumbent president. (Whether they should be paid by the public to serve in the campaign to re-elect the president is another matter, which perhaps Congress will investigate.) But, most of all, the White House needs lawyers with the skill, courage and clout to build the walls around the presidency that will prevent that office from being misused by anyone, even the president.

The documents from Mr. Ickes's files show that Mr. Clinton was so consumed by the re-election campaign that a White House aide explained in writing in January 1996 that certain presidential responsibilities would be "truncated or eliminated" so that the president could devote more time to "political fund-raising." We know what happened to the last lawyer-president who took personal day-to-day control of his re-election and who bent the law and his lawyers to his personal will. Mistakes were made. Laws were broken. Congressional and special-prosecutor investigations were launched. Indictments were returned and convictions were obtained. Articles of impeachment were issued. And the president resigned.

Mr. Olson, a Washington attorney, was a Reagan administration assistant attorney general for the Office of Legal Counsel.

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Divider Title: **March 4, 1997**

Republican Says White House Turned a List to Political Use

By DAVID STOUT

WASHINGTON, March 3 — Already beset with questions about campaign fund raising, the Clinton Administration found itself in a dispute tonight with a House Republican over the use of White House computer data.

Representative David M. McIntosh, Republican of Indiana, asserted today that a 1994 memorandum bearing a handwritten notation by Hillary Rodham Clinton shows that Mrs. Clinton approved of an effort to transfer information from a White House data base to the Democratic National Committee for political purposes.

But the White House insisted that the 1994 memo referred not to the main White House data base but to another one that was never even developed exactly as the memorandum had envisioned.

The distinction is crucial because Mr. McIntosh heads the House Government Reform and Oversight subcommittee, which has been investigating allegations that White House officials may have improperly used the White House data base as a source for potential political donors to the 1996 Clinton-Gore campaign.

The White House has said the data base — essentially a list of names and addresses — is used for inviting people to White House events, sending holiday cards and other similar purposes.

Using that data base for politi-

cal purposes — as some critics have suggested was the case — would have violated ethics rules and laws barring the use of Government assets for campaigning.

Mr. McIntosh said in a statement today that the 1994 memorandum, which came from a White House aide, Marsha Scott, demonstrated that the data base "was designed from the start as a tool to aid the President's re-election."

He noted that it bore what appeared to be Mrs. Clinton's endorsement: "This sounds promising. Please advise. H.R.C." It seems to suggest that information on an old Clinton-Gore campaign data base could be "dumped into the new system and made available, when deemed necessary, to the DNC or other entities we choose to work with for political purposes."

The memorandum was sent to White House officials and Mrs. Clinton on June 28, 1994. It was turned over to Congressional investigators a week ago and made public today by Mr. McIntosh.

A White House spokesman, Barry Toiv, said tonight that Mr. McIntosh was "flat-out wrong" about the facts. As for the 1994 memorandum, in which Ms. Scott talks about the need for a flexible, user-friendly data base of names, Mr. Toiv said, "It seems pretty clear to me she isn't talking about the White House data base."

The New York Times

TUESDAY, MARCH 4, 1997

New Guidelines Set for Trade Missions Abroad

By DAVID E. SANGER

WASHINGTON, March 3 — President Clinton's new Commerce Secretary, William M. Daley, today overhauled the rules governing American trade missions abroad, trying to insure that companies that donate heavily to political campaigns would get no special help from the Government in breaking into foreign markets.

The new rules require that the Commerce Department publish a description of each trade mission well in advance and that it select companies to participate only if they can "contribute to the goals and objectives of the mission." But they stop short of barring large contributors from participating in the missions, a focal point of the Clinton Administration's use of "commercial diplomacy" to press the cause of American companies seeking business abroad.

In announcing the new rules, Mr. Daley, who took office just a month ago, said he had neither sought nor uncovered any evidence of wrongdoing in the selection of the business executives who had accompanied Commerce Secretary Ronald H. Brown on his many trips abroad. Those trips have been the subject of considerable scrutiny and criticism on Capitol Hill, though there has never been any evidence that Mr. Brown included executives chiefly because they were donors. Before his death last April, in a plane crash during a trip to Bosnia, Mr. Brown often responded to those critics by arguing that many of the executives had given heavily to both Democrats and Republicans.

"My role is not to look back and judge," Mr. Daley said in an interview in his office today. "But the bottom line is that we have gotten the message: These missions are important, and we knew we had to take steps to assure everyone that they are not political."

Mr. Daley said that if an official of the Democratic National Committee or any other political party forwarded the name of a company or executive who sought to be included on the trade missions, "their letter would be sent back with a polite note saying thanks, but that has nothing to do with the trip."

The atmospherics of the trips also seem certain to change. The new rules stipulate that there "is a strong presumption in favor of using com-

mercial aircraft for all trade missions." Mr. Brown deliberately used Air Force jets as often as possible, declaring that, in trade as in diplomacy, symbolism counted for a lot.

"There is no question," Mr. Brown said a few months before he died, "that when that plane lands on runways around the world bearing the letters 'The United States of America,' and I come down the steps with a string of C.E.O.'s behind me, it conveys the power of this nation to turn commerce into the infrastructure of democracy."

Today Mr. Daley said "there are

Redefining relations between businesses and the Commerce Department.

other ways to send the same message, but the Commerce Secretary may not arrive in the same style."

In fact, since his confirmation by the Senate last month, Mr. Daley has taken steps to assure Congress that he would separate politics and trade issues. He suspended all trade missions — many of which are led by division heads within Commerce — pending the review that resulted in the rules announced today. He said today that he had canceled subscriptions to political newsletters like "The Hotline," which provide polling data and other political intelligence.

But in his announcement today, he made clear that lobbying foreign governments on behalf of American companies was at the core of the Commerce Department's mission, and he planned to keep it that way. He noted, for example, that Chancellor Helmut Kohl of Germany recently took German business leaders

through Southeast Asia and Japan, and emerged with large contracts.

"We cannot — and we will not — unilaterally withdraw in a world in which our economic competitors are using all the tools at their disposal to pursue market opportunities aggressively for their companies," he said in a statement today.

Exactly how Mr. Brown chose executives to participate in trade missions in the past has been something of a mystery, and the subject of at least one court action by a conservative group that has sought reams of records from Commerce files.

Former and current Commerce Department officials have said that initial lists were compiled by the department's International Trade Administration. That division runs the "Advocacy Center," known informally within the Commerce Department as the "war room," where officials monitor the status of large projects around the world — to build dams or nuclear power plants or car factories — in which American companies are competing for business. Ambassadors, State Department officials, and on rare occasions the President are brought in to argue in favor of giving the business to American interests.

Typically, the list drawn up by the officials who monitor projects was forwarded to Secretary Brown's office. The final selection was made by Mr. Brown and his staff.

Under the new system described today by Mr. Daley, the Commerce Department's selection criteria will be "clear, objective and transparent." Companies will have to apply for inclusion, and will be selected first by a committee of officials that include a number of career appointees. The recommendations will be reviewed by a five-person board that includes a lawyer from the department's general counsel's office and other career officials.

The New York Times

TUESDAY, MARCH 4, 1997

TUESDAY, MARCH 4, 1997

The Washington Post

Obscure Statute on Soliciting Funds Might Come Into Play Against Gore

By Charles R. Babcock
Washington Post Staff Writer

For years, members of Congress wanting to solicit campaign contributions have been told to troop down the street to their party campaign committees before "dialing for dollars." Some reportedly even duck out to the Capitol parking lot between votes and use a cellular phone to plead for cash.

They have done so because of an obscure law, written in 1882 and enforced only a handful of times, that prohibits federal employees from soliciting or receiving campaign donations on federal property. It was aimed at protecting federal workers from being leaned on by their bosses, but has come to be accepted practice for politicians concerned about conflicts between their official and political duties.

Now, that law has come up for renewed discussion because of Vice President Gore's statement yesterday that

he made fund-raising calls to big donors from his White House office, charging them to a Democratic National Committee credit card. Gore insisted that he believed the calls were perfectly legal and that there is "no controlling legal authority" that bars the practice.

But Republicans quickly pounced on Gore. The Republican Senate campaign committee issued a statement last night demanding that Gore provide records showing that the DNC paid for the calls Gore made.

While the 1882 law seldom is enforced, several legal experts said Gore's admission may compel Attorney General Janet Reno to open a preliminary investigation that could lead to appointment of an independent counsel. That is because the standard for triggering the independent counsel law is receipt of specific, credible evidence that a federal law may have been broken by a person covered under the independent counsel statute, and Gore is a "covered person."

Election law experts said yesterday it is not entirely clear whether the criminal statute, intended to cover federal workers, applies to the vice president or president.

They agreed yesterday that Justice Department prosecutors seldom charge a public official under the law. Officeholders usually leave federal property to make campaign solicitations anyway, the experts said, to avoid embarrassing questions such as those that Gore faced yesterday in a nationally televised news conference.

"If I were the attorney general, I would be hard-pressed to take an aggressive interpretation under the circumstances," said Kenneth Gross, former chief of enforcement at the Federal Election Commission. He said prosecutors have used the law only four times, mostly in the early 1900s.

Stanley M. Brand, a Democrat and former general counsel to the House, said members made a practice of using

phones at the campaign committees because it was "better form," not because they feared prosecution for making a handful of calls.

Republican lawyers, however, had a stricter interpretation. Craig Engle, general counsel to the National Republican Senatorial Committee, said: "It's not a matter of form. It's a matter of substance."

A.B. Culvahouse Jr., White House counsel for President Ronald Reagan, said before Gore's news conference that he thought there would be a "very serious problem under the statute" if Gore made the fund-raising calls from his White House office.

Gore said he did not violate an April 1995 memo from then-counsel Abner J. Mikva that said "campaign fund-raising activities of any kind are prohibited in or from government buildings" because the memo was addressed to staff members, not to him or President Clinton.

Like Gore, at least one GOP senator—former presidential candidate Phil Gramm of Texas—took an expansive view of what is permitted under the law. He told the Wall Street Journal, according to a 1995 story, that he made fund-raising calls from his home, his car and his Senate office. "I do it wherever I am," he was quoted as saying. "I can use a credit card . . . As long as I pay for the calls, I can make calls wherever I want to call."

The House ethics committee once criticized a lawmaker for sending a single fund-raising letter written on a House typewriter.

Kent Cooper, a longtime FEC official who now heads the Center for Responsive Politics, which monitors campaign money, said members of both parties take liberties with the law.

He added: "Don't expect either party to investigate this practice very deeply. If congressional hearings do get into this, you'll be able to hear a pin drop."

First Lady Encouraged Plan to Share Supporter Data With DNC, Memo Indicates

By Susan Schmidt
Washington Post Staff Writer

First lady Hillary Rodham Clinton encouraged a White House aide to pursue a plan to share a computer database with information on Clinton supporters with the Democratic National Committee, a Republican congressman investigating the database charged yesterday.

Rep. David M. McIntosh (R-Ind.), the chairman of a House oversight panel, released a memo—written on White House stationery and marked "confidential"—that was sent in June 1994 to the first lady and top administration aides Bruce Lindsey and Harold Ickes. Written by political aide Marsha Scott, it suggested that information on Clinton supporters maintained in an Arkansas computer database could be "dumped into the new system and made available, when deemed necessary, to

the DNC or other entities we choose to work with for political purposes."

"This sounds promising. Please advise. HRC" the first lady jotted at the top of the memo, with a notation that her comment be sent along to Ickes, then deputy chief of staff to the president and later an architect of the 1996 presidential campaign.

Hillary Clinton has said previously that she supported the creation of a taxpayer-funded database to keep track of guests and correspondence, but was unaware of its being used for political purposes, which is not permitted under the law. The White House recently has acknowledged that the DNC did use the system, but said it was only to help the party prepare lists of Clinton administration supporters that should receive invitations to the White House.

McIntosh, a former aide to President Ronald Reagan and Vice President Dan Quayle, called the memo "startling." He said the White

House turned it over to his panel in recent days in response to a request made last fall. "I think it's very serious for Mrs. Clinton," he said. "To me, it indicates she was much more involved than she has indicated previously."

But White House spokesman Barry Toiv said McIntosh has misinterpreted the memo. In it, he said, Scott was discussing a plan to create yet another database for eventual use by the Clinton-Gore reelection committee. The campaign did not end up creating such a database, he said.

Toiv was not readily able to answer why the memo was written on the White House letterhead. But he said that Ickes and Lindsey, as political appointees, were permitted to engage in political activities. Concerning references by Scott to discussions that she and her "team" were having with the DNC, he said these probably took place after they put in their required 40-hour workweek.

A White House legal opinion addressed to Scott six months before her memo expressly cautioned that "generally, the White House cannot provide data from the database to a non-federal entity or individual." Scott's two-page memo made no mention of the legal prohibitions raised by the counsel's office.

Scott's proposal for upgrading the White House database suggested it was intended for use in the 1996 presidential election year. "By the first of the year, we should have any flaws identified and corrected and the majority of the White House using the new system. We will then have a year to fully train and familiarize our folks to its many possibilities and uses."

The White House has contended that the database—completed at a cost to taxpayers of \$1.7 million—was used to keep track of social correspondence, maintain dinner invitation and thank-you note lists, and keep track of guests

invited to official functions. It contains entries for several hundred thousand individuals.

But critics of White House fund-raising efforts, including Republicans in Congress, have charged that the database was used to track potential Clinton donors and to set them up with perks such as coffees with the president or overnight stays in the Lincoln Bedroom.

McIntosh also released a letter from White House counsel Charles F.C. Ruff acknowledging that the White House turned over to the DNC a computer tape containing some 40,000 1995 Christmas card list entries.

The White House also acknowledged, discovered in 1995 that Patsy Thompson, former administration chief now in a White House office, testified inaccurately in Congress when she said she had seen a list of House volunteers being prepared. Last month the White House said the volunteers were actual

TUESDAY, MARCH 4, 1997

The Washington Post

Commerce Chief Issues Rules to Separate Politics, Trade Missions

By Paul Blustein
Washington Post Staff Writer

Commerce Secretary William Daley, seeking to end allegations of department favoritism toward Democratic donors, unveiled a plan yesterday to revamp the method of selecting business executives for government trade missions.

Under the new rules, which give career department bureaucrats a formal role in choosing participants for the overseas missions, "there will be no politics allowed in the selection process," Daley said at a press conference.

The announcement by Daley, a scion of Chicago's powerful political family, marked one of the first public steps in his promised crusade to ensure that the department rids itself of partisan political taint.

At his Senate confirmation hearing in late January, Daley vowed to suspend trade missions for 30 days and study the procedures governing them for possible changes.

By acknowledging that the procedures need a significant overhaul, Daley may be

giving ammunition to the Clinton administration's critics, who assert that the Commerce Department became a hotbed of partisan activity under the stewardship of the late Ronald H. Brown, a former chairman of the Democratic National Committee.

Brown's zeal for taking groups of corporate chieftains abroad on export promotion trips, though widely praised by the business community, drew allegations that seats on his plane were often used to reward or attract contributions to the Democrats.

Under Brown's tenure, the procedures for choosing companies to go on trade missions were never laid out in explicit detail. Department trade experts forwarded long lists of candidates based on a variety of criteria, including the likelihood of winning an export contract. After vetting by the legal department, final selection was usually made by Brown and a handful of trusted lieutenants, some of whom had worked for him at the Democratic National Committee.

Daley rejected suggestions that his announcement should be construed as an ad-

mission of prior wrongdoing by the department.

"This was about going forward, not looking back," he said of his study, repeatedly asserting that he had not examined how participants were selected on prior trade missions.

But tacitly conceding that the allegations have badly wounded the department, he said he was acting because "there have been questions raised" about whether partisanship played a role in the selection process for missions.

Daley defended such missions as essential to helping U.S. companies stay competitive in the face of other countries' export promotion activities, and he said the new policy "fulfills the needs of the business community... while also maintaining the integrity of the Commerce Department."

Accordingly, he said, "I am fully confident that the Commerce Department can resume trade missions."

Under the 17 pages of guidelines, any information pertaining to the political affiliation or contributions of a company or executive would be excluded from consideration by de-

partment officials as they prepare lists of participants for trade missions.

Moreover, for trade missions led by the commerce secretary or other senior department officials, the initial selection of participants would be made by a group of at least three department officials, and final approval would be made by a group of five—each panel including a majority of career officials.

Finally, Daley said, the whole process will be "fully transparent... where relevant documents will be available on the public record," a measure department officials said would strongly discourage any partisan hanky-panky.

The move was derided as "cosmetic" by one of the department's severest critics, Larry Klayman of Judicial Watch Inc., a watchdog group.

"It's obviously an improvement over what existed," Klayman said, but he questioned whether career officials could exercise truly independent judgment if political appointees were also present on the selection panels.

Commerce Dept. plan promises to keep politics out of trade trips

By Martin Crutsinger
The Associated Press

The Commerce Department, accused of using foreign trade missions as political paybacks, unveiled a revamped process Monday for selecting the business leaders who go on such trips.

Commerce Secretary William Daley pledged the new procedures will make sure politics doesn't play a role in the missions.

"The new policy expressly puts partisan political considerations off-limits in the trade mission process," Daley said in announcing the rules at a news conference.

