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Divider Title: Feb. 21, 1997

Top of page:

Col 1: Feature on future of a local city.

Col 2: Amid signs the Army's sexual misconduct scandal is reaching ever deeper, the Pentagon discloses that the commandant of an Army training base in Germany has been reassigned because of misconduct allegations. (ARMY, moved).

Cols 3-5: Wild art of James Earl Ray.

Col 6: In a capitulation likely to make it easier for defrauded Prudential Insurance Co. customers to get their money back, the giant insurer reaches tentative agreements with California and three other states that had opposed as inadequate a class-action settlement affecting 10.7 million life insurance customers. (PRUDENTIAL, moved).

Above fold:

Col 2: The White House releases records showing the number of times a generous Democratic donor with ties to the Paraguay government got access to the White House. (DONATE, moved).

Cols 3-4: Local poll story.

Col 5: Feature on The Los Angeles County Sheriff's Department, accused of overcharging the state millions of dollars for medical care provided to jailed parole violators.

Below fold:

Col 4: With drug czar Gen. Jose de Jesus Gutierrez Rebollo imprisoned on charges of collaborating with Mexico's biggest narcotics-smuggling cartels, U.S. intelligence agencies are feverishly assessing the damage done by his access to the confidential inner-workings of U.S. counter-narcotics efforts and the intricacies and secrets of the joint U.S.-Mexican drug war in a better than even chance to maintain his position at the head of Chinese leadership, but political succession in China is a tricky business, fraught with hidden dangers, and Jiang faces several challenges leading up to an important Communist Party congress in October. (CHINA-JIANG, moved).

Cols 4-6: Local reaction to murder charge against released convicted rapist Lawrence Singleton.

Donor Voiced Paraguay Concerns During White House Visits (Washn) By Jonathan Peterson (c) 1997, Los Angeles Times

WASHINGTON Secret Service records released Thursday show that a contributor to the Democratic Party with ties to Paraguay was invited to the White House 12 times between 1994 and 1996, and the administration confirmed that he met with top U.S. officials to discuss concerns about a coup in that South American country.

The contributor, Mark Jimenez, urged the White House to try to help with Paraguay's plight, and President Clinton later called that nation's beleaguered leader to express support when the government plunged into a brief constitutional crisis last year. As tension with the military eased, the Democratic National Committee received \$100,000 from Jimenez.

The extraordinary access given Jimenez provides another example of the ability of Democratic donors to gain access to the president's foreign policy apparatus on issues of importance to them.

But White House officials Thursday vehemently denied any link between the donations from Jimenez, who is a wealthy Florida computer executive whose sales to Paraguay were crucial to his growing South American export market, and administration policies affecting Paraguay. The Wall Street Journal reported the series of events earlier this week.

"The suggestion that this policy and President Clinton's support for (Paraguay's) President Juan Carlos Wasmosy had anything to do with Mark Jimenez's visits much less his contribution is totally baseless and without any shred of evidence," said Lanny Davis, White House

special counsel.

"This policy of supporting the president of Paraguay established," said Davis, adding that it was the administration's ongoing policy to support democratic governments in Latin America, especially the first democratically elected government in Paraguay in 40 or more years."

The tale is just the latest in a series of disclosures about political contributions that have buffeted the White House and preoccupied congressional investigators. Nor was it the only one that captured attention in the capital Thursday.

Webster Hubbell, a former official in the Clinton Justice Department, and John Huang, a former Democratic fund-raiser, told Congress that they planned to invoke the Fifth Amendment right against self-incrimination and would not turn over documents subpoenaed by congressional investigators.

Two others tangled up in the fund-raising controversy, Charles Yah Lin Trie and Pauline Kanchanalak, also have indicated they would not turn over certain business records sought by investigators.

Separately, the White House was scrambling to respond to a report by NBC News that it was home to workers on the payroll of the Democratic National Committee. Late Thursday, White House Chief of Staff Erskine Bowles decided to shift the five employees to the White House payroll, after Clinton ordered a review of the practice. The employees work in the offices of the vice president, public liaison and the scheduling and advance staff.

"This revelation is deeply troubling and extremely serious," Rep. David M. McIntosh, R-Ind., contended in a letter to White House counsel Charles Ruff earlier in the day. "Apart from the obvious legal concerns about the use of political funds to augment official government activity, it clearly suggests that the DNC had inappropriate and perhaps illegal access" to a White House database that is legally off-limits to party officials.

In the tale of Jimenez and U.S. policy to Paraguay, the questions center on the link between large donations and special access and influence allowed those who make them. Jimenez has actually contributed more than \$100,000 to the Democrats, although the amount and dates of the other donations were not immediately available. The White House suggested Thursday the total amount will reach several hundred thousand.

According to records released Thursday, Jimenez apparently visited the White House 12 times over the last few years. The majority of visits were gatherings that mixed politics and socializing, such as two Democratic Party dinners in 1995, along with a holiday reception and Arkansas Lawn Concert.

But some of the meetings were with Thomas F. "Mack" McLarty, Clinton's former chief of staff who was traveling extensively through Latin America and subsequently named a special envoy to the region.

McLarty often met with business executives and others who had insight into political and economic issues in Latin America. After about 15 minutes of one such meeting in early 1996, when Jimenez sought to discuss an escalating constitutional crisis involving the military in Paraguay, McLarty broke up the meeting, saying he wanted specialists in attendance, according to a White House account Thursday.

McLarty and Jimenez next met in early April, along with two representatives from the State Department and an official of the National Security Council. A week later, Jimenez returned with Paraguay's ambassador to the United States.

"I saved democracy in Paraguay," Jimenez bragged in the Wall Street Journal article.

Bunaware of the \$100,000 donation.

Said one: "This guy's taking credit, perhaps for his own purposes and that's unseemly."

Fund-raiser seeks immunity

Huang may cooperate with House investigation

By Tom Squitieri
and Judi Hasson
USA TODAY

AI

John Huang, a key figure in the Democratic fund-raising controversy, is seeking limited immunity in exchange for his cooperation with a House investigating committee.

Huang and former associate attorney general Webster Hubbell refused Thursday to turn over documents subpoenaed by the House Government Reform and Oversight Committee. Two dozen subpoenas have been issued by the panel.

Huang and Hubbell invoked their Fifth Amendment privilege against self-incrimination in refusing the panel's demand.

In a letter to the panel, Huang's lawyer agreed to turn over some documents and signaled for the first time that he wants a deal in exchange for giving up more information.

Huang apparently wants immunity from prosecution based on the documents he turns over.

Lawyers for both men refused to comment.

The Hubbell-Huang refusals appear to be the start of legal maneuverings that could slow the launch of both House and Senate probes into the growing fund-raising furor.

Two other figures in the controversy, businessman Charles Yah Lin Trie and Thai businesswoman Pauline Kanchanalak, instructed their lawyer Thursday not to accept Senate subpoenas seeking business records tied to their fund-raising for Democrats.

White House spokesman Lanny Davis said President Clinton respects decisions made "under advice of counsel." However, Davis said Clinton "wants all the facts to come out as quickly as possible."

Former U.S. attorney Joseph diGenova said the Fifth Amendment claim would not hold up in court and appeared to be made simply to delay the panel's investigation.

Hubbell is a former law partner of Hillary Rodham Clinton who just ended a 17-month sentence for tax evasion. He was ordered to produce documents about payments he received from Clinton allies in 1994. Those payments included an estimated \$250,000 from the Lippo Group, the Indonesian conglomerate in the center of the fund-raising debate.

Huang, a former Commerce Department aide and fund-raiser for the Democratic National Committee, once headed the U.S. operations of Lippo.

Tenn. court opens door to Ray trial

By Richard Willing
USA TODAY

AI

MEMPHIS — A county judge took the first step Thursday toward re-opening the case against convicted assassin James Earl Ray after emotional testimony from the widow and son of the Rev. Martin Luther King Jr.

Judge Joseph Brown ruled that it is "theoretically possible" that new tests could prove Ray's rifle did not fire the shot that killed King as he stood on a Memphis motel balcony in April 1968.

Ray's lawyers believe that a special electron microscope not available in 1968 and scarcely used today will rule Ray out as the assassin and overturn his conviction.

Ray pleaded guilty in 1969 to killing King and was sentenced to 99 years in prison. But he quickly changed his story and began seeking the trial he did not have due to his plea.

Ray's lead lawyer, William Pepper, called three experts to testify. But the hearing's drama was supplied by two surprise witnesses: Coretta Scott King and her son, Dexter, 36.

Both Kings support a trial for Ray to "bring some sense of closure about my husband's death," as Mrs. King said. Her late husband supported justice even for those who showed the "vilest hate."

"If Mr. Ray is denied a trial, our family and indeed the entire nation will also be denied the due process of law that is the birthright of every citizen." But the Memphis judge stopped short of ordering the new tests. He referred that decision to Tennessee's Court of Criminal Appeals. That court, which has turned down a similar request from Ray's lawyers once before, can take anywhere from a few days up to a year to act.

Pepper said the ruling "put us further along the road than we've ever been before" toward getting a trial for Ray. But he said his client's "longevity" is a factor.

Ray, 68, is in a Tennessee prison hospital dying of liver disease. If he dies, his appeal becomes moot.

USA TODAY |

FRIDAY, FEBRUARY 21, 1997

Database revelation changes White House intern policy

By Paul Bedard
THE WASHINGTON TIMES

The White House last night abruptly ended a policy of allowing outside political groups to pay for West Wing volunteers and interns, some of whom worked on the secret White House database of Clinton donors and supporters.

The policy change came after the White House revealed that the salaries of 20 of its workers had been paid by the Democratic National Committee, and after The Washington Times asked about new documents showing that some of the 12 interns and volunteers working on the database were paid by the DNC.

The policy change will affect

only four remaining DNC-paid workers.

"On balance, we'd rather have the four individuals currently on the DNC payroll on the White House payroll and discontinue the practice," White House spokesman Michael McCurry said last night.

Documents provided to The Times show that 12 interns and volunteers regularly used the sensitive computer system, which tracks the personal and political histories and activities of some 355,000 Clinton supporters, donors and White House visitors.

The documents undermine administration claims that the system was secure and protected from political abuse, but the White House rebuffed charges that the

volunteers and interns were moles pilfering official data for political use by the DNC.

An administration official said some of the 12 were paid by the Democratic Party; only one — Barbara Woolley — was named by the White House. The White House counsel's office had told Congress that no party aides had access to the computer system.

In a June 1996 memo, for example, the White House said "every precaution is being taken to secure all files, electronic and hard copy, and access continues to be limited to those individuals whose official duties require access."

Previous memos describing the White House Database, known by the acronym WHoDB, said the

White House social office, the offices of personal correspondence, public liaison and legislative affairs and the first lady's operation and Oval Office would have access to the system.

Of the six volunteers with access to the secret system, according to a July 1996 memo, one works in first lady Hillary Rodham Clinton's office, one in the personal correspondence unit, two in the social office, one in political affairs and one for public liaison.

Of the six interns, four work in presidential personnel, one in Oval Office operations and one in an unidentified office. Two other log-ins are set aside for volunteers in other offices.

The documents showed that sev-

eral other offices were granted access, such as the domestic policy shop, the White House Office of Women's Initiatives and Outreach, the White House Fellowship Program, and even the West Wing receptionist, Debra Schiff.

A White House official said those offices needed access to the database.

The computer system tracks every Clinton supporter and White House visitor since he took office and includes sensitive information such as Social Security numbers, family heritage, political contribution record and reason for meeting with the Clintons.

The documents provided to The Times emboldened congressional critics of the computer system who

want it investigated for political misuse.

"Apart from the obvious legal concerns about the use of political funds to augment official government activity, it clearly suggests that the DNC had inappropriate and perhaps illegal access to WHoDB," said Rep. David M. McIntosh, Indiana Republican.