Since the Clinton administration came into office in 1993, the Commerce Department has conducted frequent, high-profile missions to emerging markets around the world. The stated object of the trips to Russia, China, South Africa, Venezuela and other nations: To boost American business interests by giving 20 to 40 American business executives a chance to meet foreign leaders, sign deals and make contacts. The missions were first led by Commerce Secretary Ron Brown, then by his successor, Mickey Kantor.

The 17 pages of guidelines prohibit consideration of an applicant's past political contributions or political activities. They also establish a selection process that will have a panel make final decisions on who goes on



By Mike Theiler, Reuters

Daley: Imposed moratorium on trade missions to develop new procedures.

the choicest trips. Career Commerce employees will have a voting majority over political appointees.

"From this time forward, we will have in place a fully transparent process where relevant documents will be available on the public record," Daley said. "The final plan reflects a trade mission process governed by objective criteria and conducted according to the high standards the American people expect."

But Judicial Watch, a conservative

public interest law group that successfully sued to obtain 30,000 pages of records on the missions, says Daley's guidelines don't go far enough.

The group says political appointees could still pressure career employees to make sure donors are included and that there is no appeal process for companies that lose out in the selection process.

"These guidelines are an improvement over basically having no guidelines," said Judicial Watch Chairman Larry Klayman, but "are more cosmetic than real."

During the tenure of Brown, a past chairman of the Democratic National Committee, there were accusations that the selection process was used as a way to pay back wealthy Democratic contributors.

Brown, who died last April while leading a trade mission to Bosnia, denied the accusations, insisting the selection process was based on merit.

Daley didn't answer questions about whether his review had uncovered any evidence of wrongdoing, saying the purpose was to focus on ways to improve procedures.



AP
Brown: Had denied playing politics

Federal officials must not solicit on federal property

A seldom-enforced 1948 law is at the heart of the controversy over Vice President Gore's aggressive fund-raising efforts from the White House.

The law prohibits federal officials from soliciting or accepting contributions on federal property. Gore, in a news conference Monday, vigorously denied violating any laws in raising money for the Democratic National Committee. Gore said he had made a "few calls" from his office to potential donors. He said his legal counsel "advises me that there is no controlling legal authority or case that says that there was any violation of the law whatsoever."

Republicans on Capitol Hill immediately attacked Gore's conduct as illegal.

The question of fund-raising at the White House has come up before, in the term of President Jimmy Carter. The Justice Department, in a narrow legal opinion, said the prohibitions against fund-raising did not apply to the president's private residence.

In that 1979 opinion, the Justice Department's office of legal coun-

sel reviewed allegations that Kantor had solicited contributions from 20 donors in the family dining room of the White House.

The law says it is unlawful for federal officials to solicit or accept funds "in any room or building occupied in the discharge of official duties."

However, the Justice Department said the private residence and "rooms used for personal entertaining where there is a history of such use" should not be regarded as an area "occupied in the discharge of official duties."

Gore did some fund-raising out of his office. All told, he raised about \$40 million by soliciting funds and attending fund-raising events.

Most of it was "soft money," supposed to be used for party building and thus not subject to certain limits on contributions.

In the past, the Justice Department has concluded the law does not apply to soft money solicitation, only to donations made to candidates in federal campaigns.

By Edward T. Pound

or case that says that there was any violation of law whatsoever," Gore told reporters.

Later, Gore shifted into a political mode, declaring he was "proud to have done everything I possibly could" to re-elect Clinton and help his efforts to "protect Medicare and Medicaid" and balance the budget.

"Our economy is roaring, inflation is low, crime is down, investments in education and protecting the environment are going up," he said. "Social trends are favorable. Economic trends are favorable. We are moving in the right direction."

It was not the first time that Gore, who has sought to preserve a wholesome, uncontroversial image as he jockeys to remain the Democratic front-runner for president in 2000, has faced unpleasant publicity on campaign finance issues. He previously was embarrassed by revelations that he appeared at a money-raising lunch at the Hsi Lai Buddhist Temple in Hacienda Heights, Calif., an event he initially said was not a fund-raiser.

In recent weeks, however, Gore has been linked more directly to his party's aggressive fund-raising practices, and to individuals with controversial overseas links, such as John Huang, under investigation for his actions as a top Democratic fund-raiser. Gore also hosted a coffee reception attended by a fugitive Lebanese businessman sought by the international policy agency Interpol on embezzlement charges, and he met with foreign-linked donors whose contributions were later returned.

The Washington Post Monday cited an unnamed source who claimed there were "elements of a shakedown" in a solicitation he received from Gore.

Gore Monday declined to answer that anonymous description, but acknowledged that he felt personal discomfort with the task of fund raising, a chore that vice presidents traditionally are required to undertake. By one account, Dan Quayle, the vice president under George Bush, raised more than \$35 million by appearing at many fund-raisers nationwide.

"Does it make one uncomfortable to do that?" Gore asked aloud about soliciting individuals for money. "Well, sure," he answered.

He added that it is tolerable, nonetheless, "If you believe what you're doing."

According to a Washington Post account Sunday, Gore's fund-raising effort yielded at least \$40 million for the party.

The vice president told reporters that most of the cash was raised through traditional fund-raisers, as he campaigned throughout the country in 1995 and 1996, a period when the Democrats desperately were seeking to finance a major campaign of television ads.

In addition, he made fund-raising calls "on a few occasions" from his office in December 1995 and last spring, using a Democratic National Committee credit card, Gore said. "I was advised there was nothing wrong with that practice," he said.

The White House released an April 1995 memo written by Abner J. Mikva, then counsel to the president, which instructed employees that under the federal Hatch Act, "No fund-raising phone calls or mail may emanate from the White House or any other federal building."

Citing the same law, Gore said that there was a specific exclusion for the president and vice president because, unlike federal personnel, they are candidates.

Asked about any impact of today's controversies on his political ambitions, Gore said: "I'm not focused on a political campaign in the future. I'm focused on doing everything I can to help this president be the best president he's capable of being, and to move this country in the right direction, and he's doing a terrific job. I'm very proud to be a part of his team."

3/4/97

Memo: First Lady Interested in Databases for Political Use (Washn) By Glenn F. Bunting and David Willman (c) 1997, Los Angeles Times

WASHINGTON A confidential memorandum released Monday indicates that first lady Hillary Rodham Clinton embraced an ambitious White House plan to help re-elect her husband by merging White House and Democratic National Committee computer databases for "political purposes."

The 1994 memo, written by an administration official who was assigned to develop a massive computer system, recommends deploying White House personnel to work with political operatives to utilize high-powered technology for the 1996 presidential campaign.

"I suggest that instead of continuing with an old outdated system that does not meet our current demands, let my team work with the DNC to help them design a system that will meet our needs and technical specifications," aide Marsha Scott wrote on White House stationery.

The first lady, in a notation scrawled on top of the letter, "This sounds promising. Please advise. HRC."

The memo appears to confirm earlier accounts that the personally directed Scott to oversee building a computer system of federal funds that was used to keep tabs on as many as 350,000 people, and help the Democrats solicit large donations for last year's presidential campaign. Federal law prohibits use of government property for political purposes.

To date, the critical role played by Hillary Clinton in helping to raise money and generate support for her husband's re-election has been largely overlooked. She served as hostess of four White House coffee receptions that were organized for supporters by the DNC and appeared frequently as the star attraction at party fund-raisers, records show.

Administration officials maintained that the first lady acted appropriately in raising money for the White House.

"The first lady was hard-working for her husband's re-election in all respects," said White House spokesman Lanny Davis. "She certainly made as many appearances as she could in support of the president's efforts, including at fund-raising receptions."

But a Republican congressman leading a House investigation into the alleged misuse of the White House database said Monday that the memo, combined with previously released documents, raised serious questions about Hillary Clinton's activities.

"It's now clear that Mrs. Clinton not only signed off on using taxpayer funds to create (the White House computer), but that she also raised no objection when Marsha Scott suggested illegally transferring database information to the DNC," said Rep. David M. McIntosh of Indiana, chairman of a House oversight subcommittee. "It troubles me deeply that Mrs. Clinton, who is a very bright lawyer, saw no problem with using taxpayer funds to aid the political operations of the DNC."

Administration lawyers have issued repeated opinions advising that federal law prohibits the use of the White House database dubbed "WhoDB" for political or partisan benefit. But the Los Angeles Times reported in January that the White House staff frequently retrieved information on large political donors from the database and turned it over to the DNC to help raise money for the president's re-election.

In three memos in 1994 all marked "confidential" Scott told the first lady that she was working to create a single database. On Jan. 26, 1994, Scott told Hillary Clinton and White House lawyer Bruce Lindsey: "The president and the first lady want this done."

Yet the first lady and Scott have sought alternately to play down or deny the efforts to create a single White House database.

Speaking briefly with reporters at a White House event Jan. 30, Hillary Clinton said:

"I'm not aware of any specific uses (of a database) and I would doubt if I was the person who ordered it. ... I certainly thought the White House needed a computer database. But the design of it, the use of it, that was for other people to figure out. I didn't know anything about that."

Scott, who now holds the position of chief of staff in the White House Office of Presidential Personnel, declined comment Monday.

Some congressional Republicans, including House Rules Committee Chairman Gerald B.H. Solomon of New York, have accused Scott of providing misleading answers last year, when she first was asked whether a database existed.

In a sworn deposition on June 19, Scott told lawyers for the House Governmental Reform and Oversight Committee that no computer database had existed at the White House. Asked, "Were you aware of any databases that were being maintained at the White House?" Scott answered:

"Well, there was no database at the White House at all. ... All of us that worked there were very cognizant of the fact that we were not in any way allowed to, encouraged to, and to my knowledge no one ever did anything to create any kind of campaign context or database."

But White House officials now contend that Scott, in her June 28, 1994, "confidential" memo, was describing her plans to build a new political database for the Clinton-Gore campaign that would be identical to a Democratic database. The memo was addressed to former deputy White House Chief of Staff Harold Ickes, administration lawyer Bruce Lindsey and the first lady.

This campaign database is what the first lady was referring to when she wrote, "This sounds promising," said White House spokesman Barry Toiv.

"The main subject of the memo is the possibility of developing a good database at the campaign and at the DNC and making them compatible," Toiv said. "Anybody who is interested in seeing Bill

ected presumably would have been happy at the prospect of a possible database being in place for the re-election." After a reporter read him Scott's memo, said that he vaguely called it.

Scott, 49, met Bill Clinton 30 years ago when they worked for Sen. J. William Fulbright, D-Ark. After settling in Santa Cruz, Calif., where she worked as an interior decorator, Scott helped with Clinton's 1992 presidential campaign.

She joined the administration in 1993 as the head of the unit that processes the thousands of letters sent every week to the president. Scott also assumed the role of handling communications with varied friends of the president, from both Arkansas and California.

In June 1995, Scott was named the White House's liaison with the gay and lesbian communities. Later that year she joined the White House political-affairs office. From February 1996 through May, Scott attended 13 of the White House coffees that were hosted by the president.

The Tricky Plot Behind Murdoch's Bid to Launch Satellite TV (Washn) By Jube Shiver Jr. (c) 1997, Los Angeles Times

WASHINGTON Even Hollywood might have difficulty coming up with a plot with more twists and hurdles than media mogul Rupert Murdoch faces in his bid to launch a huge new satellite TV venture to rival traditional cable TV.

The U.S. Supreme Court, the Federal Communications Commission, federal antitrust regulators and hordes of broadcast copyright holders ultimately may have an impact on Murdoch's bid to challenge the \$25 billion cable TV market by using satellites to blanket the country with more than 500 channels of video programming including programs from local broadcast stations beginning early next year.

Murdoch, whose Australia-based News Corp. is the parent company of the Fox Broadcasting Network, announced last week that he will invest \$1 billion in cash and assets for a 50 percent stake in Echostar Communications Corp. and launch a direct broadcast satellite service that would combine Echostar's 430,000 U.S. subscribers and three dozen satellite transponders with Murdoch's satellite television service, Sky.

Although Murdoch is viewed warily by critics of media concentration, his venture with Denver-based Echostar generally has been greeted favorably by federal regulators and consumer groups. They say the new service will provide sorely needed competition to incumbent cable operators and the regional Bell telephone companies who have been slow to engage in either video or telephone competition over their sprawling networks.

"It's hard to bleed for someone like Murdoch but we need more competition," said Mark Cooper, Telecommunications Policy Director for the Consumer Federation of America, a Washington-based consumer advocacy group. "If we can get someone to use satellite capacity to compete with John Malone (chairman of cable giant Telecommunications Inc.) and Time Warner then I'm all for it."

Added Thomas W. Hazlett, a former FCC official who is a professor at the University of California, Davis: "You have to go a long way to conjure up a downside to this (Murdoch) deal."

But before Murdoch can face off against the cable industry he must navigate a sea of changing federal regulations.

One of the biggest potential obstacles is that Murdoch's investment in Echostar would give him control of two of only three direct broadcast satellite licenses that provide full coverage of the continental United States and would reach from Canada to Argentina. Echostar and Hughes Electronics, which owns the leading DirectTV satellite service, were rebuffed by the FCC because they each already held one of those slots during an auction of the last DBS licenses that ultimately was acquired last year by MCI Communications Corp. MCI has joined Murdoch on the Echostar plan.

FCC officials privately have indicated in recent weeks they may soften their stance because they feel such consolidation may be necessary to provide meaningful competition to the cable industry.

But Murdoch, a naturalized U.S. citizen who two years ago won a high stakes battle with the FCC officials who alleged his ownership of a group of Fox television stations violated U.S. foreign ownership rules, faces that issue again in trying to complete the Echostar deal.

Experts say News Corp. could circumvent the law, which limits foreign investment in U.S. communications companies to between 20 and 25 percent, by not being the licensee of record. MCI holds the license. While the company is being acquired by British Telecommunications, one source at the FCC said the parties had tried

in the deal to overcome any objections to foreign ownership by limiting MCI's stake in Echostar to 10 percent. News Corp. effectively would own 40 percent.

Murdoch and Echostar could form a U.S. subsidiary to hold and own the satellite licenses. In any event, the FCC has indicated that satellite subscription video services, as distinguished from broadcast licenses, may not be subject to the foreign ownership restrictions.

But if regulators appear ready to show more flexibility in dealing with Murdoch, some cable operators and broadcasters are preparing for a fight.

In particular, Murdoch's proposal to include local broadcast stations which generally are not available through satellite services could bring him huge legal and logistic headaches.

A 1988 federal copyright law allows satellite operators to offer out-of-market broadcasts only to areas that cannot receive over-the-air signals from local TV stations. Although Murdoch is proposing to deliver TV signals only to their current local markets, pinpointing coverage from a satellite stationed 25,700 miles above the Earth's surface to densely populated areas presents a huge technical and administrative challenge.

Television broadcasters have filed scores of lawsuits against satellite operators for allegedly violating copyright law by selling TV programming from out-of-town stations.

What's more, cable operators who are prohibited by federal cross-ownership laws from owning a cable system and a TV station in the same market grumble that Murdoch already owns broadcast stations in many markets.

"Right now cable operators have an obligation to retransmit (all) local broadcast stations," said one cable industry lawyer who requested anonymity. "Satellite operators have no such obligation; they can cherry pick who they want. We don't think that's fair," said the lawyer, who added that several cable operators have approached him about challenging the Murdoch venture on those grounds.

Indeed, the cable industry is expected to lobby to force satellite operators to carry all local broadcast channels just as cable systems are required to do so under so-called "must carry" rules. Were that law extended to satellite operators, Sky and most other satellite ventures would have difficulty carrying the nation's more than 2,000 local stations.

If the experts are right, however, satellite operators may never have to wrestle with the problem. The U.S. Supreme Court is expected to rule soon on whether the must-carry rule is constitutional. Many experts believe the court will overturn the rule as an abridgment of cable operator's free-speech rights.

'Official English' Movement Hails Supreme Court Action (Washn)

By David G. Savage (c) 1997, Los Angeles Times

WASHINGTON The movement to make English the nation's official language got a boost Monday, as the Supreme Court threw out on a procedural grounds a U.S. appeals court ruling that said an "English only" law in Arizona violates the free-speech rights of Latinos.

Unanimously, the justices said the 1988 lawsuit that attacked a voter initiative Arizona voters approved was flawed nearly from the start and should have been dismissed long ago.

The 9th U.S. Circuit Court of Appeals, based in San Francisco, struck down the Arizona initiative as unconstitutional in 1995, even though the Spanish-speaking state employee who sued had long since resigned. Citing this and other procedural problems, the Supreme Court ruled the circuit court had no jurisdiction in the case.

Indeed, the court treated the case as a textbook example of overzealous federal judges meddling inappropriately in state affairs.

"The 9th Circuit had no warrant to proceed as it did," Justice Ruth Bader Ginsburg said sternly from the bench.

Although the Supreme Court's ruling was based on procedural concerns, leaders of the "official English" movement hailed the outcome as a victory that could clear the way for the Republican-led Congress to pass a national law endorsing the exclusive use of English by the government.

"This removes a big obstacle that has been used by our enemies to slow down our movement," said Mauro E. Mujica, chairman of U.S. English, a group which claims nearly 1 million members. Some members of Congress have hesitated to pass a federal bill, he said, because the idea had been declared unconstitutional.

Twenty-three states have passed state measures declaring English to be the official language, and the House of Representatives passed a similar measure late last year. A similar Senate bill has 17 cosponsors

this year, Mujica says, and he says he is optimistic it will win passage now.