Mr. McIntosh, a subcommittee chairman on the House Government Reform and Oversight Committee, is probing WHoDB for political misuse.

"I am really outraged. The counsel's office assured us no one from the DNC had access to the system and now we find out they did," said Mr. McIntosh.

Reynolds not eating in prison

CHICAGO (AP) — Former Rep. Mel Reynolds was ordered to submit to medical tests and possibly force-feeding if he doesn't end a hunger strike protesting prison conditions.

Reynolds, serving five years for sexually abusing an underage campaign worker and obstructing justice, complained of dismal cells and solitary confinement since being moved from a state prison to a federal center Feb. 7. He also said he was denied adequate access to his attorney to prepare for an upcoming trial on campaign finance and bank fraud charges.

"I'm being treated like an animal," Reynolds, 45, told U.S. District Judge Charles Norgle on Wednesday.

Attorney Robert Loeb said his client may have lost as much as 20 pounds since starting the hunger strike two days after the transfer.

Assistant U.S. Attorney Joe Ferguson said the restrictions are designed to protect Reynolds from other inmates.

Reynolds has refused to let doctors examine him to see if his blood sugar levels have fallen to a dangerous level, which could result in shock, Mr. Ferguson said.

The judge said prison officials could force Reynolds to submit to an exam if he refused to eat.

Reynolds, a Democrat who resigned in 1995 in the middle of his second term, said he would continue the hunger strike until conditions improve.

The Washington Times
FRIDAY, FEBRUARY 21, 1997

Hubbell, Huang Say They'll Invoke Fifth Amendment

Associated Press

Former Clinton administration official Webster L. Hubbell and Democratic fund-raiser John Huang told Congress yesterday they will invoke their Fifth Amendment privilege against self-incrimination and refuse to turn over subpoenaed documents, a House aide said.

Two of the key figures in the Democratic fund-raising controversy, Hubbell and Huang informed the House Government Reform and Oversight Committee by letter, said Barbara Comstock, the panel's chief investigative counsel.

The two had been ordered in the subpoenas to produce the documents by yesterday.

Comstock said Hubbell refused to produce any documents. Huang produced some documents and declined to turn over others on the advice of his attorney. Huang's letter, however, suggested he would consider turning over more documents if he was given limited immunity for the document production, Comstock said.

Hubbell, a longtime friend of President Clinton's and a central player in the Whitewater criminal probe, had been ordered to produce documents about payments he received from Clinton allies while he was under criminal investigation in 1994.

After resigning from the Justice Department three years ago, Hubbell received money from a company owned by the family of Indonesian billionaire Mochtar Riady, a longtime Clinton friend and political supporter.

Huang, a former Commerce Department aide and former vice chairman of the Democratic National Committee, once headed the U.S. operations of the Lippo Group, one of the Riady family's businesses.

Hubbell, a former law partner of Hillary Rodham Clinton, pleaded guilty to tax evasion and mail fraud in the Whitewater investigation and agreed to cooperate fully with prosecutors. But his memory lapses—he says he is unable to recall events of a decade ago—have frustrated investigators' efforts to get to the bottom of Whitewater.

The Washington Post

FRIDAY, FEBRUARY 21, 1997

Huang, Hubbell both take Fifth; Trie, Kanchanalak may be in Asia

By Jerry Seper
THE WASHINGTON TIMES

A1

John Huang and Webster L. Hubbell, at the center of a congressional probe into foreign-linked campaign contributions, yesterday asserted their Fifth Amendment rights against self-incrimination in refusing to turn over documents subpoenaed by a House committee.

Two other targets of House and Senate subpoenas, Arkansas businessman Charles Yah Lip Trie, who gave \$640,000 in questionable donations to President Clinton's legal-defense fund, and Thai businesswoman Pauline Kanchanalak, whose \$253,300 contribution to the Democratic National Committee was returned, are believed to have left the country to avoid producing any records.

Mr. Trie, whose records were sought by the House Government Reform and Oversight Committee, and Mrs. Kanchanalak, a target of a Senate Governmental Affairs Committee subpoena, are believed to be in Asia,

see HUANG, page A11
From page A1

sources close to the committees said.

House committee lawyers confirmed yesterday that Mr. Huang had asserted his rights against self-incrimination in refusing to turn over documents to the panel, but they said he suggested in a letter he would be willing to discuss a possible grant of immunity with regard to the production of other records.

The former Lippo Group executive, Commerce Department official and DNC fund-raiser, through his attorney, John C. Kenney Jr., handed over some documents this week and said he would be willing to work with the panel but needed a deal guaranteeing him limited immunity before he would proceed further.

About half the \$3.4 million Mr. Huang is believed to have raised for Mr. Clinton and the Democratic Party has since been returned because of questions over its source.

Mr. Hubbell, released last week after serving a 16-month sentence for fraud and tax evasion in the bilking of his former partners at Little Rock's Rose Law Firm, flatly asserted his Fifth Amendment rights and told the committee he would not turn over any documents in the panel's ongoing investigation, committee lawyers confirmed.

The disgraced former associate attorney general was asked to produce records on his receipt of \$325,000 in fees in the nine months between his March 1994 Justice Department resignation and his December 1994 guilty plea in the Whitewater investigation. The House panel wants to know if the money was intended to limit his promised cooperation in the Whitewater probe. The bulk of the fees, \$250,000, came from the Lippo Group.

Independent counsel Kenneth W. Starr also is looking into the fees, and Mr. Hubbell has testified before the Whitewater grand jury in Little Rock. Last year, he refused to tell the Senate Whitewater Committee about his Lippo ties.

Barbara Comstock, the committee's chief investigative counsel, confirmed that Mr. Huang and Mr. Hubbell had been ordered to produce the documents by the close of business yesterday. She would not comment on what action the committee will consider in its response.

Mr. Huang was not available yesterday for comment, but he previously has denied any wrongdoing. Mr. Hubbell also was unavailable.

Mr. Trie did not respond to messages left on a telephone answering machine at his Little Rock company, Daihatsu International Trading Corp. He and Mrs. Kanchanalak reportedly told their attorney, Reid H. Weingarten, to refuse service of any congressional subpoenas. Mr. Weingarten did not return calls to his office for comment.

The Senate and House committees have issued more than 70 subpoenas for documents in their investigation of contributions to Mr. Clinton and the DNC, and into the activities of key DNC fund-raisers and administration officials.

Mr. Trie, a longtime Clinton supporter, also is a focus of a Justice Department task force investigation, which has subpoenaed the president's legal-defense fund for records concerning the \$640,000 donation. The donation, delivered in two large envelopes, was later returned when fund executives said they could not determine the source of the money.

Investigators want to know if the legal-defense money was a political payoff, the sources said. They also are trying to determine what role Mr. Trie played in a White House "coffee" in February 1996 involving Mr. Clinton and Chinese arms dealer Wang Jun. The two men met with the president at a session arranged by the DNC and attended by other campaign contributors. Mr. Wang was the guest of Mr. Trie at the meeting.

The White House has said it did not know Mr. Wang was chairman of a Chinese arms company known as Poly Technologies Inc. The firm makes weapons for the Chinese military and at the time of the visit was under investigation by the U.S. Customs Service in a major smuggling operation. It had been identified by undercover agents as a supplier of 2,000 AK-47s delivered to drug dealers and street gangs in the United States.

The same day of the White House coffee, Mr. Wang met with Commerce Secretary Ronald H. Brown, former DNC chairman.

Officials with the legal defense fund returned Mr. Trie's money after questions had been raised about its source. The donations included checks with signatures that matched those on other checks and money orders that were numbered sequentially but supposedly originated from people in different cities.

The Washington Times
FRIDAY, FEBRUARY 21, 1997

Hotline 2/21/97

DEM FUNDRAISING: ARE HUANG & HUBBELL LOOKING FOR A DEAL?

Ex-DNC fundraiser John Huang and ex-assoc. AG Webster Hubbell have refused to turn over subpoenaed documents to the House Gov't Reform & Oversight cmte, claiming their Fifth Amendment rights against self-incrimination. Senate sources said two other figures in the ongoing fundraising controversy, AR businessman Charles Yah Lin Trie and Thai businesswoman Pauline Kanchanalak, "have instructed their lawyer not to accept service of Senate subpoenas for business records." Although Hubbell refused to produce any documents, Huang produced some and his letter to the cmte "suggested he would consider turning over more documents if he were given limited immunity for the document production" (AP/AZ DAILY STAR, 2/21).

LET'S MAKE A DEAL? Huang's request for immunity "signaled for the first time that he wants a deal in exchange for giving up more information." The Hubbell-Huang refusals "appear to be the start of legal maneuvering that could slow the launch of both House and Senate probes into the growing fund-raising furor." WH spokesperson Lanny Davis said Pres. Clinton respects the decisions made "under advice of counsel." However, Davis said Clinton "wants all the facts to come out as quickly as possible." Ex-U.S. Atty Joseph diGenova "said the Fifth Amendment claim would not hold up in court and appeared to be simply to delay the panel's investigation" (Squitieri/Hasson, USA TODAY, 2/21). As for Trie and Kanchanalak, W. TIMES' Seper reports that they are "believed to have left the country to avoid producing any records." Sources close to the cmtes said the two are believed to be in Asia (2/21).

LATEST ROLE: Senate Gov't Affairs Cmte chair Fred Thompson's role in heading up the investigation is profiled in today's N.Y. TIMES and W.S. JOURNAL. W. POST's Dionne, under header "Fred Thompson's Hot Potato," writes that only by "facing up to his own party's money problems" will Thompson be effective in going after the Dems: "If Thompson wants to be a reformer, he'll have to take the risk" (2/21).

RED SKELETON? The N.Y. POST's front page features a picture of Bill and Hillary Rodham Clinton with three Asian men under the headline: "White House Hustler, DNC got meeting with Cabinet big for shady donor." The "New Skeleton in Clinton's Cabinet" is that the DNC arranged a meeting with then-Energy Sec. Hazel O'Leary for a Chinese friend of a "big-bucks donor whom the president's aides considered a 'hustler.'" O'Leary agreed to meet with a friend of Johnny Chung, who gave \$366,000 to the DNC and "who used his pull to get pals to meet President Clinton and other top U.S. officials." It is the "latest example where the DNC -- under fire for dangling access to Clinton and other key administration players to raise campaign cash -- intervened with a U.S. official on behalf of a generous donor" (Galvin, N.Y. POST, 2/21).

BAYH THE WAY: Ex-IN Gov. Evan Bayh (D) invited Huang to an "informal retreat" last summer to "discuss Bayh's political future." A Bayh spokesperson said Huang, who declined the invitation, would not have been invited had Bayh's staff "known about his questionable activities." Bayh also returned a \$2,000 contribution from Huang earmarked for a potential Bayh '98 Senate race after the "uang controversy surfaced, though Bayh "maintained that the contributions were legal" (Smith, AP/ INDIANAPOLIS STAR/NEWS, 2/20).

DEM "VOLUNTEERS": CLINTON SHIFTS THEM TO WH PAYROLL

In an effort to "quell" yet another fund-raising controversy, Pres. Clinton ordered the so-called "volunteers" who had been working at the WH and paid by the DNC (see HOTLINE, 2/20) be shifted to the WH payroll. The revelation has drawn fire because one of the "volunteers," Barbara Woolley, had access to the WH database (Cannon, Balto. SUN, 2/21). Woolley worked for "embattled" Labor Sec. nominee Alexis Herman, who is currently "under fire" for her role in organizing WH coffees (Rauber, N.Y. POST, 2/21). NBC's Miklaszewski reported that, according to documents obtained by NBC News, two more DNC paid employees, WH political affairs personnel Joe Trahern and Karen Anderson, "also had access" to the database (2/20).

NUMBERS GAME: N.Y. POST's Rauber writes that during the course of the day, the WH first said there were currently four DNC paid volunteers on staff, but that number later doubled to eight -- three of whom are on VP Gore's staff -- with salaries ranging from \$35,000 to \$55,000. The WH said it will continue to allow the DNC to pay the salaries of three advanced staffers who schedule trips but do not work in the WH. All in all, it is the "latest headache" for the president (2/21). McCurry said the practice of the volunteers being paid outside the WH "stemmed" from Clinton's '92 campaign promise to trim the WH staff by 25% (Stout, N.Y. TIMES, 2/21).

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Divider Title: Feb. 20, 1997

Latin Connection A DNC Donor With Ties To Paraguay Presses Its Case in White House

Mark Jimenez's Gifts Often Coincide With His Access To Administration Aides

Contraband in Ciudad del Este

Last April, a Miami computer executive named Mark Jimenez was ushered into the White House complex to meet with the National Security Council's top Latin American specialist and a deputy assistant secretary of state.

He had urgent business to discuss. Paraguay, a pivotal market for his burgeoning computer business, was on the verge of a military coup. Mr. Jimenez asked that President Clinton strongly back Paraguay's president, Juan Carlos Wasmosy. One week later, Mr. Jimenez, this time accompanied by Paraguay's ambassador to the U.S., was granted a second meeting with the same officials.

Mr. Clinton did rally to the Paraguayan president's defense, phoning to reassure

By Wall Street Journal staff reporters Jill Abramson in Miami, Jonathan Friedland in Asuncion, Paraguay and Marcus W. Brauchli in Manila, Philippines.

him of U.S. support and allowing him to hole up in the U.S. Embassy until he could safely return to his palace. The day the unsuccessful coup attempt began, the Democratic National Committee, or DNC, received \$100,000 from Mr. Jimenez.

NSC and State Department officials say that it isn't unusual for them to meet with private businessmen and that Mr. Jimenez's warning about the impending coup was useful. They say Mr. Jimenez's visits had no bearing on the decision to back Mr. Wasmosy, an elected president whose overthrow would have been a serious blow to the Latin nation's fragile democracy. The effusive Mr. Jimenez sees his role differently: "I saved democracy in Paraguay," he says in an interview.

In any case, the meetings between the Miami businessman and the government's top Latin American advisers—arranged by Thomas "Mack" McLarty, Mr. Clinton's top adviser on Latin America and former chief of staff—highlight an erosion of barriers between fund raising and policy making in the Clinton White House. Mr. Jimenez's company, Future Tech International Inc., and his employees have donated \$806,000 since 1993 to the DNC, the Clinton-Gore campaign and other endeavors affiliated with the president. Meanwhile, Mr. Jimenez has been granted extraordinary access to the corridors of power. The White House had no comment.

Foreign Affairs

The Jimenez case also underscores a disturbing aspect of the fund-raising controversy: Like several of the biggest Clinton-Gore campaign donors, Mr. Jimenez had ties to a foreign government interested in shaping U.S. policy. At best, that intertwining of interests can cause misunderstandings; at worst, it raises the specter of foreign governments and their allies buying influence with Uncle Sam.

Last week, there were explosive reports that the Chinese embassy may have directed contributions to the Democratic Party (China denied doing so). National Security Council documents released over the weekend show the council had reservations about the motives and ties of some donors. Another donor, Pauline Kanchanaklak, also visited the NSC and helped arrange a meeting between Mr. Clinton and Thailand's prime minister. Then there is Indonesia's Riady family, whose donations triggered the foreign fund-raising controversy. They offered policy input on China, where their family-owned conglomerate has huge interests. All these contributions now are under investigation.

President Clinton has denied that any policy was affected by visits or gifts from donors and has said that contributors who visited the White House deserved to get a hearing.

Mr. Jimenez, 50 years old, is a native of the Philippines and legal U.S. resident. Since he founded his Miami business in 1988, it has sold millions of dollars worth of computer parts to Latin American buyers. Some go to Paraguay, from which many are re-exported. U.S. officials say that Paraguay has long been a haven for drugs and money laundering and that the trade in computer parts there is often fueled by cash from illicit activities. Mr. Jimenez says his business has nothing to do with such trade.

Steady Giving

At the 1994 Summit of the Americas in Miami, Mr. Jimenez says, he met President Clinton "and fell in love." He has given \$100,000 to restore Mr. Clinton's birthplace in Hope, Ark., and \$150,000 to nonprofit building endowments for the White House and Blair House in Washington. He gave another \$150,000 to help with the costs of two Americas trade summits. Mr. Jimenez and 20 Future Tech employees gave \$1,000 each to the Clinton-Gore campaign at a glitzy Bal Harbour, Fla., fund-raising dinner in 1995.

Asked why he has given so much, Mr. Jimenez replies: "I think I have given too little." He goes on to explain that "I am Asian. You know the Asians: I come to this country, I owe this country."

During two subsequent interviews, one in Miami at Future Tech's headquarters at

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Continued From First Page

an industrial park near the airport and another at a Washington restaurant, Mr. Jimenez stresses that he has never asked for anything in return for his donations: "no government contracts, no nothing." Still, like other top DNC donors who have been in the news of late, Mr. Jimenez has business interests closely intertwined with U.S. trade and foreign policy.

Paraguay certainly hasn't been high on the Clinton administration's agenda. What attention it has received has been mostly negative. Recipients of U.S. aid have to be certified as combating drug trafficking. In 1995 and again in 1996, the State Department recommended decertifying Paraguay. But both years, President Clinton granted Paraguay a waiver on the ground that it was in Washington's interest to support democracy there.

The waiver means that Paraguay still receives a modest amount of U.S. aid and that the U.S. isn't obliged to vote against multilateral bank aid to the country. Still, the State Department ruling hurts Paraguay with international investors, and it has kept President Wasmosy from achieving a cherished goal: a state visit to the U.S. and a White House meeting with Mr. Clinton.

In October 1995, Paraguay did play host to Hillary Rodham Clinton, the first American First Lady to visit Asuncion, a steamy riverside capital known for its crumbling facades and its surfeit of Mercedes-Benzes, most of them stolen from neighboring countries. She was there for a follow-up meeting for the wives of leaders who attended the Americas summit in Miami. Mr. Jimenez, while not part of the First Lady's official traveling party, flew in to join her.

Although a White House invitation continued to elude President Wasmosy, one of his top advisers got in via Mr. Jimenez. That adviser was Carlos Mersan, who is responsible for drafting some of Paraguay's laws, including a new one outlawing money laundering. Mr. Mersan also is a lawyer in Paraguay for Future Tech. One year ago, as first reported by the Boston Globe, Mr. Jimenez brought Mr. Mersan to the White House for one of the presidential coffees sponsored by the DNC. (It was the same coffee that was attended—inappropriately, Mr. Clinton now concedes—by the head of a weapons company owned by the Chinese military.)

Mr. Mersan says Mr. Jimenez "invited me because I'd mentioned that I'd never been there before and I clarified first that it wouldn't be an official visit but a gathering of businessmen. I had no idea it had anything to do with donations." Shortly after the coffee, Mr. Jimenez gave another \$50,000 to the DNC.

Both Mr. Jimenez and Mr. Mersan say they raised no issues concerning Paraguay during the coffee, although Mr. Clinton was due in a few weeks to make his annual decision on whether Paraguay should be allowed to receive foreign aid. "There was no mission, no message, no nothing," Mr. Mersan says.

Mr. Jimenez's clout with the Clinton administration was in full display last October, during the annual meeting of the International Monetary Fund in Washington. He treated the spouses of a half-dozen bankers and government officials from Paraguay and the Philippines to an extraordinary two-day excursion, including a private meeting with Mrs. Clinton. One of the guests, Leny Valencia, describes the event as "fantabulous."

First, Mr. Jimenez arranged, through his friend Mark Middleton, for a private tour of the White House, guided by Mr. Middleton and a member of Mrs. Clinton's staff, Mrs. Valencia, whose husband, Rene, is the Philippines' social-security administrator and an old friend of Mr. Jimenez, says the group saw not only the public areas but also the offices of the president and Mrs. Clinton, including the Oval Office. Mr. Middleton is a former Clinton fund-raiser and White House aide, but at the time of the tour he was in private business and had been scouting for deals in Asia. Mr. Jimenez briefly retained Mr. Middleton to look for marketing opportunities for Future Tech in Asia, though no business resulted. Mr. Middleton has been subpoenaed by the Senate as a witness in its fund-raising probe.

The following morning, Mr. Jimenez chartered a Gulfstream jet to fly most of the group to Florida to meet Mrs. Clinton; he bought first-class commercial tickets for the Valencias because Mrs. Valencia was afraid of flying on a small jet. When they arrived, Mrs. Valencia says, they were whisked to a country club in Boca Raton, where they met privately with Mrs. Clinton, chatted with her and had their photos taken. "Because of all the media reports in the U.S., I didn't have a good impression of her" before, Mrs. Valencia says. "But, frankly, she charmed all of us because she was so amiable. She can really put on the charm. All of us really changed our minds about her."

That evening, they reconvened in the home of DNC fund-raiser Monte Friedkin for a dinner with about 50 other people. "We had prawns, steaks, the works," Mrs. Valencia recalls. "Dinner was three hours long, and the First Lady stayed for the whole time."

Mr. Jimenez says arranging the meeting and photo session with Mrs. Clinton was simply a favor to old friends and had nothing to do with business, politics or campaign donations. But he sent \$75,000 to the DNC on Sept. 30, the day of his guests' White House tour. He says the date is coincidental.

Grand gestures have become standard fare for Mr. Jimenez, a father of 10 who says he grew up poor in the Philippines. "My heart is always in poverty," he says. But now he has all the trappings of wealth, driving a Mercedes and, he says, leaving \$1,000 tips in Washington hotels. He also says that he has built and given homes to 17 of Future Tech's employees.

Mr. Jimenez built Future Tech, of which he owns 80%, into a company with annual sales of \$300 million. All the computer parts it sells are destined for foreign markets, but it doesn't export them itself, leaving that to the buyer.

Some find their way to Paraguay, a nation that has a booming trade in contraband and smuggled goods, centered in Ciudad del Este. Syndicates seeking to turn cash into untraceable goods send couriers, known as *sacaleros*, to Ciudad del Este to buy disk drives, central processing units, motherboards and memory chips, which in turn are sold to computer makers and wholesalers in Brazil and Argentina. The underground parts business in the region is in the billions of dollars annually, U.S. computer executives estimate.

Companies like Future Tech are the original source of some of these components. Future Tech says only 3% of its sales are to buyers who say they will send the goods to Paraguay. But John Gilbakian, an Asuncion-based computer wholesaler and consultant, says Future Tech is a key player in the Paraguayan market and that Paraguay is the main market for Future Tech and other Miami computer distributors. Several others familiar with Future Tech's sales say the same.

Future Tech sells its goods FOB Miami, a shipping term meaning, in effect, that once it gets paid, it has no legal or other responsibility for the products. Mitchell Fuerst, a lawyer for Future Tech, says the company "tries to conduct our business as honestly and as straightforward as possible." Every day, he says, "we come across situations that are no good, and if it isn't 100% . . . we don't do the business." Future Tech, Mr. Fuerst stresses, "won't sell to people we don't know." But, he adds, "I can't be inside my customer's head and know [if] he is lying to me."

Peruvian authorities have charged a Future Tech employee with being party to a computer-importing scam that defrauded the country of about \$771,000 in customs duties in 1993 and 1994. Mr. Fuerst says Future Tech and its employee didn't have anything to do with the alleged scam, which, he says, was carried out by an unscrupulous customer.

Until recent years, Future Tech was often paid in cash. In 1993, the Drug Enforcement Administration made a surprise visit to Future Tech and searched the premises for drugs, but found none. Mr. Fuerst and Mr. Jimenez say the company cooperated fully.

At about this time, Mr. Fuerst says, the Treasury told Future Tech it was filing too many large cash transactions. "I abolished this [cash transactions] because of the perception," Mr. Jimenez says.