But the pending federal bill, like the disputed Arizona measure, would be mostly symbolic. Both sidestep the controversy over bilingual education in the schools and bilingual ballots.

The Arizona measure says those are federal mandates and therefore, unaffected by the state initiative. Meanwhile, the Congressional sponsors of the federal measure did not include a repeal of bilingual education or bilingual ballots.

For its part, the Supreme Court said it was bypassing the chance to rule squarely on Arizona's measure because it did not know exactly what it meant.

The initiative was drawn up by a retired immigration agent named Robert D. Park with the hope, he said, of stopping the "move toward official bilingualism." Approved by 50.5 percent of the voters in 1988, the initiative says English is the official language of the state and the language of "all government functions and actions."

The state attorney general interpreted the measure to mean only that official state documents would be printed in English.

However, the lawsuit filed by a Latino state employee said the measure barred her from speaking to Spanish-speaking people who came to her office seeking help.

Maria-Kelly Yniquez said she wanted to write letters involving medical malpractice claims in Spanish and she sought an order declaring her right to do so.

Based on her claim, U.S. District Judge Paul Rosenblatt in Phoenix struck down the entire measure as unconstitutional. Then-Gov. Rose Mofford chose not to appeal.

Nonetheless, the 9th Circuit court took up the case and split along liberal and conservative lines. Judge Stephen Reinhardt, speaking for the liberal majority, said the Arizona law violated the "the American tradition of tolerance" toward immigrants. Judge Alex Kozinski, in dissent, said the liberals want to give "bureaucrats the right to turn every policy disagreement into a federal lawsuit."

Always cautious and a stickler for proper procedures, Ginsburg said the judge in Phoenix and the 9th Circuit court should have deferred to the Arizona courts so they could rule first on whether the initiative even applied to workers such as Yniquez.

It "might have saved the parties years of litigation had those courts give more respectful consideration" to the state's attorney general's view of the matter, she said in the case of *Arizonans for Official English vs. Arizona*, 95-974.

Arizona Attorney General Grant Woods praised the decision and agreed the Arizona courts should now decide the meaning of the 1988 initiative.

Commerce Department to Ban Politics From Trade Missions (Washn) By Art Pine (c) 1997, Los Angeles Times 3/4/97

WASHINGTON The Commerce Department announced new rules Monday designed to prevent abuses of its overseas trade missions, amid charges that key Clinton administration officials have favored political contributors in deciding which business executives go on such trips.

The new regulations specifically prohibit any consideration of a company's political contributions in selecting the companies whose executives will take part in such missions. They also set up procedures designed to insulate the entire process from political pressures.

Commerce Secretary William M. Daley, who had promised to clean up the system when he took office a month ago, pledged flatly that "there will be no politics allowed" in the new process. He also lifted the 30-day moratorium he had imposed on such trips in February.

At the same time, however, Daley refused to say whether the system had been abused in the past. He insisted repeatedly that a monthlong review he conducted before drafting the new rules "was about ... going forward" and did not delve into past practices.

He also defended Vice President Al Gore, the target of recent newspaper reports about his role in soliciting political contributions, as a man with especially high integrity.

But Daley conceded that "the system" of campaign financing "has gotten totally out of whack" at a presidential, Senate, congressional, local level the cost of these elections all the way down to aldermen, councilmen ... all the way back up to the president."

The new regulations fulfill one of the two promises that Daley made to the Senate Commerce Committee last December when it considered his nomination to the secretary's post.

The controversy over the trade missions emerged after allegations that the late Secretary Ronald Brown, who died in a plane crash in

Croatia last April while on such a trip, had politicized export-promotion program.

Daley's other pledge was to cut 100 of the department's appointees by the end of this year.

The secretary said he believed he could accomplish much of the cutback through normal attrition. Commerce Department officials say about 50 of those job slots already are vacant and many more are likely to be vacated as employees retire or move elsewhere.

The department has been sponsoring trade missions for years, inviting corporate executives to fly on government planes often accompanied by the Commerce secretary or another high official to help them do business overseas.

Critics contend, however, that in recent years the program favored those companies or executives who had or soon were about to make contributions to the Clinton campaign or to the Democratic National Committee.

Here are the major elements of the rules Daley made public Monday:

From now on, selection of corporate participants in department trade missions will be made by a panel comprising three career officials not political appointees and reviewed by a five-member board that includes both career lawyers and senior appointed officials.

The panel will be insulated from pressures from the political parties and from information about a company's political activities. Panel members will be barred from considering politics in making their choices.

The department will develop a detailed plan for each trip, outlining the goal of the particular mission and setting "objective, written criteria" for the kinds of companies and executives that would best fit the mission's objectives.

The entire process from the mission statement and list of participants to a summary of what was accomplished will be made public following each trip. The department also will ask participants to pay their share of air fare and other costs.

Claims of Racism Arise in Army's Sexual Misconduct Case (Washn) By Paul Richter (c) 1997, Los Angeles Times

WASHINGTON The investigations into sexual misconduct in the Army have taken an unexpected turn over a second anguishing issue: race.

Black leaders in Maryland are objecting that all 13 men facing charges in the scandal at Aberdeen Proving Ground are black, while the great majority of their accusers are white women. And they contend that black men also have been disproportionately accused in the Army cases pending elsewhere around the United States, although no official racial breakdowns are available to corroborate this.

The highest-profile sexual misconduct case, concerning Army Sgt. Maj. Gene C. McKinney the most senior enlisted man in the service does involve a white woman's accusations against a black man.

"This raises the old images of black men and white women that we just don't need in this day and age," said Janice E. Grant, of the Harford County, Md., National Association for the Advancement of Colored People, who has called for a civilian probe into the matter. "The numbers here just don't add up."

The allegations of racism are likely to further complicate the Army's efforts to resolve the sexual harassment investigations in a way that is politically, as well as legally, satisfactory. Top Army officials have vowed to make every effort to show that the institution has "zero tolerance" for misconduct against women, who now make up 20 percent of recruits.

The race issue is likely to be raised in some of the specific Aberdeen cases, say Army sources. Some of the men accused of sexual misconduct there believe the Army has overlooked similar infractions by white men.

Army officials Monday denied all suggestions that their actions were influenced by race. They said the charges against the accused were based on the Army's interviews with nearly 1,000 women stationed at Aberdeen, as well as the allegations of other women who telephoned an Army hotline set up to handle complaints of sexual misconduct in the service.

"The only thing the Army targets are enemy soldiers," said one Army officer.

Although a large share of the Army's noncommissioned officers are black, and while the Aberdeen ordnance school has a particularly large share of black NCOs, the fact that all the accused men at Aberdeen are black does appear to be disproportionate.

About 30 percent of enlisted soldiers, and more than one-third of

Commerce revises mission guidelines

By Warren P. Strobel
and Lorraine Woellert
THE WASHINGTON TIMES

Commerce Secretary William Daley yesterday unveiled new guidelines designed to keep politics out of the department's international trade missions.

The new policy, which takes effect immediately, forbids political organizations or those with a record of past political donations to play a role in deciding which businessman goes on the high-profile, and often lucrative, trips.

It was the second time in four days that new rules were announced in an attempt by the Clinton administration and the Democratic Party to put the fund-raising scandal behind them.

On Friday, the Democratic National Committee announced new regulations designed to prevent a recurrence of past fund-raising abuses and announced it was re-

turning an additional \$1.5 million in questionable donations.

Mr. Daley said in a statement the new Commerce Department policy "expressly puts partisan political considerations off limits in the trade mission process." He had pledged during his January confirmation hearings to conduct a 30-day review of how the department selects participants in its trade missions.

Under the late Ron Brown and his successor as commerce secretary, Mickey Kantor, aircraft seats on the tours, which were meant to clinch foreign contracts and expand U.S. exports, often were reserved for big Democratic donors.

The Boston Globe reported last month that four companies invited on the two trade missions led by Mr. Kantor gave the Democratic Party one-shot contributions of \$100,000 or more just before or after the trips. Mr. Kantor insisted the trips and the contributions

were entirely unrelated.

Former DNC General Chairman Donald Fowler has acknowledged sending a letter to Mr. Kantor urging him to reserve a seat on an overseas trade mission for a Florida businesswoman who had given almost \$40,000 to the Democrats in the previous 30 months.

Under the new policy, such referrals and any documents with references to an applicant's past contributions or political work are to be "returned to sender."

Corporate executives applauded the Daley announcement, saying any steps to shelter the trade-mission system from the threatening storm of criticism would be good for U.S. business.

"This is all going to be a tragedy in terms of the United States if officials can't take and lead missions," said Dennis Bakke, president of AES Corp. in Arlington.

"I think [trade missions] are threatened because of the allega-

tions," said John Castellani, executive vice president at Tenneco Inc., an international industrial company based in Greenwich, Conn. "Not only is it a legitimate role of government, but it's one where we have been behind our foreign competitors for years and years."

As for fixing the system, executives who've participated in trade missions said they haven't seen a need for major improvements.

"It was not a perk; we were looking for help," Mr. Bakke said. "We got a lot of help from those trips."

In the case of AES, one of the largest U.S.-owned overseas producers of electric power, using objective criteria for picking trip participants probably would not hurt its chances to attend future trade missions.

"For us it's a moot point," Mr. Bakke said. "Some of these stories have been trying to connect trips with political contributions, but for us it was irrelevant."

TRADE MISSION RULES

Commerce Secretary William Daley yesterday unveiled a new policy governing trade missions, including more public oversight. Among the guidelines:

- Corporate participants will be selected in an "objective and transparent" process that will look at a company's relevance to the particular trip and its expertise with the country being visited.
- Companies must certify they have no business with Commerce that might present an apparent conflict of interest.
- Commerce officials will consider a diversity of company size, type, location and demographics when selecting corporate participants for a trip.
- Potential participants must apply in writing to attend a trade mission.
- Corporate nominations or endorsements from third parties, such as trade groups and government officials, will be made a part of the mission's public file.
- Referrals from political organizations won't be considered during the selection process and will be returned to the sender.
- Any documents, including applications, that refer to political contributions or affiliations will be returned.
- The final selection will be made by a panel of Commerce officials and reviewed by a five-person board.

Source: U.S. Department of Commerce

But using such criteria for selecting participants could discriminate against smaller companies with less international experience.

"There'll be a lot of little guys who might be looking for business who might never get on a trip," Mr. Bakke said.

The Washington Times

TUESDAY, MARCH 4, 1997

Hillary eyed database for DNC

Aide suggested 'cloning' Clinton donor file; Hatch Act bans it

By Paul Bedard
THE WASHINGTON TIMES

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Hillary Rodham Clinton endorsed a top White House aide's effort to "clone" a computer database of President Clinton's reelection donors and supporters for the Democratic National Committee despite in-house and Hatch Act rules banning such political activity.

The first lady wrote "this sounds promising, please advise, HRC" in a June 28, 1994, memo in which campaign database creator Marsha Scott described helping the DNC copy the administration's database.

Miss Scott, in her memo, also discussed her larger project of setting up a \$1.7 million White House database of 355,000 Clinton donors and supporters, prompting House investigators to suggest that the aide wanted to improperly let the DNC share in the official database funded by taxpayers.

The White House previously denied that its larger official database was illegally used by the Democratic Party for fund raising, but Miss Scott's memo and Mrs. Clinton's handwritten endorsement call those denials into question, House investigators said.

The memo, among many provided by the White House to the House Government Reform and Oversight Committee last week, also deepened suspicions that Mrs. Clinton did not truthfully describe her role in setting up the database.

see HILLARY, page A14

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"It troubles me deeply that Mrs. Clinton, who is a very bright lawyer, saw no problem with using taxpayer funds to aid the political operations of the DNC," Rep. David M. McIntosh, Indiana Republican, whose House government reform subcommittee is investigating the White House database, said yesterday.

White House Deputy Press Secretary Barry Tobiv yesterday described Mrs. Clinton's remarks as "innocuous" but declined to say more about the first lady's response to the Scott memo.

Mrs. Clinton's comments on the memo came six months after the White House counsel's office warned that sharing information in the White House database with political parties or groups would violate federal laws.

It also came at a time when White House lawyers were concerned about the political activ-

The first lady wrote "this sounds promising, please advise, HRC" in a June 28, 1994, memo.

ities of Clinton aides.

Then-White House Counsel Abner J. Mikva wrote a 1995 memo — released yesterday — warning aides against participating in campaign work on White House grounds, as Miss Scott apparently did.

"The simplest rule to follow is the common-sense practice that anything obviously political that involves the use of resources should be done by the campaign, even if doing it here can be legally justified," Mr. Mikva said.

Mr. Tobiv said the "outside" system wasn't built, although the campaign did have a computer database of supporters. He called Miss Scott's memo vague.

Miss Scott, a longtime Clinton aide, has refused to discuss the system with reporters. But Mr. McIntosh said he will require her to testify on Capitol Hill.

Miss Scott described in the memo a political plan that House investigators believe may have violated Hatch Act prohibitions on political activities by federal workers.

On White House stationery — on its own a potential violation of the Hatch Act — Miss Scott said she was working with the DNC to set up a parallel computer system at party headquarters.

"Let my team work with the DNC to help them design a system that will meet our needs and technical specifications," she said in the memo to Mrs. Clinton, former Deputy Chief of Staff Harold Ickes and Counsel Bruce Lindsey.

Miss Scott said it should be copied from a system she was developing "outside the White House," apparently a computer

database of supporters for use by the re-election campaign.

"Cloning or duplicating database systems is not difficult if carefully planned by a good design team," she wrote.

Miss Scott said that the re-election campaign computer system she was working on would include information from Mr. Clinton's "PeopleBase" list of supporters while he was governor of Arkansas.

Much of that list eventually was put in the White House database, which is governed by laws prohibiting its use by political organizations outside the White House.

Miss Scott added that the re-election campaign database she was building could be used by the DNC "or other entities we choose to work with for political purposes."

Mr. Tobiv defended Miss Scott's political activity while on the White House payroll by calling her an overeager worker who wanted to see Mr. Clinton re-elected.

The Hatch Act allows federal workers to conduct political activities after a 40-hour workweek.

Just a month ago Mrs. Clinton denied ordering the database system, dubbed "Big Brother" by some inside the White House.

"I would doubt that I was the person who ordered it," Mrs. Clinton said in late January.

But she said the system was "something we needed... that's all I know about it."

"It's outrageous. On the face of it it shows how they wanted to use the White House database for political uses," Mr. McIntosh said of the Scott memo.

The database was dragged into the Democratic fund-raising scandal when a former DNC finance chairman said he used it to raise money. He later changed his story after contacting the White House for advice on how to respond to questions from reporters.

Insight magazine first disclosed the existence of the White House database in a report that also appeared in The Washington Times last June.

The Washington Times

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ne Medicaid program for the poor and elderly would also sustain its largest cutbacks in later years. Under Clinton's budget, it would increase by \$4 billion in 1998-99, then shrink by \$1 billion in 2000 then by \$10 billion in 2001-02.

Even as Kasich scorned the president's budget, he dodged questions about when congressional Republicans, who control both houses of Congress, would present their version of a balanced-budget plan.

"We'll have an alternative at some point in time," he said, while acknowledging that Republican leaders are wary of taking the lead in proposing a plan because of the political flak they have taken in the past.

"We've done this the last few years and we've got whacked around," he said, referring to Democratic attacks in the last election that contributed to a loss of several Republican House seats.

Senate Budget Committee Chairman Pete Domenici, R-N.M., said backloading the savings to the last two years could lead to "unacceptably high deficits" if the president's policy changes somehow get diverted over the next three years.

"CBO's re-estimates confirm my earlier reservations about the president's budget," Domenici said. "Clearly, there's much construction still required ... and I hope the administration is willing to make the needed changes to achieve a real balanced budget."

Gore defends campaign solicitation calls made from White House By Robert A. Rankin

Knight-Ridder Newspapers (KRT) 3/4/97

WASHINGTON In an extraordinary appearance in the White House press room Monday, Vice President Al Gore defended his deep involvement in raising money for 1996 Democratic campaigns, but said he would never again make telephone calls soliciting donations himself.

Gore acknowledged that he had made such phone calls from his White House office "on a few occasions." He emphasized that the president and vice president are specifically exempted from a federal law that prohibit solicitation of campaign donations from the White House or other government buildings.

"I never did anything that I felt was wrong, much less illegal," Gore stressed several times.

The federal law in question the Hatch Act does include the exemption that Gore based his defense upon.

However, Gore's personal solicitation of campaign contributions appears unprecedented, and has been denounced even by Democrats as unseemly.

"Undefendable," Sen. Robert Torricelli, D-N.J., termed it Sunday.

Gore was asked to respond to one unnamed contributor who told The Washington Post he felt like a victim of a "shakedown" by Gore after his telephone solicitation.

"I never, ever said or did anything that would have given rise to a feeling like that on the part of someone who was asked to support our campaign. I never did that and I never would do that," Gore said, repeatedly stressing how proud he is to have helped President Clinton win re-election.

Nevertheless, Gore said in the future he would not make any calls soliciting campaign donations "because it's aroused a great deal of concern and comment and it's not it's not something that I want to continue if it's going to raise this kind of concern."

Even though Gore has been highly visible as vice president, his news conference Monday was highly unusual because it focused on Gore's reputation rather than an administration initiative. The appearance clearly was intended as political damage control. The Tennessee Democrat, who has enjoyed a reputation for integrity during his eight years in the House, eight in the Senate and four as vice president, does not want to see his prospects of winning the presidency in 2000 jeopardized by the spreading controversy over Democratic fund raising.

As the spotlight shifted to Gore, pressure grew for Attorney General Janet Reno to request an independent counsel to investigate the affair.

Reno has said that a preliminary Justice Department inquiry has failed to find sufficient evidence that any senior officials covered by the independent-counsel statute may be implicated in any crime.

Jack Kemp, the Republican vice presidential candidate last year, joined the list Monday of prominent politicians calling for the appointment of an independent counsel.

"In my opinion, only an independent counsel and the Thompson committee can fully explore the I'm going to use the word corruption of political fund raising in America," Kemp told CNN, referring to the Senate investigation being led by Tennessee Republican Fred Thompson.

Joseph diGenova, a former special counsel and a Republican, said that the admitted deep involvement in the controversy of both Clinton and Gore warrants an independent counsel even if neither of them did anything illegal.

"She (Reno) keeps saying she needs specific credible evidence of crime by a covered person. That's not true. That's only one basis. The other basis is when the attorney general has personal, financial, or political conflict of interest" compromising her ability to oversee the investigation, diGenova said.

"That was (the basis) used by her in Whitewater," diGenova added, noting that Reno called for a special prosecutor in that controversy simply because the President and Hillary Rodham Clinton were involved at least as witnesses, which created a political conflict of interest for Reno.

"There is enough evidence right now of a conflict of interest (in the Democrats' fund raising) because of the president's and vice president's involvement in this case, as major witnesses if not as subjects of the investigation," diGenova said. "I think that ultimately she's (Reno's) not going to have any choice. This is going to have to happen, because the conflict of interest is a no-brainer at this point."

Gore became a focus of attention when The Washington Post published

a long front-page article Sunday by Bob Woodward detailing the vice president's deep involvement in fund raising over the past two years.

Gore and his team of fund-raisers helped the Democratic National Committee raise \$40 million of the \$180 million collected by the party in 1995-96, including some \$8.74 million raised at 39 events where Gore was the headliner, according to DNC data reported by the Post.

In addition, Gore himself telephoned an unidentified number of potential donors and asked them for contributions, something the previous three vice presidents Dan Quayle, George Bush and Walter Mondale told the Post they never had done.

"I'm proud of what I did," Gore said several times Monday. He said raising money had been essential to Clinton's re-election, and chastised observers who profess shock that presidents and vice presidents must raise money for campaigns.

"I will leave it to you all to determine whether or not that's totally unique or not," Gore said.

The Hatch Act forbids federal employees from soliciting campaign contributions in federal buildings, but it specifically exempts the president and vice president from its provisions regarding political activity. The Hatch Act is intended to insulate official federal business from partisan activity.

Abner Mikva, then-White House counsel, spelled out these legal prohibitions in a nine-page memo to the White House staff on April 27, 1995, to make sure that everyone inside knew the rules before the president's re-election campaign geared up.

"Campaign fund-raising activities of any kind are prohibited in or from government buildings," said the memo addressed to White House staffers. "This means that fund-raising events may not be held in the White House; also, no fund-raising phone calls or mail may emanate from the White House or any other federal building."

Some overtly partisan business not including fund raising can be conducted legally from the White House so long as any costs incurred in doing it are not billed to the taxpayers, Mikva's memo states. Partisan use of White House equipment for long-distance telephone calls, faxes, and computer services, for example, can be legal if the cost is reimbursed by the party or a campaign committee.

Gore said he made only a few fund-raising calls and was always careful to bill them to a credit card from the Democratic National Committee. "I understood there was nothing wrong with that," the vice president said.

Gore also repeatedly stressed that he did not break a federal law that prohibits soliciting of employees who are on government property.

Commerce Secretary announces new selection process for executives attending trade missions By Josh Goldstein Knight-Ridder Newspapers (KRT) 3/4/97

WASHINGTON Commerce Secretary William Daley announced new rules for foreign trade missions Monday, saying that "partisan political considerations" will not be used to determine which business executives participate in the trips.

The guidelines, the result of a full review promised by Daley during his Senate confirmation hearings, come in response to concerns by members of Congress and outside groups that the Commerce Department rewarded Democratic campaign donors with seats on trade missions led by the late Secretary Ron Brown.

Nearly 40 percent of the participants on trips led by Brown had

contributed to the Democratic Party, according to the Center for Public Integrity a group that tracks political influence in Washington.

Documents released by the Commerce Department in response to Freedom of Information Act requests suggest that trade missions were used to encourage and reward donors.

Daley, in a news conference Monday, insisted that "there will be no politics allowed in the application process" for private-sector participants in Commerce-led trade missions. The new guidelines require that career appointees or panels with a majority of career employees select the participants in future trips.

Documents show that when Brown was commerce secretary, party donors and insiders tried to parlay their clout into seats on overseas trips.

In September 1994, Phil Verveer, a Washington lawyer representing the telecommunications industry, wrote to Rob Stein and Jonathan Sallet to suggest a participant in a Ron Brown mission to India. At the time, Stein was the department's chief of staff and Sallet was an assistant to the secretary.

Verveer wrote that William B. Ginsberg, CEO of Cellular Communications International Inc., would "be a highly creditable addition to the delegation."

"In addition, Ginsberg was an early financial supporter of the Clinton/Gore campaign and a very generous donor to the party's 1992 election efforts," wrote Verveer.

Ginsberg contributed \$25,000 to the Democratic National Committee (DNC) in 1992 and gave the maximum \$1,000 to the Clinton/Gore re-election campaign on June 22, 1995.

Ginsberg went on the India trip in January 1995.

In another letter, dated July 14, 1994, former congressman and Democratic party adviser Tony Coelho wrote to Melissa Moss, director of the Office of Business Liaison at the Commerce Department, to express his appreciation for her "willingness to help in having our Chairman and CEO James A. Harmon invited to participate in the Secretary's trip to China."

Coelho works for the Wall Street investment firm Wertheim, Schroder & Co.

In his letter, Coelho also said "if you think there is anything more I can or should do to make this happen, including speaking directly to the Secretary, please let me know, as this is very important to me."

Coelho's boss Harmon accompanied Brown on the commerce trade mission to China and Hong Kong in August and September 1994.

The new guidelines were quickly called inadequate by Larry Klayman, chairman and general counsel of the conservative Judicial Watch, a group that has been critical of ethics in the Clinton administration.

Klayman said the guidelines "have more holes than Swiss cheese and should the Clinton administration so choose they provide an opportunity to continue business as usual."

He termed the new policy "part and parcel of the Clinton administration's wide approach to try to deflect criticism about past practices and to focus on future practices." But Klayman said Daley's new policy reflects "at least tacit admissions of wrongdoing in the past."

Under the new guidelines for trade missions, the department will have:

A statement of mission goals

Specific criteria for selecting private-sector participants

An express prohibition against considering political activities

Mandatory broad outreach to potential participants

Daley said, "the final plan reflects a trade mission process governed by objective criteria and conducted according to the high standards the American people expect and deserve."

"Our mission in reviewing trade missions is to look at how to strengthen them and how to go forward without making any judgments on what may or may not have transpired in the past."

Supreme Court will not hear English-only case) By Aaron Epstein Knight-Ridder Newspapers (KRT)

WASHINGTON The explosive national debate over the constitutionality of English-only laws will not be settled by the Supreme Court this year. The justices unanimously ruled Monday that the heralded Arizona case before them was dead on arrival.

Justice Ruth Bader Ginsburg said serious procedural barriers prevented the high court from examining the validity of a 1988 Arizona state constitutional amendment that requires English to be the language of the ballot, the public schools and all government

functions and actions."

The court's action had the legal effect of reviving the amendment, which had been struck down in 1995 by the 9th Circuit of the U.S. Court of Appeals.

The appeals court, citing free-speech guarantees, ruled 6-5 that the amendment was coercive, overly broad, damaging to government efficiency, and unfair to Hispanics and other foreign-born residents of Arizona. It was that decision the Supreme Court set aside Monday.

Now the Arizona Supreme Court will use a different case to decide the validity of the amendment, one of 24 state laws that seek to make English the official language of government.

The Supreme Court signaled its intention to sidestep the constitutional issue during oral arguments last December. None of the nine justices asked a question about the constitutional issue and most of them appeared convinced that there was no longer a live controversy in the case before them.

In a 35-page opinion, Ginsburg cited three major problems.

First, she said, Maria-Kelly Yniguez, a bilingual woman who filed suit to invalidate the amendment, left her state job in 1990 to work for a private hospital, where she is not subject to the English-only restriction. That act was fatal to her case, Ginsburg said.

Second, Arizonans for Official English, which sponsored the amendment, and its chairman, Robert D. Park, were permitted to appeal after the state refused to do so. The justices expressed "grave doubts" that the group and Park had a right to appeal, but they did not resolve the issue.

Third, Ginsburg said, lower federal courts wasted time and resources by failing to ask the Arizona Supreme Court what the amendment means, especially after a 1989 state attorney general's opinion said it permitted state workers to speak languages other than English on the job.

In another important case involving patent law, the court unanimously reaffirmed a 47-year-old legal test for determining how much a new invention must differ from an existing patent in order to escape liability for patent infringement.

The decision was a victory for patent holders and a defeat for producers of new products.

Technological companies in the Silicon Valley area of northern California told the court that current patent law discourages them from investing in new products when an existing patent is similar but not identical.

But Justice Clarence Thomas said the court would stick to the existing "doctrine of equivalents." The doctrine means that a new invention, while not a copy of a patented product, may nonetheless violate patent rights if the differences are slight.

The issue arose in a dispute between two companies over a patented method for removing impurities from dyes.

A jury awarded \$3.5 million to the Cincinnati, Ohio-based Hilton Davis Chemical Co., a subsidiary of Freedom Chemical of Philadelphia, which claimed that the Warner-Jenkinson Co. of St. Louis infringed on its patent. A federal appeals court affirmed the judgment by a 7-5 vote.

The justices reversed the lower court and sent the dispute back for additional evidence on another legal issue.

In a Florida case, the Supreme Court let stand a state appeals court decision requiring the City of St. Petersburg to pay William A. Bowen for ordering his apartment house closed for one year after learning it was used for cocaine sales.

Cities in and out of Florida protested that the ruling could curb their power to eliminate public nuisances without having to pay compensation. "Does this mean that government must pay to protect its citizens?" asked Jane Cameron Hayman, a lawyer for the Florida League of Cities.

In a Pennsylvania case, the high court agreed to decide next year when new owners of a company can poll employees to see whether most of them still support a union.

Owners of Allentown Mack Sales and Service, saying a poll supervised by a Catholic priest resulted in a 19-13 vote against the Machinists Union, refused to recognize the union after buying a dealership and repair shop.

But the National Labor Relations Board and a federal appeals court said the company was not entitled to conduct the poll unless it lacked evidence to create "reasonable doubt" of continuing union support.

3/4/97
Gore says he did nothing wrong in soliciting campaign funds By William Neikirk Chicago Tribune (KRT)

WASHINGTON Vice President Al Gore conceded on Monday that he solicited re-election campaign contributions from his White House office, asserting he violated no laws but would never do it again.

"I'm proud of what I did," Gore said at an unusual White House press conference called expressly to fend off allegations that he may have stepped over the line of propriety in aggressively raising funds during the campaign.

"I do not feel like I did anything wrong, much less illegal," he said. "I am proud to have done everything I possibly could to help support the re-election of this president."

Under fire for a fundraising role that had led some Democrats to label him "solicitor in chief," the vice president found himself compelled to answer charges suggesting that he may have illegally solicited funds at the White House.

The man President Clinton is grooming as his successor defended himself with forceful language and with no apologies while he sought to avoid being tarnished further by the administration's fundraising controversy.

Acknowledging that "on a few occasions" he made telephone calls to donors from his White House office, which is just around the corner from the president's, Gore said he paid for them with a Democratic National Committee credit card.

The federal Hatch Act, which prohibits federal employees from raising campaign funds on federal property, including the White House, exempts the president and vice president, he said.

The vice president said that his lawyer advised him that the practice was completely legal and that no case has ever been decided by a court's ruling it was a violation.

Yet, he said, he won't do it again "because it's aroused a great deal of concern and comment. It's not something that I want to continue if it's going to raise this kind of concern. ... If I had realized in advance that this would cause such concern, then I wouldn't have done it in the first place."

Even some Democrats on Capitol Hill had questioned Gore's enthusiastic role as a fundraiser for the Clinton-Gore ticket. And when a former Clinton aide, George Stephanopoulos, said Sunday that the vice president had made calls from the White House, the political criticism drew more intense.

A Washington Post story in Sunday's editions described a vice president who approached his fund-raising role with gusto, on occasion bringing complaints from some donors that he was heavy-handed and his requests amounted to a virtual shakedown.

The vice president said "this was not an accurate impression" and declared that "most all of the money for the campaign that I am given credit for raising came in the form of traditional events where I was the main speaker at fundraising events."

Was he "solicitor in chief?" "I have never heard such a phrase," he said. "I never heard such a phrase until I read it in the paper."

Gore conceded that he had asked individuals for specific amounts of money when seeking donations and that on occasion it made him uncomfortable, but he added that "if you believe in what you're doing ... then you do that."

The vice president said that while he asked wealthy private donors for money, he never solicited campaign contributions from a federal employee, which would have been a violation of the law.

Gore said he began his telephone calls to contributors from the White House in December 1995. "There were a few other sessions during which I made calls in the spring of 1996," he said. He didn't give a total number of calls.

The vice president's fund-raising activities also have been questioned in another case, when he attended a fundraiser in California at a Buddhist temple that has since come under scrutiny by investigators. He declined to go into that matter at his press conference, saying that he has fully answered questions about it.

His White House calls raised even more questions about fund raising for the Clinton-Gore re-election effort after disclosures that Clinton invited wealthy donors to a series of White House coffees and overnight stays in the Lincoln Bedroom.

Clinton said that neither the coffees nor overnight stays violated federal law because no solicitations for money were made.

Former White House Counsel Abner Mikva and his associate, Cheryl Mills, wrote a memorandum for White House officials on April 27, 1995 outlining the law and rules governing campaign activity by federal employees.

It pointed out that soliciting funds on federal property was illegal.

"This means that fundraising events may not be held in the White House; also, no fundraising phone calls or mail may emanate from the

White House or any other federal building," the memo said.

Contacted in Chicago, Mikva said his memo was intended only to federal employees, but not the president and vice president. He agreed that they are exempt from the Hatch Act and probably can within the law raise money from the White House. But, he added, "I don't know. I never checked it out."

Gore said that the intent of federal laws governing fundraising "was to prevent a supervisor from talking to a federal employee and saying, 'We want you to contribute money.' I have never done that. Secondly, I have never asked anyone who was on federal property on in the White House for a campaign contribution."

The vice president fended off questions whether the disclosures of his role in fundraising would hurt him if he decides to run for president in 2000. He said he hasn't set up a campaign structure or a political action committee. "I'm not focused on a political campaign in the future," he said. "We're not there yet."

As Clinton did when his role in fundraising activities was questioned, Gore called for passage of campaign finance reform legislation, which is in trouble on Capitol Hill. He noted that he introduced a bill when he was in Congress to provide for complete public financing of campaigns.

"I still favor that legislation, but it didn't pass," he said. "There's probably even less support for it now."

As a result, he said, candidates are forced to live with a system in which they must seek contributions from private donors and have fundraisers in order to win elections.

Commerce secretary issues policy intended to keep politics out of jankets By Frank James Chicago Tribune (KRT) 3/4/97

WASHINGTON Trying to lift his department beyond charges that the Clinton administration has used overseas trade missions to reward campaign contributors, Commerce Secretary William Daley on Wednesday unveiled a new policy meant to keep politics out of the selection process for such trips.

Among the biggest changes, Daley announced a ban on choosing executives for trade missions on the basis of referrals from "political organizations," such as the Democratic National Committee.

"There will be no politics allowed in the participation process," Daley said. "The policy contains an explicit prohibition of any consideration of partisan political activity, including any contributions."

Daley also promised that the new process would be so open and completely documented that observers outside the department could be assured that every private-sector participant was chosen for reasons having nothing to do with politics.

"The key issue is transparency," said David Rothkopf, former deputy Commerce undersecretary for international trade, now at Kissinger Associates in New York. "To the degree that it is understood from the outset that the selection process is an open book reviewable at anytime for anybody, it will discourage any behavior that might fall into the gray area."

The move appeared an attempt to put more distance between the department and the Democratic National Committee. The committee has been involved in a controversy over its fundraising.

The Commerce Department-committee link became an issue soon after Ron Brown, who had headed the committee during President Clinton's first presidential campaign, was named Commerce secretary. Brown was killed in a plane crash in Bosnia last year while on a trade mission.

A number of people Brown knew at the committee joined him at the Commerce Department, including a political appointee who chose businesspeople for the missions. That official is no longer at the department.

The trade missions had come under attack early in the administration from congressional Republicans and others who accused the Commerce Department of playing favorites.

By last year, the trips had fallen into such disrepute that the department found many of the invited senior executives, typically chief executive officers, declining to participate, according to a former department official who asked not to be named.