The company recently hired a money-laundering specialist from the Internal Revenue Service to supervise its auditing and compliance procedures. Mr. Fuerst says he has a Justice Department letter stating that Future Tech isn't the target of a money-laundering investigation.

Future Tech also retained the Miami law firm of Greenberg, Traurig, Hoffman, Lipoff, Rosen & Quentel, one of whose partners, Marvin Rosen, headed the DNC's finance operation until recently. It was through Mr. Rosen's firm, Mr. Jimenez says, that he was introduced to the world of political fund-raising. Before

then, "I was a Washington neophyte," he says. Future Tech began making contributions to the DNC in 1993.

While this money continues to flow freely, Future Tech has been embroiled in nasty disputes with vendors over bill payment. One case involves Samsung Co., whose computer monitors Future Tech marketed in Latin America until 1993. Samsung filed suit in federal court in New Jersey alleging that Future Tech hadn't paid bills. Mr. Fuerst says the dispute stemmed from a turf battle within the Korean company and didn't reflect badly on Future Tech's record. The dispute was settled out of court.

Future Tech then contracted with South Korea's Tae Il Media Co. to make computer monitors under Future Tech's own Mark-Vision brand name. Future Tech has since sued Tae Il, alleging it dumped monitors in the Latin American market despite agreeing not to; in a response, Tae Il contends Future Tech owes it \$16 million in unpaid bills. The suit is pending in federal court in Miami.

The company has its loyalists. Future Tech's biggest current supplier, hard-drive maker Quantum Corp. in Milpitas, Calif., says it owes its success in Latin America to Mr. Jimenez. "We have no issue with them on payments," a Quantum spokeswoman says.

Mr. Jimenez says he is resentful that his political donations have thrust his business and family into controversy. "I am intertwined in this political-donations mumbo jumbo," he complains. "I am frustrated."

The brouhaha also has hurt his relationships in Paraguay. "I am afraid even to call the president" of Paraguay, he says. Then, a few minutes later, he offers to help a reporter set up an interview with Mr. Wasmosy.

—Carla Anne Robbins in Washington
contributed to this article

THE WALL STREET JOURNAL
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Felon Also Attended 4 DNC Events With Clinton

By Bob Woodward
Washington Post Staff Writer

A twice-convicted felon who met with President Clinton at one of the small, controversial White House coffees in 1995 appeared on four other occasions at Democratic National Committee fund-raising events with Clinton last year, according to records and interviews with DNC officials.

At a DNC event in California last year, witnesses said Eric Wynn, who has been trying to win a pardon, spoke with Clinton in the presence of his attorney, Richard T. Mays, who is a longtime friend of the president's.

White House press secretary Michael McCurry said the president did not recall meeting or speaking with Wynn at the March 9, 1996, fund-raiser in the San Francisco area. McCurry also strongly denied that the president would have permitted Wynn or his attorney to discuss a possible pardon.

McCurry last night issued the following statement: "The president has acknowledged the process of screening events he participated in was lacking, and he regrets that. He recalls no substantive private meeting with Mr. Wynn and is certain he never entertained any discussion of Mr. Wynn's legal situation. The president always tells any individual who raises a private legal matter to follow the procedure available under the law."

Between the various Democratic fund-raisers Wynn was arrested five times during the last six months while out on bail, according to police records introduced in a New Jersey federal courtroom yesterday. A judge is considering revoking Wynn's \$100,000 bail while he awaits sentencing on a conviction for securities fraud. The judge postponed a hearing on the issue until Monday.

Wynn's recent arrests are for aggravated assault on a police officer, resisting arrest, aggravated assault with a motor vehicle, violation of restraining order, terroristic threats and driving while intoxicated. All occurred between Aug. 31, 1996 and Feb. 10.

It remains unclear why prosecutors in Edison, N.J., allowed Wynn to remain free on bail after his arrests. A spokesman for the U.S. attorney's office said prosecutors learned of Wynn's arrests just days ago.

In a bizarre twist, Wynn asked a federal judge in June to rule that he was mentally incompetent when he was earlier convicted of criminal securities fraud. Wynn claimed he had "panic disorder" and was unable to exercise his right to testify in his defense and to assist his lawyers.

U.S. District Court Judge John W. Bissell denied the motion, in part citing Wynn's normal behavior at the trial. Wynn was convicted in 1995 of criminal securities fraud that benefited a member of the Bonanno organized crime family. He also served two

years in prison after a 1989 guilty plea on theft and tax charges.

Wynn gained entree to key Democratic National Committee events through two friends, Mays, his attorney, who served as a Clinton appointee on the Arkansas Supreme Court in the early 1980s, and Richard Tienken, a New Jersey man who has ties to organized crime figures, according to court testimony.

Mays helped organize the March 9 fund-raiser at the Hillsborough, Calif., home of Victor MacFarlane, a real estate developer. A Democratic official said he saw Mays and Wynn have their picture taken with Clinton in the study, but did not see them speaking.

An attorney who attended the fund-raiser said he saw Clinton, Mays and Wynn slip into a room that looked like a study for about 5 to 10 minutes.

On April 29, 1996, Wynn and Mays were among about 50 people who attended a \$25,000-a-person dinner with Clinton at the home of Marvin Rosen, the finance chairman for the DNC, in Coral Gables, Fla., according to witnesses and records. Officials said a company controlled by Tienken put up the \$50,000 for Wynn and Mays to attend the dinner. The dinner was long and intimate, with Clinton arriving late and leaving late, after 1 a.m., according to one witness.

"There was a Roman feast-like quality to the dinner," recalled a DNC fund-raiser who attended the dinner.

Two months after the dinner at Rosen's

home, Wynn appeared in a federal courtroom in New Jersey seeking to have his 1995 securities fraud conviction overturned on the basis of his claim of mental incompetency.

Charles Goodstein, the court-appointed psychiatrist who interviewed Wynn, testified that he claimed his symptoms included "difficulties in breathing, sense of pending loss of consciousness and impairment, however transient, of a sense of connection to reality; a concern about . . . fainting; fear of losing control; fear of going crazy; inability to concentrate."

On Aug. 18, Wynn next attended Clinton's 50th birthday party celebration at Radio City Music Hall, according to two witnesses. One official said that Wynn and Mays also attended various events at the Democratic National Convention from Aug. 25-29 in Chicago.

On Sept. 12, Wynn was one of about 250 people who attended a \$12,500-a-person dinner for Clinton at the "Green Acres" mansion owned by shopping center magnate Ron Burkle in Beverly Hills. Barbra Streisand, the Eagles, the Neville Brothers, and saxophonist Tom Scott performed, and Maya Angelou read poetry. Tom Hanks emceed the concert.

On Oct. 29, Wynn was scheduled to attend an outdoor terrace luncheon for first lady Hillary Rodham Clinton at the home of investment banker Maxine Leftwich in Northwest Washington. An official said Richard Tienken was also one of the 50 scheduled to attend. Tienken had given \$75,000 to a get-out-the-vote group designated by the DNC for tickets for himself and Wynn, one official said.



BY MIKE DEGER—ASSOCIATED PRESS
Eric Wynn leaves federal courthouse in Newark after his bail revocation hearing.

At this point, as questions about DNC fund-raising practices began to be raised, officials did a routine check of newspaper clippings and discovered reports of Tienken's alleged ties to the Luchese organized crime family. Tienken's invitation was withdrawn. Wynn also failed to show up. The hostess said Mays and his wife did attend.

Research assistant Jeff Glasser contributed to this report.

The Washington Post

THURSDAY, FEBRUARY 20, 1997

Jim Hoagland

The Real Questions on the Lake Nomination

The last CIA director told the truth and was fired. What's the job description here?

Sen. Richard C. Shelby is half-right about the confirmation hearings on President Clinton's controversial nomination of Anthony Lake to head the Central Intelligence Agency: They should form a thorough and painstaking inquiry into the suitability of Lake to take charge of a seriously troubled organization. There should be no rubber stamp here.

But the Alabama Republican goes about the right thing the wrong way. He has focused on peripheral issues and stalled the beginning of the hearings to March 11. Shelby plays Mr. Micawber, the character in Dickens who is always waiting for something to turn up.

Shelby, who heads the Senate Intelligence Committee, seems to be waiting for something scandalous to turn up to sink the nomination. But the half-dozen questions that should determine Lake's fate exist under the senator's nose. They would have more impact being put to Lake directly and expeditiously.

These questions do not involve the matters Shelby and other conservative Republicans focus on: Lake's inattention to stock market transactions by his broker, the ludicrous idea that Lake was an inspirational leader of left-wing think tanks in Washington, and his role in keeping Congress and the public in the dark on the president's decision not to oppose Iranian arms shipments to Bosnia.

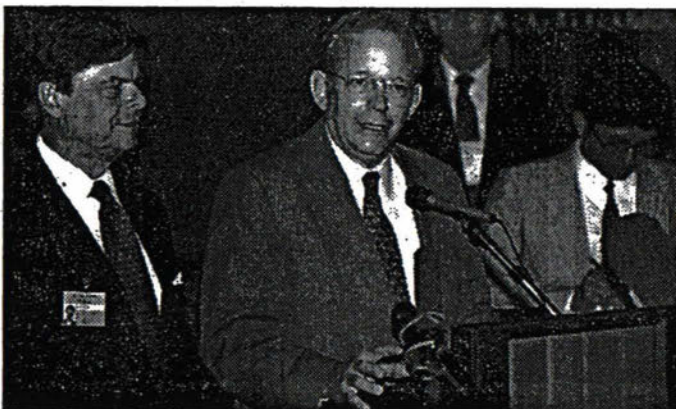
The problems with Lake's nomination lie elsewhere. While Shelby has left him twisting in the wind, Lake has engaged in a semipublic lobbying effort among CIA agents and officials and is courting Republican ultraconservatives to intercede with Shelby. This raises questions about how effective a leader Lake can become after starting from a position of perceived weakness.

"This could work out," one agency veteran told a friend recently. "Tony may now be satisfied to get confirmed and immediately start a four-year tour of the world to visit all the stations, and we will be left to get on with our jobs."

But the biggest danger lies in the built-in conflict of interest the president has created by choosing as his new intelligence coordinator his old national security adviser, who actively urged particular policies on the president and then cracked the whip over their implementation.

In pleading with Shelby to get on with the hearings, Clinton told reporters that Lake was the architect of U.S. Bosnian policy. He was also an early advocate of NATO expansion, relaxing opposition to China and sticking a finger in Britain's eye by pushing for a settlement in Northern Ireland.

On these issues and others, will the president get an unvarnished view from Langley? I doubt King Solomon would have the detachment and perspective needed to disentangle such past advoca-



REUTERS

cacy from the demands of unbiased analysis. Because of his background, a heavy burden of proof will lie on Lake at the CIA. He will constantly have to show that he can encourage the CIA to conduct intelligence assessments and operations with absolute integrity, even if they cost Bill Clinton politically and the CIA bureaucratically.

Lake's talents seem to lie elsewhere. One of his most important tasks at the NSC was to develop enlightened foreign policy rationalizations for politically motivated actions. "Enlarging democracy" became the explanation for why Haiti's junta had to go. Clinton's understandable desire to stop Haitian refu-

gees pouring onto Florida's beaches apparently had nothing to do with America's intervention.

John Deutch, the last CIA director, showed courage and intellectual honesty when he was asked by Congress about Saddam Hussein's military occupation of northern Iraq last September. Despite White House statements to the contrary, Deutch told the truth: Saddam had been politically strengthened by the move.

That was the last straw for Deutch's ambitions to remain in the Cabinet. He was unceremoniously dumped by Clinton. Shelby's committee should look into Lake's reaction to Deutch's testimony on Iraq—I'm told he was furious

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that the CIA director would contradict the White House—and Lake's role, if any, in easing Deutch out of the office Lake now seeks.

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.