"They were having a hard time getting CEOs to go," the former official said. "Why go and have somebody say you gave money? You're tainted."

Daley said that continuing the trade missions is vital to the fortunes of U.S. companies and workers as they compete in global markets for new export business, especially in Asia and Latin America's emerging

economies. "Trade missions open the doors to these markets and opportunities," Daley said.

In addition, the missions are essential at a time when Chancellor Helmut Kohl of Germany and Prime Minister Jean Chretien of Canada have been known to switch roles from heads of state to salesmen as they have led trade missions of their own nationals to seal deals. To de-emphasize trade missions, would be "tantamount to unilateral withdrawal from the global economic competition," Daley said.

The policy was welcomed by Sen. John McCain, R-Ariz., chairman of the Senate Commerce Committee, which oversees the department. During his confirmation hearings earlier this year, Daley told Congress he would place a 30-day moratorium on all trade trips until he had a chance to review the selection process.

"I applaud Secretary Daley for keeping his word to Congress and the American people to attempt to take politics out of the business of the Commerce Department's trade missions," McCain said.

Congress refuses to cut pork from transportation By Mike Dorning

Chicago Tribune (KRT)

WASHINGTON The era of Big Government may be over, but Big Pork lives on.

Amid much-publicized rhetoric about the virtues of balanced budgets and limited government, Congress is gearing up quietly for a quintessential exercise in old-fashioned log-rolling: the twice-a-decade reauthorization of the federal highway and surface transportation program.

Perhaps more than \$175 billion in federal assistance will be up for grabs, dispensed for highways, bridges and bypasses even environmentally correct bike paths and mass transit systems.

All of which are just the kind of public works projects that ribbon-cutting congressional incumbents long have used to demonstrate to constituents the benefit of their continued presence in Washington. In other words, it's a whole stockyard full of pork.

The anti-spending philosophy of the Republican revolution on Capitol Hill notwithstanding, the prospect has set off a decidedly bipartisan rush.

The House Transportation Committee, which has jurisdiction over the bill, has swelled to become the largest committee in the history of Congress. Its 73 members are one-sixth of the House of Representatives.

That's 19 more members than are found on, for example, the National Security Committee.

"Everybody and their brother, aunt, uncle and sister wants to get on that committee and get their project in there. ... This is where the political rubber meets the road," said Transportation Committee member Rep. Ray LaHood, a Republican from Peoria, Ill.

This year, it appears there will be plenty of tires screeching. There are some collisions, too.

The road-building money is being divvied up just as the balanced budget targets are beginning to pinch funding, thereby squeezing off Congress' tried-and-true method for peacefully resolving conflicts over allocation of highway subsidies: raising the level enough so that even the losers generally come out ahead.

Simultaneously, the extraordinarily ideological Republican class of '94, which just returned from the much toned down 1996 campaign, is newly appreciative of the political value of delivering the goods for the folks back home. Budgetary pressures are closing off other opportunities to do that.

"This is probably going to be the only game in town in terms of going home and making some big announcements," one House staffer said.

Those political realities could turn the usual back-and-forth haggling over transportation funding into, as one Senate aide said, a bitter "zero-sum game."

That game will include simmering conflicts among the country's regions over resource allocations, competition among congressional members for set-aside, line-item, "high priority" projects in their districts, and tussles between road-builders and advocates of rival transportation projects, such as mass transit.

Already, a coalition of 25 mostly Southern states is grouching that it is being shortchanged under the existing surface transportation program. The program is funded by a federal gasoline tax, and each of those states pays more into the program than it receives back in spending. They want a guarantee that each state will receive a minimum 95 percent of its gas tax revenues back.

The mostly Northeastern and Great Plains states that come out well ahead are equally adamant about preserving the allocation in roughly

its present form. The Northeast notes that its aging roads and bridges are in greater disrepair, and the lightly populated Plains states point out that they must maintain long stretches of interstate highways.

Illinois has come out ahead, receiving \$1.35 in funding for every \$1 it has contributed in gasoline taxes since the 1991 passage of the existing allocation system, according to the most recent figures available from the Federal Highway Administration.

Some sign of the depth of feelings among Northeastern representatives came from the response of Rep. Susan Molinari, R-N.Y., to the demands of Southern states, including Texas.

"The extra 6 billion defense dollars that go to Texas, kiss it goodbye," said Molinari, who made the threat despite sharing a place in the inner circle of Republican leadership with Texan Reps. Dick Armey, the House majority leader, and Tom Delay, the Republican whip.

Although the transportation program is funded by a separate trust fund financed by gasoline taxes, the fund balance counts toward the overall deficit. Thus, deficit hawks and the Clinton administration alike are seeking to hold down spending to maintain a surplus. The administration has proposed \$175 billion in spending over six years but many in Congress are pushing for much more.

Much of the transportation funding is allocated via a complex formula negotiated by congressional representatives acutely aware of how any adjustment affects their own state and district.

New York Democratic Sen. Daniel Patrick Moynihan, for example, is behind a provision that reimburses states for tolls paid a half-century ago. The justification is those tolls paid for construction of highways that if built later would have been federally funded as interstates.

New York just happens to have a lot of those highways.

Meanwhile, the lawmakers exert their influence even more directly through individual set-aside, "high priority" projects funded separately from the state funding formulas.

Presiding over all of this, at least in the initial drafting stage, is Rep. Bud Shuster, R-Pa., the old-school, pork-barrel chairman of the Transportation Committee.

A natty dresser who flamboyantly favors gold cuff links and tie pins, Shuster is unapologetic about adorning his own central Pennsylvania district in asphalt. The mostly rural district is bisected by a four-lane interstate he championed and, in the 1991 bill, his district received \$287 million for 13 projects.

Shuster has been under an ethical cloud since the newspapers Roll Call and the Journal of Commerce exposed his continuing ties with longtime aide Anne Eppard.

Eppard quit Shuster's staff to rake in hundreds of thousands of dollars in consulting fees for lobbying his committee even as she continued to raise money for his campaign.

More recently, a Boston federal grand jury opened an investigation into whether Shuster improperly assisted two campaign contributors in gaining favorable treatment for their businesses in dealings with a major federally funded Massachusetts highway project.

Nonetheless, despite the Democrats' rush to file ethics charges against GOP Speaker Newt Gingrich, not a single member of Congress would sign an ethics complaint against the prominent Republican committee chairman. The eventual complaint came from an outside group, the Ralph Nader-affiliated Congressional Accountability Project.

"Bud keeps lists. He's in the old mode. You scratch my back, I'll scratch yours. You stab my back, I'll stab yours," said one Transportation Committee member.

Supreme Court will not rule on English-only case By Glen Elsasser Chicago Tribune (KRT)

WASHINGTON Citing flaws in an Arizona case, the Supreme Court declined Monday to rule on whether English-only laws violate free speech rights.

Justice Ruth Bader Ginsburg, who delivered the unanimous decision, said the court looked forward, however, to resolving the controversial issue in a separate case now before the Arizona Supreme Court.

During oral arguments in December, the justices had questioned whether the first case should have come to them at all because it had become moot.

The still-unresolved legal controversy focused on Article 27 of the Arizona Constitution, an amendment that was narrowly approved by voters in 1988. The provision, similar to laws in 23 states, including Illinois, recognizes English as the official language and requires its use in "all government functions and actions."

As President Clinton and his allies on Capitol Hill turn up the heat on behalf of his controversial choice to become the next director of central intelligence (DCI), it is useful to review why Anthony Lake's nomination is in such trouble in the Senate.

On one level, Mr. Lake's problem is that he personifies — indeed, he could be the poster child for — much of what is seen to be ailing the Clinton administration at the moment. For example, there is the question of a lack of personal accountability. "Mistakes were made" is the president's refrain about campaign financing "irregularities"; Tony Lake declares "it was a mistake" not to tell Congress that the United States was facilitating radical Islamic Iran's penetration of Europe via secret arms shipments to Bosnia.

Then there is the business of sharp practices when it comes to the law. The Clinton team evidently will contend that the law permits renting the Lincoln Bedroom, seats on Air Force One, tables at the White House Mess etc. to contributors as long as the settling of accounts did not occur on government property. Tony Lake's defenders claim that his National Security Council did not mislead Congress about the Iran-Bosnia scandal; it simply refused to inform members until two years after the fact, which amounts — as Sen. Jesse Helms correctly wrote on Feb. 25 in opposing the Lake nomination — to the same thing.

Insult is added to injury that such behavior is brought to us by an administration whose leader sees fit publicly to denounce cynicism. Certainly, such behavior does not inspire confidence that a candidate for director of central intelligence will be fully transparent and forthcoming toward the legislative branch — for whom he also works.

The Clinton team also appears to believe that improper, if not illegal, financial activities can be absolved as long as the money is given back when one gets caught. Interestingly though, in the case of the Democratic National Committee, the rule is to give it all back (at least eventually). In Mr. Lake's case, he only had to pay out \$5,000 in fines for the roughly \$250,000 he made by holding onto energy stocks despite being formally directed twice, to dispose of them.

Even those who may be inclined to overlook these problems with the Lake candidacy — there is, after all, the Clinton administration's favored exculpatory line "everybody does it" — cannot overlook two other, troubling aspects of this nomination:

First, as Jim Hoagland observed in a scathing Washington Post column last month, Anthony Lake seems ill-suited to the task of conducting "intelligence assessments and operations with absolute integrity, even if they cost Bill Clinton politically and the CIA bureaucratically." After noting the credit the president has given Mr. Lake as "the architect of U.S. Bosnia policy" and "relaxing opposition to China" — among other dubious policies — Mr. Hoagland declares: "I doubt King Solomon would have the detachment and perspective needed to disentangle such past advocacy from the demands of an unbiased analysis."

Why Lake's nomination is in trouble

In this regard, it is ominous that Tony Lake has been party to the sacking of the first two Clinton DCIs on the grounds, at least in part, that they dared to speak truth to power. Mr. Hoagland mulls the implications of the anger Mr. Lake reportedly felt toward the second of these directors, John Deutch, for acknowledging that Saddam's incursion last fall into Northern Iraq was not the "U.S. success" Mr. Clinton had declared it to be:

"Iraq is the scene of the CIA's greatest covert fiasco of this decade. The agency's failures in Northern Iraq and its continuing inability to organize an effective program against Saddam should be the focus of the questions that matter in judging whether Lake will have the detachment and perspective needed to rebuild a wounded organization. . . . If Lake cannot get Iraq right, he is not the man for the job of rescuing an organization that has not only lost its mission but, in Iraq, lost its way."

Second, since an important part of the DCI's job is overseeing U.S. counterintelligence operations, it is alarming that Tony Lake presided as national security adviser over what appears to be the most successful penetration of the White House by an unfriendly foreign government since the British took the place in the War of 1812. As Michael Kelly, the editor of the New Republic, recently observed, documents supplied in response to congressional questions about China's influence operations in the Executive Office of the President point up a "profoundly troubling fact": "In Bill Clinton's White House, the idea that agents of the People's Republic of China were Democratic National Committee donors who should be granted face-time with the president was treated [by Mr. Lake's NSC] as very nearly business as usual."

Anthony Lake's FBI file may or may not shed light on the questions of policy judgment, contempt for Congress, independence and integrity that are at the core of the controversy over his nomination. As long as the raw data in that file might do so, however, it seems only prudent for the Senate Select Committee on Intelligence to insist that its chairman and ranking member be afforded an opportunity and sufficient time to review that data, not just the highly abbreviated — and reportedly uninformative — summary produced in support of the Lake nomination. Once such a review is accomplished, the committee and the full Senate will be in a position to weigh all the evidence supporting the conclusion that Tony Lake is the wrong man at the wrong time for the CIA.

Frank J. Gaffney Jr. is the director of the Center for Security Policy and a columnist for The Washington Times.

The Washington Times

TUESDAY, MARCH 4, 1997

Lott rejects Lake stance on stocks

By Bill Gertz
THE WASHINGTON TIMES

GOP admits defeat, for now, on balanced-budget measure

By Patrice Hill
THE WASHINGTON TIMES

Republican leaders conceded the defeat of the balanced-budget amendment in a vote today after some fleeting attempts at compromise with Democratic senators produced no converts.

Senate Judiciary Committee Chairman Orrin Hatch said there is no way the GOP will find a 67th vote to pass the pending amendment, but he said his negotiating efforts may have opened some avenues to passing an amendment with modifications later this year or next.

"It's uphill, but there are some possibilities after this vote," the Utah Republican said.

"Still trying to find a vote or two," said Senate Majority Leader Trent Lott, Mississippi Republican, who took the extraordinary step of advertising the GOP's willingness to compromise on national television over the weekend.

"The vote's going to be 66 to 34," giving victory to President Clinton and the Democrats, said a top Republican aide. "People are really dug in. We're just trying to tweak them now to see if they'll respond," he said of the GOP's efforts to compromise with a handful of Democratic senators.

To address various concerns raised by Democrats, Republicans have offered to put "firewalls" around the Social Security trust fund as well as the highway and airport trust funds, giving spending on old-age and public-works programs preferred status in the Constitution, aides said.

Republicans also have said they would consider making it easier to increase the debt under the constitutional measure. The

pending amendment would require a 60 percent vote, and one aide said that threshold could be lowered to 55 percent.

But no Democrats have been attracted by the proposed changes, aides said. One of the Democratic opponents targeted by Republicans was Dianne Feinstein of California, who switched her vote from yes to no in 1995.

Yesterday she said she would only vote for her version of the amendment, which requires balance without using the Social Security trust funds after 2002, allows a simple majority to raise the deficit during economic emergencies and makes other changes.

The GOP's television campaign over the weekend against Sens. Tim Johnson and Robert G. Torricelli also came to naught. Both senators last week abandoned their campaign pledges to vote for the amendment, and supporters were hoping the attack ads would provoke a torrent of public outrage that would force them to change their minds.

"The easy thing for me to do would be to capitulate to the current political pressures ginned up and funded by the social interests," said Mr. Johnson, South Dakota Democrat. "What arrogance for anyone to suggest ... that a vote for any proposed amendment other than [the pending one] constitutes a breach of honor!"

Senate Minority Leader Thomas Daschle was confident Democrats would resist compromise and maintain their resolve to vote against the amendment.

"It's going to take more than just fringe cosmetics to deal with the balanced-budget differences that we have," the South Dakota Democrat said.

Senate Majority Leader Trent Lott says it is "unacceptable" for CIA director nominee Anthony Lake not to place stock holdings of companies doing business with the agency into a blind trust to avoid a conflict of interest.

"I saw last week where he suggested maybe he didn't want to put some of his stock ownership in trust, even though the companies might have some dealings with the CIA. That's totally unacceptable," Mr. Lott said Sunday on CBS' "Face the Nation."

The Washington Times reported last week that Mr. Lake informed the Senate Intelligence Committee through his financial disclosure form that he does not plan to place personal and family stock from four business institutions that have direct dealings with the CIA into a "qualified diversified trust," an arrangement similar to a blind trust used by political appointees to avoid conflicts of interest.

Documents submitted to the committee by the CIA's general counsel stated that Mr. Lake did not have to divest and instead could recuse himself from CIA matters relating to the firms in which he and his wife have shares.

The CIA lawyers' advice to Mr. Lake was given despite a \$5,000 fine imposed by the Justice Department last month on Mr. Lake for questionable dealings in energy stocks he held while White House national security adviser.

According to Mr. Lake's financial disclosure form and related documents obtained from the Office of Government Ethics, Mr. Lake and his wife, Antonia, have holdings and assets worth between \$1.6 million and \$3.5 million.

Administration and congressional officials said some of the stock owned by Mr. Lake is from two business institutions involved in clandestine CIA operations.

The identities of the CIA-linked firms, among 25 companies listed on the financial disclosure form, was not disclosed by The Times at the request of the CIA.

Other stock owned by Mrs. Lake is invested in Bell Atlantic, which provides telephone service to the CIA, and Merck & Co. pharmaceuticals, which sells the agency vaccines given to CIA employees.

The Washington Times

TUESDAY, MARCH 4, 1997

The Vice President's Role

VICE PRESIDENT Gore turns out to have been not just an accidental tourist at the occasional Buddhist temple but a mighty fund-raiser for his party over the past two years who went so far as to work the phones and solicit individual donors for funds himself, directly. He and his supporters say that's no big deal. They rightly observe that it's not against the law for the vice president to solicit funds and that other officeholders—members of Congress, for example, including some who profess now to be offended by the vice president's behavior—do it all the time.

The White House adds to this its all-purpose gloss for just about everything that happened in the period, which is that the Clinton-Gore operation badly needed the money to get its message out. If you want to know why they served up the president afloat in all that coffee by day, or converted the place into a kind of hotel at night, or didn't bother to dig too deeply into the backgrounds of all the people who happened to give them large amounts of money, the answer is always the same. Rueful aides recall what a wipe-out the 1994 election was for the president and party, how it took them all of 1995 and early 1996 just to fight their way back into contention, and that the Republicans still out-raised them by many millions in the 1995-96 cycle. They add that vice presidents always have had a major role in fund-raising, touring the country to help shake the money tree. The difference between making a speech to a roomful of possible donors and making some telephone calls is said to be only a matter of degree.