Is Lake prepared to acknowledge the agency's dismal performance in Iraq? What will he do to improve it? Is the agency honestly reporting that the economic and diplomatic sanctions that have helped contain Saddam are now eroding? What can be done to stop that erosion? Why is the administration continuing to negotiate with Kurdish leader Massoud Barzani despite Barzani's refusal to dissociate himself from Saddam? Does Lake still honor the pledges he gave to the Iraqi National Congress to help it become a democratic opposition to Saddam?

These are the questions that Shelby and his committee need to ask. Lake, Iraq is important. If Lake cannot get Iraq right, he is not the man for the important job of rescuing an organization that has not only lost its mission but in Iraq lost its way.

Executive Says Huang Tried to Mask Funds

DNC Ex-Aide Denies Asking Asian American Business Group to Funnel Donations

A By Lena H. Sun
Washington Post Staff Writer

An executive of an Asian American business association said he was approached by Democratic fund-raiser John Huang last summer and asked to funnel more than \$250,000 from Huang through its members as contributions to the Democratic National Committee in return for a \$45,000 payment to the group.

Rawlein Soberano, vice president of the Fairfax-based Asian American Business Roundtable, said there was no discussion of where the money was to have come from, and he rejected Huang's offer immediately.

"I said no. I knew when you do this kind of thing, it's no different from laundering money from the drug lords," Soberano said in an interview.

Huang, through an attorney who declined to be quoted by name, denied making the proposal to Soberano. "Mr. Huang would never have said anything other than that we need your help," the attorney said yesterday. "The rest did not happen."

Soberano's account is the first direct allegation that Huang, whose fund-raising activities among Asian Americans are under investigation, tried to mask the source of campaign contributions to the DNC and enlist the help of others in falsely reporting the origins of large donations.

A Justice Department task force is investigating Huang in connection with possible illegal campaign contributions from foreign sources, including foreign governments eager to win influence with the Clinton administration.

Under federal election law, only U.S. citizens and legal permanent residents can donate money to political campaigns. The law also requires individuals to make political donations in their own names.

Huang raised \$3.4 million in Asian and Asian American contributions for the Democrats' 1996 campaign. Nearly half of that has since been returned by the DNC because of questions about the source of funds, including major contributions from an Indonesian couple whose \$450,000 was returned because they hadn't

See DNC, A4, Col. 1

DNC, From A1

filed a U.S. income tax return; a California deal-maker whose \$325,000 was returned because the DNC couldn't substantiate that he had the money; and a South Korean businessman whose \$250,000 was returned because his American subsidiary had yet to earn any revenue in the United States.

Under federal law, it is both a civil and a criminal violation to give in the name of another. If no contribution was ever made, however, there would be no violation of election law, said Kenneth A. Gross, former enforcement chief for the Federal Election Commission.

Federal money laundering statutes would apply only if any improperly concealed funds came from proceeds of illegal activity. Because he turned Huang's proposal down immediately, Soberano said, he did not ask the source of the money he says he was asked to direct to the DNC.

Soberano, 55, said he has known Huang for about five years. They have some mutual friends, and Soberano recalls crossing paths regularly with Huang in the Washington area's Asian American business and social circles. A former history professor from New Orleans, Soberano is vice president for business development and community outreach at the Asian American Business Roundtable, a national organization of nearly 700 Asian American-owned small businesses.

Huang was deputy assistant commerce secretary from July 1994 until December 1995, when he joined the DNC. After that, Soberano said, Huang quickly became known in the Asian American community as "a rising star even though he did not flaunt it."

In late 1995, Soberano said, he would sometimes see Huang at the Commerce Department when he attended events related to minority business development.

Last year, Soberano said, Huang sought him out for lunch. Huang didn't say what he wanted to talk about, but Soberano agreed to meet. In late July or early August, Soberano recalled, the two men dined at the Cafe Promenade in Washington's Mayflower Hotel. Over a meal of chicken and pasta, Soberano said, Huang broached the subject of his assisting with campaign contributions to the DNC.

"He said, 'Can you help us out?'" Soberano said in an interview this week at the office of his company, a

Fairfax defense contractor. Huang explained that he wanted to give Soberano \$300,000 and have the Asian American Business Roundtable "write it back to the DNC through the membership," Soberano said. "He said we could keep 15 percent for ourselves."

"I said, 'John, this conversation never took place,'" Soberano said.

All the members of the Asian American Business Roundtable, which was founded in 1989, are U.S. citizens. Many of the member companies are involved in minority government subcontracting. The companies are concentrated in telecommunications, computer programming, medical technology and environmental cleanup. Annual dues range from \$50 to \$2,000.

Huang's attorney denied emphatically that the luncheon meeting at the Mayflower took place, saying that Huang was in California for most of July.

Soberano, a Republican who voted for President Clinton, was initially reluctant to discuss the solicitation at the Mayflower because of what he said were his feelings of loyalty toward Huang. He never told his wife or Mary Hay, president of the Asian American Business Roundtable, because "as far as I was concerned, it didn't happen."

Told that Huang was denying the account, Soberano replied, "Why would I want to make up something like that?" The two men have not been in contact since last summer, he said.

After he rejected Huang's offer, Soberano said Huang became "withdrawn." Huang changed the subject, Soberano said, "we finished lunch, and we parted ways."

Staff writer Brian Duffy contributed to this report.

FOR MORE INFORMATION

To review a four-part Post series detailing fund-raising practices in the 1996 campaign, click on the above symbol on the front page of The Post's site on the World Wide Web at <http://www.washingtonpost.com>

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DEM FUND-RAISING: SUBPOENAS SUGGEST WIDE PROBE

Subpoenas served 2/19 show that the Senate Gov't Affairs cmte's investigation into Dem fundraising will be "an extraordinarily wide-ranging" probe that seeks information involving hundreds of individuals and corporations in the U.S. and Asia. The subpoenas show Senate GOPers are "delving deeply" into the operations of the Lippo Group and ex-DNC fund-raiser John Huang. The records and documents sought by the cmte show that the inquiry is focusing on Dem donors and the Clinton admin. Only two of the 51 subpoenas focus on potential wrongdoing by GOPers (Bunting/Jackson, L.A. TIMES, 2/20). L.A. TIMES' Frammolino & Miller write cmte chair Fred Thompson "has reaped major benefits from the big-money fund-raising system that he and his fellow senators will be exploring." In particular, Thompson has received backing from "one controversial figure who already has proven an embarrassment" for the Clinton WH: Farhad Azima, a Kansas City businessman "whose companies have had numerous run-ins with regulators" at the IRS and FAA. UVA's Larry Sabato: "I wouldn't call it hypocrisy, but it certainly explains how the system works. It just proves there are no saints in politics and that's not news to most Americans" (2/20).

MOYNIHAN WANTS PROBE: Sen. Pat Moynihan (D-NY) became the first Dem senator to call for the appointment of an ind. counsel to probe '96 campaign fund-raising abuses. Moynihan: "It's the foreign involvement." Moynihan said the counsel should probe Dems and GOPers, but Dem "abuses last year appear to go beyond past practices by the two parties." Moynihan was also the first Dem senator to call for a special Whitewater counsel in 1994 (Newfield/Orin, N.Y. POST, 2/20).

DNC: FOWLER SAYS HE HELPED DONORS GET ACCESS

Ex-DNC chair Don Fowler acknowledged 2/19 that he often served "as an intermediary" for Dem supporters seeking access to a range of gov't agencies and senior gov't officials. But he said there "was nothing improper about doing so": "Hell, I'm the Democratic Party chairman, and I'm not supposed to talk to people and help them if I can in a legitimate way? Horse manure. It's crazy, it's insane to expect a political party to limit access to people who support it." Fowler's "admission that he sought meetings for contributors with a stake" in gov't actions follows by a day Pres. Clinton's "insistence," in an interview with the Boston Globe, "that there is no evidence that Democratic contributors received anything in return for their donations" (Robinson, BOSTON GLOBE, 2/20). In a 2/18 interview with the BOSTON GLOBE, Clinton "adamantly asserted" that "he never switched or tailored his issue stands" or used the fed. govt. to benefit a contributor: "What I'd like to do is to ask you to show me one case where I compromised the public interest for a special interest." Clinton also "defended his position" that major contributors were entitled to what he previously described as a "respectable hearing." He said that without this view, "You have to tell people when you give me money that means I will not talk to you. What you get for your contribution is I will never have a meeting with you, I will never listen to you, and you are not entitled to have any influence. So if you want to have influence with me, don't give me money. In which case, since it's unlikely the other party will do that, you know you wouldn't finance your

campaign" (McGrory/Scales, 2/19).

OPINIONS: W.S. JOURNAL's Fund writes, "You don't have to travel to a foreign country to find out whether offshore campaign contributions influenced" Clinton admin. policy. "Just visit two tiny chunks of U.S. soil in the western Pacific -- Guam and Saipan -- for an education in how election-year financial support may have led" the WH "to pursue dramatically different policies toward U.S. citizens who live only 100 miles apart" (2/20). Under the header, "The President's Deniability is Not Plausible," conservative analyst Jim Pinkerton writes "the Clintonians are relentless cover-uppers." On the president, VP Gore, Comptroller of the Currency Eugene Ludwig and Labor-designate Alexis Herman saying that WH coffee attendees were "strangers" to them: "Don't believe them. They're lying" (L.A. TIMES, 2/20).

DEM FUND-RAISING: MORE REVELATIONS

W.S. JOURNAL's Abramson, Friedland & Brauchli report that Mark Jimenez, a Miami DNC donor with business ties to Paraguay, met in 4/96 with the NSC's top Latin American specialist and a DAS at State to discuss a planned military coup of the Paraguayan gov't. Jimenez asked that Clinton "strongly back" Paraguay pres. Juan Carlos Wasmosy. He met with the officials once again, one week later. Clinton "did rally" to Wasmosy's "defense, phoning to reassure him of U.S. support and allowing him to hole up in the U.S. Embassy until he could safely return to his palace." The day the unsuccessful coup began, Jimenez donated \$100,000 to the DNC. The NSC and State Dept. say "that it isn't unusual for them" to meet with private businessmen and that Jimenez's visits "had no bearing on the decision" to back Wasmosy, "an elected president whose overthrow would have been a serious blow" to Paraguay's "fragile" democracy. But Jimenez "sees his role differently": "I saved democracy in Paraguay." The meetings between Jimenez and top Clinton admin. officials "highlight an erosion of barriers between fund raising and policy making" in the Clinton WH. Like "several of the biggest" Clinton-Gore campaign donors, Jimenez "had ties to a foreign government interested in shaping U.S. policy" (2/20).

THE MASK: In the "first direct allegation" that ex-DNC fund-raiser John Huang "tried to mask the source" of campaign contributions to the DNC, Rawlein Soberano, VP of the VA-based Asisan American Business Roundtable, said he was approached by Huang last summer and asked to funnel more than \$250,000 from Huang through its members as contributions to the DNC in return for a \$45,000 payment to the group. Soberano "said there was no discussion of where the money was to come from, and he rejected Huang's offer immediately." Huang, through an atty, denied making the proposal to Soberano: "Mr. Huang would never have said anything other than that we need your help. The rest did not happen" (Sun, W. POST, 2/20). ABC's Compton, on the story: "This will give more grist to the mill of the Department of Justice and those on Capitol Hill who are investigating Huang and the more than \$1.2 million that he brought into the campaign that have now had to be returned as potentially improper" ("GMA," 2/20).

"VOLUNTEERS": NBC's Miklaszewski reported that political staffers paid by the DNC are working as full-time volunteers in the WH who have access to the WH database. Miklaszewski examined the case of Office of Public Liaison (OPL) employee Barbara Woolley: "Documents obtained by NBC News show that, while Woolley has worked full-time at the White House, she's actually been paid by the [DNC] for nearly three years. ... Woolley's job was to act

as a political liaison between the White House and special interest groups. Clinton aides say the White House didn't have the budget to pay Woolley, so [they] asked the DNC to put her on their payroll but they claim she never did any work for the DNC on White House time. White House officials say it's all perfectly legal, but political watchdogs call it unethical at best." Center for Public Integrity's Charles Lewis: "Whether or not this is legal is not the point. It is inappropriate for a Democratic Party official to work full-time in the White House while they're paid for by the party." NBC's Miklaszewski: "NBC News has also learned that Woolley and one other volunteer had access to the White House computer database which contained sensitive political information. If that information was passed to the DNC, that would violate the law. The White House denies that" (2/19).