But parties have been behind and in need of funds before and not gone this far. And there is a difference between making the speech and making the calls. In the aggregate, the behavior with regard to the raising of money in this last campaign was different not just in degree but in kind. Somewhere in the course of all they did, they crossed a line. We remember writing several years ago about the efforts of Sen. Bob Packwood, then the ranking Republican on the Senate Finance Committee and second-ranking on Senate Commerce, to raise money for his legal defense, and yes, of course, he needed to defend himself and had to raise it somewhere. But from the lobbyists for interest groups with business before his committees?

The money-raising seemed to us to fail a test, if not of law then of seemliness and egregiousness. It smelled. So here as well. We have no illusions about what the office of vice president demands of its holders; it has tended over the years to a less than majestic calling. But the vice president of the United States ought not be hustling donors over the phones. Someone else can do that. Mr. Gore said at a news conference yesterday that he did nothing either wrong or new in American politics and was proud of what he had done. But not so proud that he didn't also announce "a policy of not making such calls [from government buildings] ever again." Why? someone asked him. "If I had realized in advance that this would cause such concern, then I wouldn't have done it," he replied. It was not a reassuring answer.

Time for a Hearing

FOR SOME WEEKS Sen. Richard Shelby (R-Ala.) has been picking over Anthony Lake's career in and out of government in apparent search of material that might impede his confirmation as the president's intelligence director. So what has he found? The best evidence that he hasn't yet found any zingers is that the long run-up to a confirmation hearing—where Mr. Shelby, chairman of the Senate Intelligence committee, would have to show his cards—is continuing. The chase after FBI raw files has the smell of an investigation that has lost its way; perhaps that helps explain why even the Senate majority leader now sees a need to cut it off.

If Sen. Shelby has something important, he should produce it at a hearing where Mr. Lake would have the opportunity to respond. If he doesn't have much, he should allow the nomination to move forward expeditiously.

It's not that there aren't questions Mr. Lake, the president's first-term national security adviser, should have to answer. We have expressed our own reservations about his failure to inform Congress of Iran's secret arming of Bosnia and about his seeming indifference to financial-disclosure rules. The credit his boss gave him for being the architect of peace in Bosnia is certainly also

worth exploring in relation to what is happening there now. But these are questions to be addressed in a hearing in which Mr. Lake is given an opportunity to respond. They are not automatic disqualifiers by any means. It is unfair to prolong the present cat-and-mouse game.

Mr. Lake has the political enemies befitting the scars he has incurred and inflicted in years of bureaucratic strife. Those who think the priority of Bill Clinton's second-term foreign policy ought to be the repair of the shortfalls in his first term are especially anxious. But on the basis of what is known so far, none of these considerations seems to rise to the level of a nomination stopper. Mr. Clinton is not starting over in foreign policy; he is moving on. Policy continuity dictates a certain amount of personnel continuity.

Lacking substantive grounds to derail the nomination, those Senate Republicans (not all of them) who oppose it would do better to lay a basis for effective legislative oversight. That requires showing some skepticism to the candidate but showing some readiness for cooperation as well. Not partisanship but seriousness: It is a hard balance to strike, but experience on the Hill proves it is not beyond the reach of legislators who make the effort.

The Washington Post

TUESDAY, MARCH 4, 1997

Clinton Presidential Records Digital Records Marker

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

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

Divider Title: **March 3, 1997**

Lott proposes deal on Lake's FBI file

He, Kerrey, Shelby would view dossier

ASSOCIATED PRESS

Senate Majority Leader Trent Lott offered yesterday to mediate a dispute over Anthony Lake's FBI files in order to get the CIA director-designate's stalled confirmation hearings back on track.

Mr. Lott, speaking on CBS' "Face the Nation," proposed that he, the chairman of the Senate Intelligence Committee and the committee's ranking Democrat review Mr. Lake's files and recommend how they should be dealt with.

Mr. Lake's troubled nomination hit another roadblock last week when Republicans including Sen. Richard Shelby, Alabama Republican and the Intelligence Committee chairman, demanded to see raw data from his FBI files rather than an FBI-prepared summary.

The panel's vice chairman, Democrat Bob Kerrey of Nebraska, accused Republicans of trying for "ideological reasons" to delay the planned March 11 hearings on Mr. Lake's nomination.

Mr. Lott, Mississippi Republican, who also has pressed for release of the full files, said if he found problems in them, the administration would have to "either withdraw the nomination or make the files available."

Mr. Lake served as national security adviser in President Clinton's first term. Republicans have questioned some of his private in-



Anthony Lake

vestments while in office and criticized his failure to notify Congress of the administration's tacit recognition of the shipping of Iranian arms to the Bosnian Muslims.

Although two key Republicans said last week they would support Mr. Lake's nomination, Mr. Lott said it could be in real trouble because of indications he was not honest in congressional testimony. "That is a major concern. That goes to basic integrity," Mr. Lott said.

He said he discussed the matter with the White House but received no answer to his offer to review Mr. Lake's FBI files.

The Washington Times

MONDAY, MARCH 3, 1997

WASHINGTON

Clinton's budget plan out of balance, Lott says

Senate Majority Leader Trent Lott says President Clinton's budget plan would be out of balance by \$80 billion in 2002 and would result in a net tax increase of \$23 billion over 10 years. That's "even worse than we originally thought," Lott said Sunday on CBS's *Face the Nation*. He cited a Congressional Budget Office analysis due today.



Lott: "Worse than we thought"

Gene Sperling, director of the White House National Economic Council, said the administration will stand by its numbers, which show a \$17 billion budget surplus in 2002.

"We have a solid balanced budget plan under conservative assumptions that over the past four years have proven to be too conservative, not too optimistic, each and every year," Sperling said.

The budget process has been overshadowed by the growing White House campaign finance scandal, but this week will bring some action:

► The Senate votes Tuesday on the balanced budget amendment with supporters one short of the 67 needed. Lott said that to attract more votes, he is considering changes to the amendment, such as making it easier to allow deficits in a recession or national security emergency.

Senate Judiciary Committee Chairman Orrin Hatch, R-Utah, said there are two possible Democratic crossovers. He didn't say who, but said even if he loses Tuesday, "there are some other things little old Orrin has up his sleeve."

► White House officials said discussions would take place this week on Capitol Hill to create an independent panel to review the formula used to adjust federal benefit programs to inflation. Reducing such cost-of-living adjustments could limit increases for millions of beneficiaries but would produce billions in budget savings. — Bill Nichols

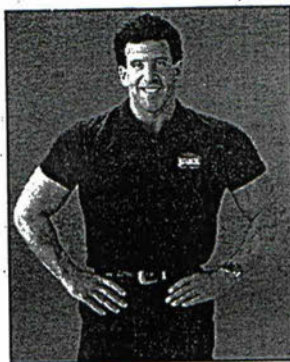
CIA 'AGENT SCRUB': The CIA has dropped more than 1,000 secret sources, about one-third of all informants, after a two-year review of the sources' effectiveness and records on human rights and terrorism, officials said. Most of those dropped in what officials described as an "agent scrub" were unproductive. Many had supplied Cold War-type information that is no longer a priority. Intelligence efforts now focus on terrorism, weapons proliferation and narcotics. The number of agents reporting on those areas has substantially increased, officials said.

LAKE NOMINATION: Senate Majority Leader Trent Lott offered the White House a compromise to try to get President Clinton's choice to head the CIA back on track. Some Senate Republicans insist on seeing FBI files on nominee Anthony Lake, instead of the standard file summaries. Lott, R-Miss., offered to screen the full files, along with Intelligence Committee Chairman Richard Shelby, R-Ala., and Vice Chairman Robert Kerrey, D-Neb. Lake's nomination is mired in questions over his private investments, his role in foreign policy and whether he misled Congress. "We need to know he's clean and doesn't have any problems," Lott said. Kerrey said some GOP senators are trying to scuttle the nomination for ideological reasons.

PENA NOMINATION: Senate energy committee chairman Frank Murkowski, R-Alaska, says he is delaying a committee vote on President Clinton's nominee to be Energy secretary because the administration hasn't offered a plan to store nuclear waste from power plants. Democrats have complained about the delays on the nomination of Federico Pena. At issue is Clinton's threat to veto Murkowski's plan for a temporary nuclear storage site in the Nevada desert. The federal government is required by law to take responsibility for spent nuclear fuel by next January, but the administration doesn't have a plan for doing it.

MUSCLE FLEX:

Physical trainer and TV personality Jake "Body by Jake" Steinfeld gave a \$100,000 donation to the Democratic National Committee last fall and now is being considered to head the President's Council on Physical Fitness and Athletics. He was in Washington last week to discuss the job with officials at the Department of Health and Human Services. But it comes at an awkward time, amid disclosures of a DNC memo recommending "appointments to boards and commissions" as a way to reward big donors. Steinfeld runs a fitness training company and cable TV shows. He "would be an excellent candidate ... irrespective of any donations," White House spokesman David Johnson said. He said no recommendation has been made.



Donation by Jake: \$100,000 contributor considered for council

JUDICIAL SELECTION: The Alliance for Justice, a liberal coalition of public-advocacy groups, accuses President Clinton of not nominating judges with public-interest backgrounds, and Congress of obstructing some nominees. The alliance credits Clinton with increasing diversity and appointing the first openly gay federal judge. But it says he has stuck to traditional choices such as law firm partners and former prosecutors, and last year nominated only one person with a career devoted to serving the poor. The Senate confirmed 17 nominees last year, compared with 66 in the final year of the Bush administration, the alliance says. It says an unprecedented 28 were blocked. Senate Judiciary Chairman Orrin Hatch says that the Senate approved 202 judges in Clinton's first term compared with 164 for Ronald Reagan and that the criticism is "unjust." (Forum, 14A)

White House pleads 'inadvertence'



Thomasson: Gave incorrect testimony

The White House says it learned in mid-1995 that former chief of administration Patsy Thomasson gave inaccurate testimony to a House committee, and that "inadvertence and the press of business" prevented the error from being corrected when it was discovered. Thomasson had testified that none of the White House volunteers had been paid by outside interests, when in fact 11 were paid by the Democratic National Committee.

A White House lawyer, Nelson Cunningham, wrote Friday to Rep. Jim Kolbe, R-Ariz., chairman of the House panel, explaining the error.

Thomasson, an Arkansas friend of President Clinton, now works in the personnel office. She figured in the investigation of deputy White House counsel Vince Foster's suicide because she was one of four people to search his office the night he died.

By Paul Leavitt

USA TODAY
MONDAY, MARCH 3, 1997

Senator Offers To Mediate in Lake Dispute

A Limited Inspection Of FBI Files Proposed

Associated Press

Senate Majority Leader Trent Lott (R-Miss.) yesterday offered to mediate a dispute over the FBI files of President Clinton's nominee to head the CIA to get Anthony Lake's confirmation hearings back on track.

Lott, on CBS's "Face the Nation," proposed that he, the chairman of the Senate intelligence committee and the committee's ranking Democrat review Lake's files and recommend how they should be dealt with.

Lake's troubled nomination hit another roadblock last week when Republicans, including Senate intelligence committee Chairman Richard C. Shelby (R-Ala.), demanded to see raw data from his FBI files rather than an FBI-prepared summary.

The panel's vice chairman, Sen. Bob Kerrey (D-Neb.), accused Republicans of trying for "ideological reasons" to delay the planned March 11 hearings on Lake's nomination.

Lott, who also has pressed for release of the full files, said that if he found problems in them, the administration would have to "either withdraw the nomination or make the files available."

Lake served as national security adviser in President Clinton's first term. Republicans have questioned some of his private investments while in office and criticized his failure to notify Congress of the administration's tacit recognition of the shipping of Iranian arms to Bosnian Muslims.

Lott said Lake's nomination could be in real trouble because of indications he was not honest in congressional testimony. "That is a major concern. That goes to basic integrity," Lott said. He said he discussed the matter with the White House but received no answer to his offer to review Lake's FBI files.

White House press secretary Michael McCurry said Friday the GOP request for access to Lake's entire files was "extraordinary" but "we will work with them to try to figure out some reasonable way to accommodate the concerns the senators might have."

Lott Open to 'Minor' Alteration In Balanced Budget Amendment

Senate GOP Leader Still Seeking 1 More Vote

Associated Press

Senate Majority Leader Trent Lott (R-Miss.) offered yesterday to make a small alteration in the Republican-crafted balanced budget amendment in a last-ditch effort to capture the additional Democratic vote needed for passage.

"If we could make a change or two in a minor way that would get us another vote or two, we would consider doing that," Lott said on CBS's "Face the Nation."

A Senate vote is scheduled Tuesday, and Lott confirmed that he still is one vote short of the 67 needed for Senate approval of a constitutional amendment.

Republican leaders yesterday also renewed warnings that President Clinton's plan to balance the budget by 2002 would result in tax increases while falling up to \$80 billion short of the balanced budget goal.

House Majority Leader Richard K. Armitage (R-Tex.), appearing on NBC's "Meet the Press," asked Clinton to resubmit his tax proposals and suggested that the president redraft his budget.

Republican leaders in Congress until now have stood adamantly against changing their balanced budget amendment. It stipulates that three-fifths of members in both houses would have to approve allowing a deficit in any year and permits waivers for national security only when the nation is at war.

In the past three weeks, Senate Republicans have defeated every Democratic attempt to exempt Social Security from the budget-balancing equation, ease the restrictions on waivers or allow creation of

a separate capital budget for long-term investments.

Lott said at the end of last week that the capital budget was an idea being considered. Elaborating yesterday, he said, "We are considering making a change perhaps in the numbers that it would take to get out of the balanced budget in a recession or a national security emergency."

Lott acknowledged that Republican votes might be lost if the amendment is watered down to pick up a Democratic vote. So far all 55 Republican senators and 11 of the 45 Democrats have announced for the GOP measure.

"We need this additional leverage" of a constitutional amendment because new figures will show that Clinton's outline for a balanced budget by 2002 will fall \$80 billion short, Lott said.

Lott, Armitage, House Speaker Newt Gingrich (R-Ga.) and Senate Majority Whip Don Nickles (R-Okla.) wrote President Clinton yesterday asking him to rewrite his tax proposal.

Quoting an analysis by the Joint Committee on Taxation, they said Clinton's budget, which the administration says has a net tax cut of \$22 billion through 2002, could result in a \$13 billion tax increase in 2001 and a \$23 billion net tax hike over 10 years.

Gene Sperling, chairman of the White House's National Economic Council, disputed the Republicans' contention that Clinton's budget contains net tax increases and said the White House plan would result in a balanced budget.

The Washington Post

MONDAY, MARCH 3, 1997

Hotline 3/3/97

DNC: RETURNS ANOTHER \$1.5M IN QUESTIONABLE CONTRIBUTIONS

The DNC returned another \$1.5M in "questionable" contributions on 2/28, "most of it from foreign sources at the center of various campaign finance investigations." The \$1.5M returned came from 77 individual contributors who "either could not be found or are not American citizens." Some other contributors were deemed "inappropriate" by DNC-related auditors. Some Asian-Americans who are residents "and are legally entitled to make contributions demanded their money back, saying that the audit was offensive and embarrassing." DNC officials said ex-DNC finance vice chair John Huang, CA entrepreneur Johnny Chung and AR businessman Charles Yah Lin Trie were responsible for 75% of the donations returned 2/28 (Jackson, DALLAS MORNING NEWS, 3/1). The DNC also returned \$64,050 from a 4/96 fund-raiser at the CA Buddhist Hsi Lai Temple attended by VP Gore; \$143,000 from Farhad Azima, a native of Iran whose aircraft-leasing company was linked to the Iran-Contra scandal; and \$50,000 in contributions "deemed inappropriate" from Empire Sanitary Landfill near Scranton, PA (Lambro, W. TIMES, 3/1). ABC's Jennings: "The Democrats have done it again: The party has returned another huge bundle of cash" (2/28). CNN's Blitzer: "'Mistakes' were made is an often heard phrase in the Democrats' fundraising controversy. Today's mea culpa came from the" DNC (2/28). NBC's Williams: "It was 'give-back day' for the Democrats" (2/28). ABC's Douglass: "Even as they accepted blame, party officials pointed out that most of the tainted money came from just three men" ("This Week," 3/2).

NEW GUIDELINES: The DNC, which returned an initial \$1.5M last year, also issued new guidelines "designed to prevent such embarrassments in the future." DNC general chair/CO Gov. Roy Romer: "Where I come from, when you make a mistake, you do three things. You admit, you correct it, and you change things so it won't happen again" (Jackson, DALLAS MORNING NEWS, 3/1). The new fund-raising procedures will ban contributions from foreigners, from U.S. subsidiaries of a foreign company, and in excess of \$100,000 from any individual in a single year (W. TIMES, 3/1).

WH REAX: WH Press Sec. Mike McCurry "praised" the DNC's action: "The president and the White House believe that they are doing the appropriate thing to correct any mistakes that they have identified and to return contributions they should not have accepted" (Bunting/Frammolino, L.A. TIMES, 3/1).

ONE SMALL DETAIL: The DNC "neglected to mention one tiny detail": "they don't have any money to give back." The DNC is between \$10M and \$12M in debt. Top DNC officials "acknowledged" that "it will take at least several months" to raise enough money "to both erase the red ink and issue refunds" to 77 donors whose contributions "were deemed unacceptable" (Bunting/Frammolino, L.A. TIMES, 3/2).

GORE: PLAYED "CENTRAL ROLE" IN FUNDRAISING

W. POST's Woodward reports VP Gore "played the central role in soliciting millions of dollars" for the Dems during the '96 election, and, according to records and interviews, "has built a national fund-raising network that is the most formidable in American politics today." In his "zeal to raise money and do President Clinton's bidding," Gore "took the unusual step of requesting large contributions" for the DNC -- "often in private phone calls" -- with "an urgency and directness that several large" Dem donors "said they found heavy-handed and inappropriate." Gore became known at the DNC as the admin's "solicitor-in-chief" after Clinton "adamantly refused to make direct requests" for contributions. Gore's "apparent advantage" for WH 2000 "may turn into a handicap." A "close Gore associate": "Al could be the victim of his own success." During campaign '96 Gore called to thank a TX telecommunications exec. after his firm gave \$100,000 to the DNC. "That contribution was intended, in part, as a reward" to the admin. for Commerce Dept. intervention "to help the firm win" a \$36M telecom contract in Mexico. Gore spokesperson Lorraine Voles: "There is nothing inappropriate about the vice president calling people for money." Voles said Gore sees no distinction between attending routine fund-raisers and personally soliciting contributions. A donor who was solicited by Gore: "There were elements of a shakedown in the call. It was very awkward" (3/2). DNC spokesperson Amy Weiss Tobe told the AP: "There's nothing surprising about the fact that an incumbent vice president is working hard to re-elect an incumbent president" (3/3). WH special counsel Lanny Davis: "He did nothing wrong and nothing illegal. The suggestion of any coercion is completely baseless" ("Late Edition," CNN, 3/2).

A DEM TARGET? ABC's Douglass: "Democrats are now finding it easier to criticize a Vice President with presidential aspirations than criticize the President himself" ("GMA," 3/3). Sen. Bob Torricelli (D-NJ): "I'm not going to be in the business of defending the undefendable, and what is more, I do not personally believe it is appropriate for the president or vice president of the United States to directly solicit contributions through telephone calls. ... It's inappropriate, but it is not a legal issue" ("FOX News Sunday," 3/2). Sen. Paul Wellstone (D-MN) became the third Dem to call for an ind. counsel: "We've reached the point now with story after story it would be better for the attorney general and better for the country if we moved forward with a special prosecutor" ("Late," CNN, 3/2).

A FALL GUY FOR ALL SEASONS? Dick Morris, asked if he was being made out to be the fall guy: "Those allegations are absolutely accurate. I was the person that was pushing this. ... I'm absolutely certain that if Clinton and Gore didn't raise the money that they raised and didn't put a lot of it on television, ... you would be asking me right now about the fundraising practices of President Dole and Vice President Kemp." Asked if Gore really made the calls, "I was tickled to death that he did it. Unless he got on the phone and actually asked people for money, we never would have had the money to be able to win the election" ("FOX News Sunday," 3/2).

PUNDITRY: NEWSWEEK's Howard Fineman: "The real headline of Bob Woodward's story is that he showed Dan Quayle was much more shrewd than Al Gore. Dan Quayle couldn't spell potato, but he didn't dial for dollars. ... It's in everybody's political interests now, except Bill Clinton and Al Gore's, to have an

independent counsel or special prosecutors" ("Cap. Gang Sunday," CNN, 3/2). Bill Kristol: "This isn't just a matter of bad PR for Al Gore. You know, you can't as a government employee, or as the Vice President or the President, directly solicit funds from the White House." George Stephanopoulos: "They set up special phones, political phones paid for by the DNC, and this is not that different from what's gone on before. Of course the President was raising money. Of course the Vice President was raising money -- we were broke in 1994 and 1995 -- just like Dan Quayle had fundraisers at the Naval Observatory. This has always happened. It doesn't make it right. But it has always happened. ... Were we ferocious about it? Did we do more? Yes. Was it different? No. ... We worked within the system. We followed the law. But that doesn't make it good. It doesn't make the system great." George Will: "There does come a point where a difference of degree becomes a difference of kind. And in fact, what's particularly actually infuriating is the White House seems to think they're cleverer than they are and that we're stupider than we are" ("This Week," 3/2).

REVELATIONS: MIKVA ISSUES "LEGAL ADMONITION" IN '95

NEWSWEEK's Fineman & Isikoff report ex-WH counsel Abner Mikva issued "a legal admonition" on 4/27/95 that said: "Campaign activities of any kind are prohibited in or from Government buildings. This means fundraising events may not be held in the White House; also no fundraising phone calls or mail may emanate from the White House." But by the fall of '95, the DNC "had begun assembling detailed budgets" for fund-raising events, including the WH coffees. They "methodically listed" the amount "projected" to be raised from each event, and the "cash each eventually took in." Mikva said "he never knew about the coffees, let alone the DNC budgets that show their purpose." Had he known, he says, he "sure as hell would have been upset about it -- and we would have put a stop to it. Any Philadelphia lawyer knows you don't raise money in a government building. And if they were budgeting money for them, that's raising money" (3/10 issue).

BANKRUPTCY PITCH: Attys and bankers "have complained" that Dem fund-raiser William Brandt "had explicitly linked attendance" at a fundraiser with Pres. Clinton in Chicago on 9/17/96 "with a chance to influence Federal bankruptcy policies." The attys and bankers say that in his pitch to attend, Brandt called Brady Williamson -- a bankruptcy atty whom Clinton had named to lead a commission on bankruptcy -- as the "guest of honor." Banking industry consultant Philip Corwin: "I thought he was getting heavy. I thought he was trying to say that if we weren't at that event, it might result in either the commission or the Administration not taking a favorable view toward our position. I thought that the remark crossed the line, and suggested a quid pro quo for our attendance." Brandt "denies the allegations" (Van Natta, N.Y. TIMES, 3/1). If Brandt linked \$10,000 donations with access to a gov't official advising Congress on changes in the bankruptcy code, then the Winnetka fund-raiser "takes on national significance" (Sweet, CHICAGO SUN-TIMES, 3/2).

LOUTCHANSKY: During a private meeting in 10/93, Pres. Clinton asked Grigori Loutchansky, the head of a Russian firm "linked to nuclear arms smuggling." to "pass a message" to Ukrainian pres. Leonid Kravchuk "urging him to reduce" the Ukraine's nuclear stockpile (Seper/Blomquist, W. TIMES, 3/1).

"VOLUNTEERS": The WH used volunteers paid by the DNC "as early as" '94, even though then-WH admin. dir. Patsy Thomasson "denied their existence in testimony" to a House Appropriations subcmte that year. "What's more," the WH "found out" in '95 that Thomasson "had given inaccurate testimony but did not correct the matter until last week" (Bedard, W. TIMES, 3/2). WH spokesperson Barry Toiv: "This was obviously something that should have been fixed a long time ago, and we very much regret that it wasn't" (AP/DETROIT NEWS, 3/2).

ICKES: MEMO IN FILES LISTS LAVISH PERKS

DNC and WH officials on 2/28 "scurried to investigate" a memo from the files of ex-dep. WH CoS Harold Ickes "that suggests" party fund-raisers "sought to lavish far more presidential perks on major donors than previously have been revealed." The '95 memo, "whose author was not immediately known," was faxed to Martha Phipps, a dep. of then-DNC chair David Wilhelm. The memo states: "In order to reach our very aggressive goal of \$40 million this year, it would be helpful if we could coordinate the following activities." The proposed perks included "two seats on Air Force I and II trips; six seats at all private dinners; six to eight spots at all White House events; official delegation trips abroad; White House mess privileges; White House residence visits and overnight visits." The memo "also suggested guaranteeing certain donors" seats at events Pres. Clinton attended at the Kennedy Center. The document also "linked" Dem fund-raising to gov't positions, proposing "better coordination on appointments to Boards and Commissions." DNC nat'l chair Steven Grossman said the memo "looks to us like a wish list written by someone who clearly did not understand the rules." The memo was just one document in a 5,000-page batch of additional files that have been turned over to the House Gov't Reform and Oversight cmte (Hohler, BOSTON GLOBE, 3/1). WH Press Sec. Mike McCurry "said some of the favors granted in the memo obviously had been granted" -- such as overnight stays at the WH -- "while others had not, but he declined to specify, pleading unfamiliarity" with the memo (Rankin/Goldstein, MIAMI HERALD, 3/1). DNC general chair Roy Romer said the author of the memo "clearly did not understand the rules of the road." Also, "I think it's a whole lot better that we reward people's support with perks rather than with policy. ... Access does not mean ... power and influence" (LaFraniere/Sun, W. POST, 3/1). George Stephanopoulos, on the WH Mess: "Not much of a privilege. I mean, the food's not very good" ("This Week," ABC, 2/28). CNN's Blitzer: "Sources say President Clinton is becoming increasingly frustrated and angry as the flap over his party's improper fund-raising activities escalates, but he's been urged to stay calm at least in public and try to avoid answering reporters questions. They also say some senior White House officials are privately venting their own anger toward Harold Ickes" ("IP," 2/28).

WHY ICKES? Ickes told TIME: "If my purpose was to sandbag the President, I would have put on rubber gloves, put the document inside a plain brown envelope, tied a rock to it and thrown it through the window of a news organization" (Duffy, 3/10 issue). Dick Morris: "Ickes is right for releasing this stuff and the White House is right for releasing it because the one thing you can't stand is to give the Republicans a full quiver of arrows to shoot when they want to" ("Chris Matthews," CNBC, 2/28). W. POST's Glassman: "The president made a big mistake ... in getting rid of Harold Ickes. You don't get rid of somebody who's got that much power" ("Group," 3/1). NEWSWEEK's Evan Thomas: "The great game in Washington now is trying to figure out who's the John Dean, who's the guy inside whose going to say there was a cancer on this presidency. And they've got a couple of people to worry about. One of them is Ickes." Jack Germond: "Ickes is very street-wise. He is not going to go and throw himself over the side in front of a grand jury to protect the president" ("Inside Washington," 3/1).

CONFIRMATIONS: LOTT SAYS LAKE "COULD BE" IN TROUBLE

Appearing on CBS' "Face the Nation," Senate Maj. Leader Trent Lott called for the release of the FBI files on CIA Dir.-nominee Anthony Lake. Lott said the Senate Intelligence Cmte needs to "make sure that [Lake] is clean and doesn't have any problems in his background. I think we have to go the extra mile to make sure we know what is in his background, including what is in his FBI file. ... If there are real problems in [the file], [the WH] would have two choices, either withdraw his nomination or make the file available to senators to review." Lott said he has "had problems with how much the White House is involved" with the FBI over the nomination. He suggested that "as the majority leader and ex-officio member" he could "review [the FBI file] to see if there was a potential problem there." In response to CBS' Schieffer asking if the nomination is "in real trouble," Lott responded, "It could be. It could be. It's at least three very critical areas. ... Here's an agency that's been under attack, that's had major problems. We better make sure we have a new director that is as clean as possible and has a reputation, and in fact absolutely is a man of integrity and veracity. So when there's an indication that maybe he misled or even did not tell the truth, which is the nicest way I can say it, to a House committee on some of his actions in his previous position. That is a major concern. That goes to basic integrity" (3/2).

KERREY WANTS 3/11 HEARING: Ranking Senate Intelligence member Bob Kerrey (D-NE) said he "plans to seek a showdown vote" to guarantee Lake's confirmation hearing takes place as scheduled on 3/11. Kerrey said it is "unreasonable" that cmte chair Richard Shelby would not hold the hearing until Lake's entire FBI file is produced. Kerrey said the GOP Senate Caucus is "coming dangerously close to losing the bipartisan nature of the committee. ... Without that we cannot do oversight of intelligence. ... We have everything we need to hold that hearing. If you don't feel that way later, vote 'no' (Pincus, W. POST, 3/1). WH Press Sec. Mike McCurry called the files request "extraordinary," but stated the WH "will try to work with them to try to figure out some reasonable way to accommodate the concerns the senators might have" (AP/W. POST, 3/3).

TONY LAKE IS MISSING: N.Y. DAILY NEWS' Nelson writes that Richard Nixon "was profoundly bored" by what he found when he "looked deeply into Anthony Lake's private life." Lake, then a Nixon/NSC staff member, was one of the targets of the Watergate plumbers. "But now, a clutch of Republican senators are trying to do what even Nixon could not: Smear Tony Lake. Sen. Richard Shelby (Yahoo-Ala.) wants the right to rummage through Lake's raw FBI files. ... This is a fishing expedition in a sewer. ... The Republican vendetta against Lake is explicitly a payback for the Democratic treatment of Tower. ... Shelby's demand abandons the pretense that the Senate Republican leadership is trying to make an objective judgment on Lake's qualifications. Instead, it is a cold-blooded strategy to subject a Democratic nominee to the same kind of torture that was inflicted on a Republican. ... This is hardly a job for a political hack whose top priority is not U.S. national security, but revenge on his fellow Americans" (3/3).

White House gave Congress false data on DNC helpers

By Paul Bedard
THE WASHINGTON TIMES

The White House used volunteers paid by the Democratic National Committee as early as 1994, even though an administration official denied their existence in testimony before Congress that year.

What's more, the White House found out in 1995 that the official — longtime Clinton ally Patsy Thomasson — had given inaccurate testimony but did not correct the matter until last week, according to administration officials.

Miss Thomasson, then director of White House administration, testified before a House Appropriations subcommittee in March 1994 that the White House had no DNC-paid workers: "There are not people working at the White House as volunteers who are getting paid by someone else," she said.

Miss Thomasson, who now works in the White House personnel office, said that no one in the White House was being paid by the Democratic Party, adding that

President Clinton was against using paid workers.

But even as she testified, 11 DNC-paid volunteers were working at the White House under a policy that at one time allowed as many as 20 such workers there, documents show.

The White House discovered in 1995 that Miss Thomasson, who was responsible for talking about the volunteers, had given false testimony. But the White House only last week apologized for what it called an honest mistake.

After The Washington Times brought Miss Thomasson's false testimony to the administration's attention late last week, the White House moved quickly to apologize to Rep. Jim Kolbe, the current chairman of the House Appropriations subcommittee that oversees the White House budget.

The revelation forced the White House to change its initial statements about the Democratic funding scandal as contradictory evidence has emerged. For instance, it was

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learned last week that Mr. Clinton personally approved using White House access to entice donors, even though he had blamed the practice on the DNC.

In a letter Friday to Mr. Kolbe, Arizona Republican, White House lawyer Nelson W. Cunningham said: "I wanted to alert you to certain inaccuracies in testimony given before your subcommittee for fiscal 1995 for the executive office of the president."

He said that "unbeknownst to Miss Thomasson, there were approximately 11 [volunteers] ... at the White House who were paid by the DNC. That number decreased over the recent years."

The White House said it believed the policy was legal. Nonetheless, it stopped the practice last month after NBC revealed that the DNC was paying the salary of a key Clinton aide, Barbara Wooley.

"In mid-1995, senior White House officials realized that Miss Thomasson's testimony was inaccurate, and a decision was made to



Patsy Thomasson

correct the record," Mr. Cunningham wrote to Mr. Kolbe. "Unfortunately, due to inadvertence and the press of business, that decision was not carried through. We deeply regret that oversight."

Mr. Cunningham said the policy of letting political parties pay for White House workers was authorized in a Reagan-era memo and the Clinton White House made assurances to make sure that there were no conflict-of-interest issues among individual DNC workers.

Pass the \$16,666.67 Danish, Please

By MARIAN BURROS

COFFEE with the President? Yes, but what did the White House serve with the small talk?

You might expect the menu at a White House kaffeeklatsch to include better-than-average coffee and exquisite pastries.

Well, the Democratic donors who went cup to cup with President Clinton drank neither an exotic, expensive blend nor one that East Coast consumers can find at their supermarkets. It was MJB, a brand that originated in California and is marketed mainly to hotels and restaurants for about \$3 a pound, although the White House probably wanted the large, economy size. The Democrats scheduled 103 coffees with the President, which helped raised \$27 million for the 1996 campaign.

Ah, but the sweets. The White House is blessed with one of the best pastry chefs in the nation, Roland Mesnier. When his fantasy desserts are served at state dinners, guests wish for seconds. The Democratic contributors could choose from an assortment that included Danish stuffed with almond paste and topped with fresh raspberries. Sometimes the Danish had mango slices. Sometimes miniature croissants and pain au chocolat were served.

The coffees, which were an integral part of the Democrats' effort to raise large amounts of unlimited funds, threw the pastry kitchen into

**The coffee was \$3
a pound. The
Democrats raised
\$27 million.**

overdrive because the guest lists were so small.

"It's a pain in the neck to do Danish for 18 people," said Franett McCulloch, who has worked as the assistant to Mr. Mesnier since 1983. "If I'm going to go to the trouble of mixing and folding and rolling I'd rather do it for 500 people."

She and Mr. Mesnier work in a kitchen so tiny that three people is a crowd. Day after day, as they filled tray after tray with freshly baked confections, they wondered why the White House schedulers were putting so many morning events on the calendar. It was not until a few weeks ago, when news of the gatherings was publicized, that they realized where the pastries had been going.

"We thought the coffees were for campaign brainstorming," Ms. McCulloch said. "One morning I walked in and said, 'You know, we were one of the last to know.'"

President Clinton has said that

fund-raisers never solicited contributions at the White House or sold admission to the coffees or to overnight stays in the Lincoln Bedroom.