GOP REAX: NBC's Miklaszewski: "Congressional Republicans believe it may be part of an illegal political operation run out of the White House." Rep. David McIntosh (R-IN): "If you can come in for a couple weeks, that's not a problem. But if you've been there for several years, that raises serious legal, ethical questions. ... There's a terrible conflict of interest there, when you've got a paid political operative working as a volunteer in the White House having access to this secret database that they had" (2/19). WH spokesperson Barry Toiv said four WH workers -- two in VP Gore's office, one in OPL, and one in scheduling and advance -- are currently being paid by the DNC. A DoJ legal opinion written during the Reagan admin. permits a political organization to pay WH volunteers. Toiv said Woolley's use of the database "was minimal and she never was asked for any information by anyone outside the White House" (Babcock, W. POST, 2/20).

HERMAN LINK: NBC's Miklaszewski: "Woolley's boss was Alexis Herman, whose nomination for Labor Secretary was already in doubt. Republicans predict that these latest revelations may only add to her troubles" (2/19).

YOU WYNN SOME: W. POST's Woodward reports that according to DNC records and interviews, Eric Wynn, a "twice-convicted felon" who met with Clinton at one of the WH coffees in 1995, attended four other DNC fund-raisers involving Clinton last year. At a DNC event in CA, witnesses said Wynn, "who has been trying to win a pardon, spoke with Clinton in the presence" of his atty, Richard Mays, "who is a longtime friend" of Clinton's. WH Press Sec. Mike McCurry, in a statement: "The president has acknowledged the process of screening events he participated in was lacking, and he regrets that. He recalls no substantive private meeting with Mr. Wynn and is certain he never entertained any discussion of Mr. Wynn legal situation" (2/20).

WHITEWATER: STARR SAYS INQUIRY WILL BE PURSUED WITHOUT HIM

Whitewater ind. counsel Kenneth Starr "insisted" at a meeting of the Fairfax Co., VA Bar Ass'n that "any warranted Whitewater prosecutions," including any involving Pres. Clinton and Hillary Rodham Clinton, "would be pursued despite his impending departure." Starr: "Those who argue that the investigation is over are wrong. It is wrong. Indeed, it is dangerous to draw any conclusions based upon my personal situation" (Lemons, AR DEM-GAZETTE, 2/20). Starr's decision to leave "has raised some speculation that there is not enough evidence" to bring charges. But "the fact that Starr used a public forum" to talk about the state of the probe -- "a highly

boy out of his misery." Feder concludes, "Regarding Kemp, that's my assignment" (2/19).

NOMINATIONS: LABOR WILL FIGHT FOR HERMAN

AFL-CIO leaders now say they will "fight" for Alexis Herman's confirmation as Labor Sec. Their first choice was ex-PA Sen. Harris Wofford (D), but now "the union leaders seem to be taking their cues from" the WH where they met 2/18 because they are now "assured" of Pres. Clinton's "commitment" to Herman (Burkins, W.S. JOURNAL, 2/20). WH Press Sec. Mike McCurry said Clinton "will fight to get her confirmed" and he "may appear with Herman in the next few days to emphasize his support" (Lee/Nichols, USA TODAY, 2/20). But a 2/19 N.Y. TIMES report that quoted "unnamed" WH officials saying "they were pessimistic about" Herman's chances "surprised and angered" the labor leaders (W.S. JOURNAL, 2/20). "The show of AFL-CIO support" 2/19 "was designed to counter news reports" that the WH "may be wavering in its support for Herman" (Swoboda, W. POST, 2/20). Since there is still no set confirmation date, union leaders "will be consulting" with Herman and the WH "on ways to step up public pressure" (W.S. JOURNAL, 2/20). The AFL-CIO executive council passed a resolution 2/19 calling for "immediate hearings" on the nomination (W. POST, 2/20). AFL-CIO pres. John Sweeney said the delay means "the principal federal department responsible for worker protections (is being) held hostage" and Woman's Legal Defense Fund's Judith Lichtman "insists all questions about Herman's qualifications can be answered in a hearing" (USA TODAY, 2/20).

LAKE: W. POST's Hoagland calls Senate Intelligence Cmte Chair Richard Shelby "half-right" on the Lake confirmation hearings for CIA-dir. designate Anthony Lake. The cmte "should form a thorough and painstaking inquiry" into Lake's suitability "to take charge of a seriously troubled" CIA. "There should be no rubber stamp here." But Shelby "has focused on the peripheral issues" and "seems to be waiting for something scandalous to turn up to sink the nomination." The "problems" with Lake's nomination "do not involve the matters Shelby and other conservative [GOPers] focus on"; the problems arise from Lake courting GOP "ultraconservatives to intercede with Shelby. This raises questions about how effective a leader Lake can become after starting from a position of perceived weakness." The "biggest danger" of the nomination "lies in the built-in conflict of interest the president has created by choosing as his new intelligence coordinator his old national security adviser, who actively urged particular policies on the president and then cracked the whip over their implementation." Hoagland doubts that "King Solomon would have the detachment and perspective needed to disentangle such past advocacy from the demands of unbiased analysis." Lake will constantly have to show that he can encourage the CIA to conduct intelligence assignments and operations with absolute integrity, even if they cost Bill Clinton politically and the CIA bureaucratically" (2/20).

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... with Dean Witter Reynolds.
... still unlikely, a settlement "is becoming more possible," but
"it's certainly not going to happen in two months."

Reflecting the obstacles, hard-liners among the attorneys general, led by Minnesota Attorney General Hubert H. Humphrey III, have been circulating a draft framework for settlement containing provisions the industry is almost certain to reject.

The document, obtained by The Times, was described by a Humphrey spokesman as "a line in the sand." Among other things, it would require the industry's acceptance of FDA regulation and of a ban on indoor smoking similar to that being considered by the U.S. Occupational Safety and Health Administration.

It would also require the companies to disclose all internal documents, except those involving genuine trade secrets and to share technologies for making less hazardous cigarettes. Moreover, it would force cigarette makers to eliminate "gag" agreements that silence former employees and to disband tobacco trade associations "because of their role in years of conspiracy."

According to the document, a settlement must also include repeal of the federal law barring states from imposing their own tobacco warning labels and advertising restrictions.

The document does not say how many billions of dollars would be paid in settlement damages, but states that 10 percent of the amount would be earmarked for anti-smoking programs.

"I can't imagine" these terms being acceptable, said Philip Morris lawyer Michael York.

Minnesota would prefer trying its case to settling, but "if Congress is going to interject itself in the middle of these lawsuits... we're going to insist on a principled outcome," said Humphrey spokesman Joe Loveland.

Former Workers Can Sue Over Bad Job References, Court Says (Washn) By David G. Savage

(c) 1997, Los Angeles Times

WASHINGTON Former employees who get bad job references or suffer other harms after filing a civil rights complaint can sue the companies that allegedly retaliated against them, the Supreme Court ruled Tuesday.

Under federal law, it is illegal not only to discriminate against employees because of their race or sex, but also to retaliate against them for having complained about a civil rights violation.

At issue in this case was whether those protections applied only to current employees of a company, or extended to former workers as well. The 9-0 ruling by the court, following the lead of most lower courts, defined employees to include both present and past workers.

Justice Clarence Thomas, the former chairman of the agency that enforces the federal anti-bias laws, said it "would undermine the effectiveness" of these measures if victims could be fired and then punished for having complained about illegal discrimination. Indeed, it "would provide a perverse incentive for employers to fire employees" who were considering bringing discrimination claims, he said.

Tuesday's ruling allows a Maryland salesman to try to prove he received a bad reference from a Shell Oil official in retaliation for having filed a race discrimination complaint against the company.

The former salesman, Charles T. Robinson, was dismissed from his job in 1991 as a regional representative for Shell. He then filed a lawsuit contending he was fired because he was black.

Four months after his dismissal, he applied for a job with the Metropolitan Insurance Company. When contacted by that firm, Ross Fava, a sales manager for Shell, completed a questionnaire that rated Robinson as a poor employee who would not be rehired.

In response, Robinson filed a second civil rights complaint, this time alleging that Shell had retaliated against him for his first suit.

In 1994, a federal judge in Baltimore heard Robinson's first claim of race discrimination and ruled that his firing was justified and was unrelated to his race.

A year later, the U.S. court of appeals in Richmond, Va. threw out his second suit on the grounds that he was no longer an employee of Shell and therefore not covered by the Civil Rights Act.

The decision in Robinson vs. Shell Oil, 95-1376, reverses the decision in the first case and revives his second complaint.

In other actions, the Supreme Court:

Gave a victory to organized labor, upholding a state law that limits the authority of contractors to pay lower wages to apprentices.

California law says these lower wages can be paid only to those who are in state-approved programs. A U.S. court of appeals, siding with a Sonoma County contractor, allowed the payment of lower wages to

apprentices who were not approved by the state. But the high court reversed that decision unanimously. (California vs. Dillingham Construction, 95-789)

Rejected an Iowa man's effort to force federal officials to change marijuana's classification as a dangerous drug. That issue is currently being studied by the National Academy of Sciences in response to the voter initiatives in California and Arizona. In the meantime, the federal courts have refused to consider a change in the law. (Olsen vs. DEA, 96-1058)

Supreme Court Rejects Philadelphia's Minority Set-Aside Law (Washn) By David G. Savage

(c) 1997, Los Angeles Times 2/19/97

WASHINGTON Ending a closely watched, eight-year legal battle over affirmative action, the Supreme Court Tuesday turned down Philadelphia's plea to preserve a city law that set aside one-fourth of its public works spending for businesses owned by blacks or women.

The Philadelphia case has drawn attention as a test of whether minority set-aside programs can survive today, despite past court rulings calling them "highly suspect." Rather than abandon their program, Philadelphia city officials defended it in the courts.

The outcome, along with recent rulings striking down similar programs in Columbus, Ohio, and Miami, shows how minority set-aside programs are being slowly but steadily dismantled by adverse court rulings.

"This is the end of the public works set-aside program here," said attorney Jack Widman, who represented the coalition of white contractors that in 1989 sued Philadelphia over the program. The case bounced back and forth between a federal district judge and a court of appeals three times.

But minority owners of small businesses say a judge's order that has barred the city from enforcing the program for the past two years has left many of them struggling and unable to compete with bigger companies.

"It's had a tremendous impact. Some of these businesses have already gone under," said Carole Robinson, a black businesswoman whose Philadelphia company supplies construction materials. "And unfortunately, it's going on all across the country," she added.

Widman noted, however, that major contractors with Philadelphia's city government still must comply with an executive order issued by the mayor, which obliges them to solicit bids from minority companies and keep records on who their subcontractors are.

During the 1980s, many city and county governments enacted "minority enterprise" laws to ensure that small businesses owned by minorities or women would get a share of public contracting dollars. Typically, these ordinances guaranteed that a minimum percentage of government work would be "set aside" for "disadvantaged business enterprises," defined as those owned by blacks, Latinos, Asians or women.

Congress had taken the same approach in 1977 in a huge federal public works law that was later upheld by the Supreme Court.

But the tide turned against these set-aside programs on Jan. 22, 1989, when the justices struck down a Richmond, Va., law that reserved 30 percent of contracting dollars for minority companies. A white contractor, the J.A. Croson Co., had sued after it lost a city job installing plumbing fixtures because it failed to employ a minority subcontractor.