Even donors in the modest (say, four-figure) range were treated to some of Mr. Mesnier's best work. "I was invited to high tea and the petits fours were fabulous," said one of the contributors, Marie Ridder, the former head of the Virginia Council on the Environment and the widow of the newspaper executive Walter T. Ridder. "It was like a Viennese pastry shop."

Overnight guests in the Lincoln Bedroom or the Queen's Bedroom had no such treats. Breakfast, which can be ordered from a card like those found in many hotel rooms, comes from the main kitchen.

A Bagel for Mr. Clinton

For the coffees, the two pastry chefs made three Danish for each person. Based on a contribution of \$50,000, each pastry cost \$16,666.67 (beverage included). Even one of the most expensive bakeries in New York City where the prices are always remarked upon — except by those who shop there — does not come close. At E.A.T., on Madison Avenue, one miniature Danish goes for \$3.

The coffee, while fairly cheap, was served elegantly. A steaming mug with the President's picture on the side? Certainly not. The windowless White House Map Room, which was Franklin D. Roosevelt's command post in World War II and which Mr. Clinton used for many of the contributors' gatherings, is a cup-and-saucer kind of place.

Before Mr. Clinton arrived, a butler served the guests coffee as well as tea and orange juice.

The MJB brand is a product of the American arm of Nestlé S.A., the Swiss conglomerate. For guests who disliked caffeine, the White House offered Folger's decaffeinated coffee, which sells in supermarkets for about \$6.35 for a 13-ounce can. They could take it with half-and-half, artificial sweetener or sugar.

But eating was clearly not the point. "The only person I saw eat anything," said one guest, who spoke on condition that he not be identified, "was the President. He had two bagel halves."

Leftover pastries went back to the pantry; White House staff members could nibble them all day long.

Once the President was in the Map Room, each guest took an assigned seat around a rectangular table covered with a white cloth.

The donors were either across from Mr. Clinton or to his immediate left and right. Democratic National Committee officials were at either end of the table.

Ms. McCulloch said the Clinton Administration was the busiest she had worked for.

"There are events back to back," she said. "But they are the youngest Administration since the Kennedys, and they have a lot more energy."

The New York Times

SUNDAY, MARCH 2, 1997

My Night In the Lincoln Bedroom

By John Guare

Last Wednesday, I read the list of fat cats who had stayed overnight at the White House since 1992. How much had they paid to stay there? I was prepared to be shocked. Then I saw my wife's name. And mine. Yes. Will there be a Senate investigation of the people who stayed there? How will I explain my sleepover to Senator Alfonse D'Amato?

Scene: A Senate hearing room. Yes, we had stayed overnight at the White House — yes, in the Lincoln Bedroom. Yes, I was a donor. In 1992, I gave \$25 to the Clinton campaign. In 1993, my wife, Adele Chatfield-Taylor, and I were invited to a dinner at the White House. No, we didn't know the Clintons. Why was the President trying to get on my good side? I don't know. We were among a hundred who were invited that evening. No sir, no heads of state, no stars, no speeches. Yes, the food was good.

Who else was there? I remember meeting Margaret Truman. Is she an arms dealer? I don't know. She was staying overnight in Lincoln's bedroom and that was the first night she had been back to the White House since she had lived there. Our favorite moment was falling into a walk around the second floor with the President, alone for some reason, and having him point out to us his favorite picture of Abraham Lincoln, with no beard, but with the brains and the weight of the world on his shoulders.

After dinner, the Marine Corps Band played for dancing. Adele, believing that opportunity knocks over and over, told Mr. Clinton that as President of the American Academy in Rome, she had a dream that he would hand out the coveted Rome Prize to the winning painters, composers, writers and scholars from across America on the occasion of the academy's 100th birthday in April 1994. And President Clinton said sure. She slipped no envelope into his pocket.

We said good night and, six months later, Adele's wish actually was granted. The ceremony would take place in the East Wing of the White House. Two days before the event, a White House aide, Carolyn Huber, called Adele and said since we were coming down for the ceremony, why didn't we just stay over the night before? Wouldn't that be easier? Well, of course, yes!

So on April 20, 1994, we checked into the Lincoln Bedroom. No, we weren't asked for any donations. I'm tall and I've never stretched out in a longer bed than Lincoln's. We looked at the Gettysburg Address on display. No, there didn't seem to be any price tags hanging off it.

Ms. Huber said the President and Mrs. Clinton were having a quiet dinner at home that evening and would we stay? We had to go to the

versary gala but may we join them for coffee around 10 P.M.? Fine. We dreamed of our dazzling after-dinner conversation where we would instruct the President on world policy.

It was now 8:30 P.M. Adele and an Italian dignitary gave their salutes, lickety-split. So far so good.

8:45. We'll be home with the President before they start the soup. (Mr. President, let me explain Bosnia to you.) Next speaker, on and off, one-two-three.

8:55. Piece of cake. (And while we're at it, Mr. President, the arts funding . . .) And then the last speaker of the evening got up and said, "At this momentous time in history, let us review the architecture of the past."

At 10, he said, "By now it was 1937." We still had a world war to go through. At 10:45, he was up to the 60's. We looked at our watches in horror. Do you know the Luis Buñuel movie where the guests are trapped for eternity at a dinner party? A capsule in space had more chance of escape.

The speaker finally reached the present. Maybe it was the greatest speech ever given. As the audience clapped, we ran out. Our hosts need us! History needs us! We got to the White House, checked through security — hurry, hurry, we live here! — and ran in the south entrance. Taylor Branch, the historian, was coming out: "They couldn't wait up any longer. They went to bed."

We walked down the halls. We knew our way. It was late. It was dark. We went into the Lincoln Bedroom. We took the card from the pillow on Lincoln's rosewood bed asking what we wanted for breakfast and put it outside the door. No, there was no request for \$250,000 for pancakes, 300 thou with sausages.

We heard a door shut. Did the eyes on Lincoln's portrait move? No. All was quiet. The White House at midnight, in spite of its magnificence, seemed like, well, a house where people lived who had just turned in.

We tried to make some sense of it all, laughed with surreal glee and fell asleep. No, Senator Lott, at no time did Al Gore and a band of monks wake us up demanding hundreds of thousands of dollars if we wanted to sleep the night through.

The next morning, after breakfast, we went out in the hall and bumped into Hillary Clinton. She said, "We waited up for you. What happened?"

We had coffee with her before she went into a press conference. Richard Nixon was gravely ill. The President would have to stay by the phone. Later that day, Mrs. Clinton, in his place, gave out the Rome prizes. Everyone was very happy.

We tried to explain to Mrs. Clinton we were not leaving.

This was our home. But we went back to New York. I prayed for people to ask me where we had stayed; it's a hard fact to cram into casual conversation. But of course no one did until now. Yes, Senator, we gave \$25 to the 1996 Clinton campaign to insure our future access, but we haven't been asked back yet.

What do we think? Every time we see a picture of the White House taken from the South Lawn, we point to the Lincoln window. That's our room.

And you know what? It is. □

The New York Times

SUNDAY, MARCH 2, 1997

Pointing Fingers at White House Lawyers

Where—oh, where—to begin to untangle the knots of inaccuracy that Robert Novak uses to fashion a noose for the lawyers who labor in the White House [op-ed, Feb. 20]? I guess we should start by stating clearly his complaint.

Novak has adopted Rep. Dan Burton's legal conclusion that Bruce Lindsey should not be involved in gathering documents in response to Burton's request for those documents. The documents relate to the so-called fund-raising "irregularities." Lindsey, these two gentlemen say, is a "target" of Burton's inquiry, allegedly because departing White house lawyer Jane Sherburne "reported Lindsey relayed misleading information about the president's meeting with Indonesian billionaire James Riady." For good measure, they continue, Cheryl Mills, now a deputy White House counsel, but assertedly also a trusted lieutenant of Lindsey's, should be similarly disqualified because she too is an "interested party."

Finally, Novak asserts that Lindsey knew the Lippo Group had retained Webster Hubbell but denied knowing this, through Mills, to White House Press Secretary Mike McCurry. For my part, I am alleged to have adopted an "in-your-

face" style in rejecting Burton's request that Lindsey and Mills be disqualified from the matter while I was the White House counsel.

In fact, Lindsey and Mills have no conflict and should not be disqualified from these matters. Novak is simply wrong about the Sherburne incident. Sherburne never reported to me—or so far as I know to anyone—that Lindsey relayed misleading information. On the contrary, I understood them simply to disagree about how the Riady meeting should be characterized—as "social" or as something else. But Sherburne was not at the meeting. Lindsey was. I have heard no disagreement from the participants in the meeting that it was anything but essentially social. And I do not believe Sherburne claims that Lindsey misled her or anyone else or even that he had authority to overrule her with regard to her own comments about the meeting.

As for the Hubbell retainer, I looked into that matter and discovered that a misunderstanding between Lindsey and Mills—i.e., a miscommunication rather than a collaboration—led to the initial release of incorrect information. I do

not believe that to have been purposeful. Indeed, Lindsey himself told the facts to a Senate staff interrogator—a Republican staff member, mind you—long before this matter became public. He simply had no motive, given this, to mislead McCurry or anyone else.

And, as for Mills's appointment as deputy White House counsel, current White House Counsel Charles Ruff of course approved of it; otherwise it could not have happened. But I, not Lindsey, recommended her selection to Ruff, and I did so because she is everything we can all be proud of in public service—a smart, tireless, dedicated and honest person whose loyalty to her country and to the highest ethical standards knows no bounds.

For years, various Capitol Hill investigators have attempted to disable the counsel's office from doing legal work for the White House allegedly because the lawyers in that office are themselves under investigation—usually for how they behave in responding to Congress's own requests. But it's not enough to just point a finger at a lawyer, or to merely suspect that he or she may have a motive not to comply hon-

estly with a congressional document request, and then make a charge without basis in fact in order to disqualify the lawyer from a case. If I ever had had any reason whatever to believe that anyone in the counsel's office would abuse his position of trust in responding to congressional inquiries, or seek to mislead Congress in these matters, I would have removed him from the matter—or taken more severe action. I am confident that my successor feels the same way.

Novak concludes that Ruff's insistence, and mine, that Burton's charges against Lindsey and Mills are not disqualifying surely means that "orders were coming from the Oval Office." I'd never reveal confidential communications from any client, but I will say that Novak's assertion that the president of the United States sits around deciding how to instruct his counsel about the staffing of a document request is surely the stuff of pure fantasy.

—Jack Quinn

The writer was White House counsel from October 1995 to Feb. 17, 1997.

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SATURDAY, MARCH 1, 1997

Dispute in Alaskan Logging Helps Stall Pena Nomination

Murkowski Presses White House on Tongass Forest

By Joby Warrick
Washington Post Staff Writer

Literally throwing new logs into the logjam over Energy Secretary-designate Federico Peña's confirmation, a key Republican senator is using the stalled nomination to press the White House for a deal over timber rights in Alaska's Tongass National Forest.

Senate Energy and Natural Resources Committee Chairman Frank H. Murkowski (R-Alaska) raised the Tongass issue in a memo and in talks this week with the Clinton administration, according to several sources familiar with the discussions. Murkowski also has sought concessions from the White House on a Republican-backed plan for an interim storage site in Nevada for the nation's commercial nuclear waste.

Murkowski, in an interview Thursday night with Alaska Public Radio Network, acknowledged bringing up the Tongass logging dispute during talks Tuesday with White House Chief of Staff Erskine B. Bowles. But he insisted that he never intended to use the Peña nomination as leverage to secure a deal.

"I had a couple of housekeeping things I wanted to bring to [Bowles's attention]," Murkowski said. He added that there was as yet "no schedule" for a vote on Peña.

The Alaska Republican has canceled a pair of committee meetings at which the Peña nomination was to have been brought up for a vote. Although Republicans on the committee say they expect that Peña eventually will be confirmed, some members—most notably Murkowski—have used the confirmation process as a forum to criticize the administration's energy policy—and especially its handling of the issue of nuclear waste disposal.

Murkowski wants to secure White House support for a plan to store commercial nuclear waste at an interim site in Nevada until a permanent underground repository can be built. Last month, utility companies and state officials from 38 states sued the federal government for failing to honor a promise to assume responsibility for growing stockpiles of spent nuclear fuel at power plants across the country.

The insertion of the Tongass dispute into Peña's confirmation came as a surprise, since the Energy Department has no direct involvement in logging issues. Alaska's Republican congressional delegation has been pressing the White House for liberal logging allowances under a 10-year land management plan that is being prepared by the U.S. Forest Service.

The 17 million-acre preserve in southeast Alaska is home to the North America's largest remaining temperate rain forest, a rare ex-

pense of old-growth trees and rare wildlife that environmentalists consider the crown jewel of this country's national forests. It is also prized by lumber companies that provide jobs for thousands of timber workers in the region.

Word that Murkowski has raised the Tongass issue in the Peña talks drew an angry response from environmental groups as well as a rebuke from Democratic members of the Senate Energy Committee. Nine senators signed a letter Thursday that urged Murkowski to allow the confirmation process to proceed.

"We are dismayed by the lack of progress on the confirmation of Federico Peña," the letter began, "...and your insistence that further committee action on his nomination be linked to concessions from the administration on the interim storage of nuclear waste and the availability of increased timber volumes from the Tongass."

Marty Hayden, of the Sierra Club Legal Defense club, accused Murkowski of "holding a Cabinet secretary and the desires of the American people hostage, yet again, for his quest to clear cut Alaska's Tongass National Forest."

Murkowski was traveling to Alaska yesterday and could not be reached for comment.

CORRECTIONS

A photo caption on yesterday's Federal Page misidentified the congressman pictured with a story about the Immigration and Naturalization Service. The congressman pictured was Rep. Elton Gallegly (R-Calif.), not Rep. Lamar Smith (R-Tex.).

A Metro article yesterday should have said that the Metro transit agency board deferred a decision on whether to build a new entrance to the subway station at Union Station.

An item in the Washington Business section on Feb. 17 gave an incorrect World Wide Web address for Bell Atlantic Corp.'s on-line Yellow Pages. The site's address is <http://yellowpages.badg.com>

The AMC Courthouse movie theater is in Arlington. The location was incorrect in yesterday's Weekend.

The band Commonbond performs March 12 at the Shirlington Artists Guild. The date was incorrect in yesterday's Weekend.

Showdown Vote Sought on CIA Nomination

Sen. Kerrey Describes Chairman's Demand for Lake's Entire FBI File as 'Unreasonable'

By Walter Pincus
Washington Post Staff Writer

The ranking Democrat on the Senate Select Committee on Intelligence said yesterday he plans to seek a showdown vote in the panel next week to guarantee that CIA Director-designate Anthony Lake's confirmation hearing takes place as scheduled on March 11.

Committee Vice Chairman Sen. Bob Kerrey (D-Neb.) also called "unreasonable" the position of committee Chairman Richard C. Shelby (R-Ala.) that he would not hold the hearing unless Lake's entire FBI file is produced.

In an interview, Kerrey described Shelby's position, approved Wednesday by the Republican Senate Caucus, as "coming dangerously close to losing the bipartisan nature of the committee. . . . Without that we cannot do oversight of intelligence."

"Don't deny a hearing based on the White House not giving all the information we want," Kerrey said. "We have everything we need to hold that hearing. If you don't feel that way later, vote 'no' on his confirmation."

Shelby was traveling yesterday, but his chief of staff on the panel, Tyler Lawrence, said the Alabamian did not consider this "just a partisan fight, he is concerned about allegations about Mr. Lake's past which should be addressed."

Shelby has twice postponed Lake's hearing, while demanding information about issues including Lake's policy views, personal investments and a staff member's meeting with a foreign political fund-raiser while Lake was national security adviser in President Clinton's first term.

This week Shelby upped the ante by calling for Lake's entire FBI background file for committee members to review. An administration official said yesterday that White

House Counsel Charles F.C. Ruff was studying Shelby's request and Lake was looking at what he was prepared to have released as part of the nomination process. Kerrey said, however, he did not think Lake should negotiate about his files.

Lawrence said Shelby's request for Lake's full FBI file had several precedents in the Senate. In 1989, when the nomination of the late former-Sen. John G. Tower (R-Tex.) as defense secretary was being discussed, members of the Senate Armed Services Committee and key staffers had access to raw files. Later, when the nomination went to the Senate floor, all senators had access to summaries of FBI interviews.

In addition, Lawrence noted the Senate Judiciary Committee and top staff members have access to raw FBI files on judicial nominations since they are lifetime appointments.

Kerrey said it would be "terrible" for the committee and for the CIA to use the Tower nomination as a precedent. "No one would want to go through having their FBI file passed around with all manner of suspicion they create," he said.

The 19-member intelligence panel has a business meeting scheduled Thursday and Kerrey said he believes he would have the votes to approve Lake's scheduled hearing at that time. One of the GOP votes he is counting on is that of Sen. Richard G. Lugar (R-Ind.). Lugar told a news conference yesterday he intends to support Lake and believes "the prudent course" for Senate members is to "listen to the hearings."

Another Republican on the intelligence panel, Sen. John C. Chafee (R-R.I.) is leaning toward supporting Lake and is expected to support any Kerrey motion to hold the confirmation hearing on March 11.

Lugar yesterday also spoke out against Shelby's desire to have Lake's "raw" FBI files made available to committee members, which he described as "probably not a good public policy step." Instead he recommended the FBI share the raw files with the chairman and ranking member.

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