Siding with the white contractor, Justice Sandra Day O'Connor said discrimination against whites by city and state officials would hereafter be held to the same strict standard as discrimination against blacks.

While many legal experts pronounced the 1989 ruling in Richmond vs. Croson to be the death knell for minority contracting laws, many big city officials refused to give up. Their lawyers seized on a passage of O'Connor's opinion that left the door ajar.

If city officials had "evidence that nonminority contractors were systematically excluding minority businesses from subcontracting opportunities," they could take steps to end this "discriminatory exclusion," she wrote. A "significant statistical disparity" between the number of qualified minority contractors in the area and the percentage of work they received would be one strong indicator of discrimination, she added.

Seeking to prove discrimination through statistics, many cities paid consultants to conduct so-called "Croson studies" to defend their set-aside programs.

However, while many municipalities have invested hundreds of thousands of dollars in such studies, their results have often not held up in court.

Democrats knew Huang might be trouble

Party officials became suspicious of John Huang's activities as early as July and quietly moved to distance President Clinton from him. But they took little action against the campaign's top Asian-American fund-raiser.

By Tom Squitieri
USA TODAY

Top finance officials in the Democratic Party quietly decided last July to limit John Huang's fund-raising and to end appearances by President Clinton at Asian-American events organized by Huang.

About a month later, Democrats became anxious, fearing that some of Huang's contributors may have set up checking accounts for the sole purpose of funneling possibly illegal donations to the party.

The acknowledgment that suspicions surrounded Huang, the party's top Asian-American fund-raiser, as early as July comes from extensive interviews with officials and staff members of the Democratic National Committee (DNC).

The interviews present a version of events different from official statements from the White House and the DNC last fall, when stories about improper contributions to Democrats first appeared.

At that time, White House and DNC spokesmen said they had little knowledge of Huang's activities or any improper contributions.

But the interviews show that Democratic officials were so concerned they moved in July to limit Huang from fund-raising activities. That was three months before press reports made Huang a central figure in the Democratic fund-raising controversy.

Despite the concerns, the finance officials took only limited action against Huang.

None of the suspicious checking accounts were investigated at the time. Only a few donations were returned, after individual DNC staff members learned that the money came from improper sources.

Huang had been placed in his fund-raising position at the insistence of the White House in 1995. Officials feared that removing Huang would anger his Clinton administration supporters, something the party staffers wanted to avoid.

It was only after media disclosures in mid-October of Huang's ties to improper fund-raising that DNC officials dropped him from his post. Later in the year, he was formally fired.

The DNC has returned \$1.2 million raised by Huang because of questions about the origins of the money.

The decision to freeze out Huang from hands-on fund-raising was made shortly before a July 30 dinner at The Jefferson Hotel in Washington featuring Clinton and 16 guests.

DNC Finance Chairman Marvin Rosen and Finance Director Richard Sullivan made

the decision when they reviewed the guest list for the intimate dinner. Only one new potential donor was coming to the dinner. The other attendees were noncitizens who were not eligible to donate.

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

Rosen and Sullivan also were concerned that Huang was taking funds raised from earlier events and individual donations and attributing them to the July 30 dinner and a July 22 fund-raiser in Los Angeles also featuring Clinton.

They believed Huang was commingling those funds to make it appear he was raising more money at events he had organized. That also raised concerns about where money actually was coming from.

DNC officials also were angry that Huang concentrated on raising huge amounts of money from a small circle of individuals.

That was contrary to the mandate given to Huang in July 1996: Raise donations of small amounts from thousands of contributors in order to broaden Asian-American participation in the party.

Sullivan declined to comment. Rosen did not return telephone calls.

"I have no information on that," said John Keeney Jr., Huang's lawyer, when asked about the decision to limit Huang's role. "I really question whether you have the right dates."

Many DNC officials were suspicious of Huang when he joined the DNC because of his personal links to Clinton operatives from Little Rock.

Huang left his Commerce Department job to work as a DNC fund-raiser in December 1995 in a move facilitated by senior White House officials, according to Harold Ickes, former White House deputy chief of staff.

Democratic officials conceded in interviews that, in retrospect, they should have been more aggressive in investigating their suspicions about Huang last summer and the sources of his contributions.

Sullivan and Rosen believed that Huang was following their specific order, given in late June and again in September, to run large donations by Joseph Sandler, the DNC's general counsel, and Ari Swiller, director of the DNC's big-donor trustee program.

Sandler was to scrutinize the donations to ensure they were legal before the checks were logged into the books.

Officials say Huang dis-

obeyed those orders. Thus, reports were sent to the Federal Election Commission that included checks that Sandler hadn't reviewed.

Huang was never told of the July decision made by Rosen and Sullivan. But their decision had a quick impact.

For example, Huang was a coordinator for the bash Aug. 19 at New York's Radio City Music Hall in honor of Clinton's 50th birthday. But as the event neared, Huang never came to New York to help with last-minute fund-raising details, which surprised others on the DNC fund-raising team.

Huang's visibility also was reduced at the Democratic National Convention in Chicago in late August.

The only major Asian-American event Huang helped organize after July was a fund-raiser Sept. 19 in San Francisco featuring Vice President Gore. That event was in the planning stages before the July decision to cut Huang out of the process.

Despite the efforts to isolate Huang, he did continue to raise money from individuals he was contacting privately. He also appeared at some DNC events where some of his contributors already had purchased tickets.

In August, Democratic finance officials began to suspect that Huang had permitted checking accounts to be established to funnel large amounts of donations to the Democratic Party.

These suspicions arose after finance officials grew uneasy because of the number of checks in large amounts from new contributors and businesses with Asian-American names.

An internal audit of donations raised by Huang was launched by the DNC after the November election. The audit has not been completed.

USA TODAY

WEDNESDAY, FEBRUARY 19, 1997

Hiss, Mr. Lake and the CIA

By Allen Weinstein

Although it has been almost a half-century since Alger Hiss was convicted of perjury related to the underlying charge that he had spied for the Soviet Union during the 1930s and possibly later, the case remains for many an article of faith beyond the persuasion of evidence. A bit of personal history. Early in the 1970s, after arguing in an American Scholar article that Hiss may have been framed, I sued the FBI for the massive Hiss case file under the Freedom of Information Act. In 1975 and 1976, the FBI released the bulk of its records on the case. I published my book in 1978. By then, my research had unearthed compelling evidence of Hiss's culpability while showing no conspiracy against him. Additional evidence that has emerged subsequently, including material from the KGB files opened to me since 1991 in connection with a broader study of Soviet espionage, reinforced my earlier conclusion.

What has all this to do with Tony Lake, much less with the CIA? Alger Hiss died at 92 last Nov. 15, still proclaiming his innocence. Eight days later, Meet the Press moderator Tim Russert asked Mr. Lake, national security adviser and now CIA director-designate, his opinion of the case. Mr. Lake's response: "I've read a couple of books that certainly offered a lot of evidence that he may have been [guilty]. I don't think it's conclusive."

Since Mr. Lake's appearance, his apparent reservations concerning Hiss's guilt have served as a launching pad for a number of news stories, editorials, op-ed columns, radio and television talk show discussions, Internet "chat box" colloquies, and well-publicized "private" exchanges between Mr. Lake and U.S. senators responsible for voting on his confirmation as CIA director. Most of the commentaries have been critical of his statement on Meet the Press. Mr. Lake's response was further complicated by administration spinners explaining unhelpfully that Mr. Lake did not wish to speak ill on national television of someone who had died that very day (Hiss's death actually came over a week earlier), that Mr. Lake really accepted "conclusively" the evidence of Alger Hiss's guilt (in which case, why did he not say so?), and that Mr. Lake's view of the matter "is not exactly a high item on the agenda of most people."

However high or low on anyone's agenda, Mr. Lake thought enough of the matter to hold a long on-the-

record discussion with this writer recently, substantially focused on the Hiss case. Mr. Lake told me that, after reading "Perjury" early in the 1980s while a Mt. Holyoke professor, he was fully persuaded by the evidence I presented that Hiss had been a Soviet agent as charged.

Two questions may now occur to readers, as they did to me while talking to Mr. Lake. Did I believe him? Whether I did or did not, should his view of the Hiss case have any significant bearing on Mr. Lake's fitness to serve as director of central intelligence? On the first question, it is tempting to respond, as Mr. Lake himself put it on Meet the Press, that although there is "a lot of evidence" in his recent private statements that Mr. Lake may believe Hiss culpable, "I don't think it's conclusive." After talking to Mr. Lake recently, however, I believe that he believes Hiss guilty. As for his fitness to serve as CIA Director, I am far less concerned with Mr. Lake's views on the Hiss case than I am by some more urgent questions that will undoubtedly be addressed in his confirmation hearing.

For purposes of full disclosure, I should note that I first met Tony Lake in 1983 when I directed the bipartisan group developing what became the National Endowment for Democracy. Over the past four years, I have had occasional professional contacts with him related to the work of my center. In our meetings, Mr. Lake has been a strong and informed supporter of global democratic development.

As an experienced foreign policy hand, Mr. Lake is doubtless prepared to address several interrelated areas of concern to the Congress, the media, and the American people regarding the CIA: its post-Cold War mission, management, morale and message.

How many Americans, including veteran senior-level officials of the Agency itself, can articulate with confidence today a clear and precise definition of the CIA's mission? What added layers of complexity in formulating threat assessments must exist when the U.S. intelligence community is whipsawed between traditional and newly-assigned functions in the aftermath of the Cold War? Of course, the agency must continue monitoring and evaluating the existing welter of information on "the usual suspects" — among them an unstable Russian Federation, an expansive China, and an assortment of venomous "rogue nations." At the same time, the CIA confronts (among other threats) the overriding challenges of proliferation issues (nuclear, chemical, biological) and international criminal syndicates. Its current responsibilities, in short, are staggering and often unprecedented.

Administering the vast human and technical resources of the CIA will require developing an effective team at the top, including highest-level agency professionals, especially since the director-designate (as various of his predecessors) arrives at Langley from a career devoted largely to policy, not management.

Congress and the public will also be keenly interested in Mr. Lake's specific ideas for strengthening, at a time of significant media criticism, the sense of commitment required from the CIA's overwhelmingly loyal and talented employees, this despite the damage done to operations and morale by the actions of a few belatedly-identified traitors in its ranks. Also, Mr. Lake will have to work diligently to repair a recent legacy of congressional distrust of the agency because of the lack of honesty or adequate information sometimes provided to its oversight committees, whether related to Iranian arms sales in Bosnia or atrocities committed by agency "assets" in Guatemala. Beyond these tasks, Mr. Lake should be prepared to explain to the American public the changing role of the CIA, founded to confront the foreign policy crises of the late-1940s, as it addresses the country's more divergent global concerns on the eve of the 21st century.

Which brings me to what may prove the director-designate's most difficult questions when confronted by the Senate, those related to the responsibilities of a director of central intelligence as opposed to those of a national security adviser. Mr. Lake would be the fifth person to serve as director in the Bush and Clinton administrations. His success will depend to no small extent upon whether he adopts a strategy of utmost candor with president and Congress alike. Having served first in the 1992 campaign as Bill Clinton's chief foreign policy coordinator and then at the NSC, Mr. Lake will have to assume a far more dispassionate and independent relationship in the years ahead with the president he has served at such close quarters. Presumably he understands this.

Considering these more basic issues, what role in the examination of Mr. Lake's fitness as CIA Director his views on the Alger Hiss case should play is something each of us must determine for ourselves. Personally, I am far more interested in Mr. Lake's knowledge of the CIA's history than that of the case over which he briefly stumbled. Thus, I will watch with greater interest his next appearance on national television, at his confirmation hearings before the Senate Intelligence Committee, than I did his last one.

Allen Weinstein is president of the Center for Democracy.

The Washington Times

WEDNESDAY, FEBRUARY 19, 1997

Huang raised funds for DNC before Commerce resignation

\$150,000 worth of politicking likely violated Hatch Act

ASSOCIATED PRESS

John Huang traveled coast to coast to raise money for the Democratic Party and brought in more than \$150,000 in donations before he formally left his senior Commerce Department post, records show.

Such activity is a potential violation of the Hatch Act, according to one official.

On Dec. 4, 1995, the day he took a leave of absence from the government without pay, Mr. Huang began work as head of the Democratic National Committee's effort to raise money from Asian-Americans.

Mr. Huang's activities for the DNC and the Commerce Department, where he was a deputy assistant secretary, are being examined by congressional and Justice Department investigators looking into questionable Democratic Party fund-raising.

At issue is whether Mr. Huang raised illegal donations from foreign sources and whether he mixed political activity with his official duties at Commerce.

Political fund-raising by federal employees is prohibited by the Hatch Act. The law would have applied to Mr. Huang even when he

was on a leave of absence without pay before his resignation took effect, according to officials familiar with the statute.

"If you hold a government position and you go on leave without pay, you are still covered by the Hatch Act," said William Reukauf of the Office of Special Counsel, the independent agency that enforces the statute. "It's only when you resign that position are the Hatch Act restrictions lifted."

As soon as Mr. Huang went on the unpaid leave, he started fund-raising trips, which seemed to yield quick results for the DNC.

On Dec. 8, he was in Hartford, Conn., according to expense records. On Dec. 15, he was in Dallas, at the Asian American Hotel Owners Association convention.

DNC records indicate that Mr. Huang was in California on Dec. 11. Donor records show that he solicited an \$11,000 contribution from California business consultant Ben Tang on Dec. 15.

Mr. Tang says he never spoke with Mr. Huang about the contribution, which he gave in connection with a Dec. 19 dinner he attended in Washington with Vice President Al Gore. Mr. Huang attended that dinner, Mr. Tang says.

Within 10 days of joining the DNC, Mr. Huang raised \$90,000 from an Indonesian couple living in a Washington suburb. Donor logs also show he brought in \$50,000 from a Connecticut donor.

On Jan. 17, 1996, the day his resignation from the government took effect, Mr. Huang's donor logs show a \$5,000 donation from American Trading Corp. of Sands Point, N.Y.

The Office of Special Counsel began an investigation of Mr. Huang's fund-raising activities but suspended the inquiry once the Commerce Department's inspector general and the Justice Department opened their own probe, Mr. Reukauf said.

Last fall, Mr. Huang, through DNC spokeswoman Amy Weiss Tobe, said he thought he had left the Commerce Department on Dec. 4 only to be recalled on Jan. 17 to complete paperwork to formally resign.

But records obtained by House investigators show Mr. Huang requested a leave without pay on Dec. 4 that would expire on Jan. 16. The resignation document was signed Jan. 16 by a Commerce Department personnel official.

The Washington Times
WEDNESDAY, FEBRUARY 19, 1997

Hotline 2/19/97

HUANG: FUND-RAISING ACTIVITIES WERE COVERED BY HATCH ACT

Before officially leaving his Commerce Dept. post, John Huang started work as a Dem fund-raiser and brought in more than \$150,000 in contributions. Huang's activities during a six-week period when he still was listed as a Commerce DAS -- although he was already on a leave of absence without pay -- "still would be covered" by the Hatch Act prohibiting political fund-raising by federal employees. On 12/4/95, the day Huang began a leave of absence, he went to work as a DNC finance vice-chair. Office of Special Counsel's William Reukauf: "If you hold a government position and you go on leave without pay, you are still covered by the Hatch Act. It's only when you resign that position are the Hatch Act restrictions lifted." Records show that Huang "started taking fund-raising trips for the DNC after he began his unpaid government leave" (AP/AR DEM-GAZETTE, 2/19).

DEM FUND-RAISING: CLINTON EVENT GARNERS CRITICISM

Despite the "ongoing flap" over campaign financing, Pres. Clinton attended an "exclusive" DSCC fund-raiser in NYC 2/18 for the sort of soft money he has offered to forego if GOPers do the same. The event, held in a private Manhattan home, was expected to raise over \$1M (Peterson, L.A. TIMES, 2/19). Clinton's appearance "drew criticism from groups fighting to reduce the influence of money in politics" and left the WH "working hard to explain how the President's nonstop money-raising squared with his calls for reform." Clinton called on the donors "to help him create a movement for changing the campaign finance laws, and he thanked the contributors" for continuing to give to Dems "despite the scrutiny of the party's 1996 fund raising." Clinton: "I appreciate the fact that you came here, knowing you might be targets for the exercise of your constitutional right to stand up and support the people you believe in" (Mitchell, N.Y. TIMES, 2/19). Clinton was "defiant in one breath and apologetic in the next" (Harris, W. POST, 2/19). More Clinton: "For reasons I cannot explain or defend, our party did not check all the contributions ... It was wrong not to check those contributions. And if your party had been doing its job, you wouldn't be hearing about all of this. And it was everybody's responsibility from me down who didn't know about it and should have. It will never happen again" (USA TODAY, 2/19). CBS' Plante, on Clinton: "He praised the Democrats who were at that fundraiser last night for contributing to the Party while the whole fundraising process was under scrutiy" ("This Morning," CBS, 2/19).

CRITICS: Center for Public Integrity's Bill Hogan said the soft-money fund-raiser "fuels public cynicism" about campaign finance reform. Hogan, on Clinton: "Why would he help raise money that he believes would be inappropriate for the Democratic National Committee to commit?" (Peterson, L.A. TIMES, 2/19). Public Campaign exec. dir. Ellen Miller: "There's a fundamental disconnect which leads me, and probably leads most people to doubt his sincerity about his pledges to clean up the system. You don't have to unilaterally disarm. But he doesn't have to be intimately involved in these kinds of fund-raising events at this point in the fundraising cycle, if ever" (N.Y. TIMES, 2/19). Center for Responsive Politics Ken Cooper: "It's a clear indication that he's not sincere or willing to put into practice what he preaches" (AP/PHILA. INQUIRER, 2/19). BOSTON GLOBE editorial: "As for Clinton, he is, of course, not obligated to restrict his fund-raising activities in advance of a change in the law. But if he says he will, he should do it. Broken laws are a disgrace. Broken promises are not much better" (2/19). If Clinton thought the "furor" over Dem fund-raising was "strictly a Washington obsession, he could have learned otherwise" with a "glance out the window" of his limo. The pres. motorcade passed an electronic billboard where a grocery store ran this message: "Hey, Mr. Clinton. Coffee at Fairway is 65 cents. Coffee at the White House is \$200,000. And ours tastes better." This kind of "elbow-to-the-gut humor ... neatly captured" how Clinton's visit to NYC "was dominated by the money controversy" (W. POST, 2/19). Germond & Witcover write under header, "Special prosecutor is needed to investigate the Clinton's campaign fund raising" (Balto. SUN, 2/19).

DEFENDERS: WH Press Sec. Mike McCurry defended Clinton's appearance, saying that even with campaign finance overhaul, political parties would still need to raise money. McCurry:

"Campaign finance reform does not require taxpayers to pick up bills for campaigns, and the advocates of reform ought to make that clear to the public so we can build support for the campaign finance reform legislation that's pending" (Mitchell, N.Y. TIMES, 2/19). Ex-DNC pol. dir. Don Sweitzer, on the fund-raiser: "There is a lot of scrutiny on political fundraising, but the fact of the matter is the laws haven't changed. And therefore both the Republicans and Democrats have to continue to have to raise money to run campaigns -- they cost an enourmous amount of money -- and it's legal" ("FOX Morning News," 2/19).

NEW YORK: DEM CHAIR WANTS THOMPSON TO INVESTIGATE D'AMATO

NY Dem chair Judith Hope has called on Senate Gov't Affairs Cmte chair Fred Thompson to include Sen. Al D'Amato (R) in his investigation on campaign finance irregularities. Her request came following news accounts which detailed the "disturbing fundraising practices" of the NRSC, then headed by D'Amato, "including a \$1.9 million lump sum transfer" to NY Gov. George Pataki's (R) account (see HOTLINE, 2/18). Hope: "It seems Senator Pothole has become Senator Shakedown and Americans need to know if these practices violated any laws" (2/18 release). William Jordan, who donated to the NRSC and "wanted the money to go to Republican senators ... demanded his money back, saying he was unaware the money had been transferred to Pataki" (Harden/Babcock, W. POST, 2/19). According to Hope, the transfers "showed that D'Amato used his twin roles as head of campaign panel and the powerful Senate Banking Committee to tap big givers on the federal level and shift the money to New York" (Sisk/Leff, N.Y. DAILY NEWS, 2/19). Dems were "quick to criticize the practice" but "acknowledged that their party has done the same thing" (W. POST, 2/19).

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Divider Title: Feb. 18, 1997

NOMINATIONS: HELMS WON'T VOTE FOR LAKE

Senate Foreign Relations chair Jesse Helms, asked how he will vote on the nomination of NSA Anthony Lake to be CIA dir.: "I can't support Mr. Lake based on a number of things. ... I will vote no." More Helms: "I don't want to attack him, but there's just too many things that are too wrong for me in his background. And I think a lot of senators feel that way. I expect that we have a number of senators voting against him. Whether we have an enough to kill the nomination, I don't know." Helms, asked what in Lake's background troubles him: "I don't want to get into that. I just want to cast my vote." Helms, asked if he thinks Lake will be confirmed: "I expect he will" ("Evans & Novak," CNN, 2/15). Senate Intelligence Cmte ranking member Bob Kerrey (D-NE): "The hearings have been delayed far longer than necessary to provided the information the committee needs to make its judgment" (PHILA. INQUIRER, 2/15). Paul Gigot: "He's in real trouble. I don't think it's fatal yet, but there's an awful lot of doubts on the Republican side. ... They don't trust him" ("NewsHour," PBS, 2/14). CHICAGO TRIBUNE's Cloud reports the story under header: "GOP digging into CIA nominee has flavor of a spy novel" (2/16). BOSTON GLOBE's Oliphant writes: "The price of

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DEM FUND-RAISING: MORE HUANG AND OTHER REVELATIONS

DNC records reveal ex-DNC fundraiser John Huang used a "controversial" WH coffee with Pres. Clinton on 6/19/96 "to raise \$185,000 in campaign cash." While WH aides and Clinton deny the coffees "were direct fundraisers," the DNC documents "raise questions" about whether Huang "illegally used a coffee as a fund-raiser and charged two donors to meet Clinton" in the WH. According to the DNC documents, the two donors, Thai businesswoman Pauline Kanchanalak and her sister-in-law Duangnet, both met Clinton at a WH coffee one day before their donation. Kanchanalak's money was later returned because it was revealed it was actually from her mother-in-law. Both the WH and the DNC "said they believe the document -- prepared by other DNC aides from Huang's records -- is mistaken, but hedged their bets." DNC spokesperson Amy Weiss Tobe said the DNC "believes the donations were mistakenly linked to the coffee because it was the last event the women attended." But Tobe added, "We certainly hope that no link was made by the DNC staffer and the donor" (Galvin, N.Y. POST, 2/18).

SECRET-MEETING MEN: N.Y. POST's Newfield reports on a "watershed" secret WH meeting held in 5/95 which included

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"watershed" secret WH meeting held in 5/95 which included Clinton, VP Gore, then-WH senior adviser George Stephanopoulos, then-WH dep. CoS Harold Ickes, Dick Morris, pollsters Mark Penn and Douglas Schoen, media consultant Bob Squier and several other campaign consultants. According to one participant, Clinton opened the meeting by declaring: "If we don't put between 10 and 14 million on the air during this year, I am going to lose the election." According to "this now conscience-stricken" Clinton adviser: "The president was incredibly intense about the need to raise all this money fast and early. That's what created all the pressure on the fund-raisers. ... It finally caused people to skirt laws and ethics. ... Money was raised on federal property from the White House, from Air Force One, and this was against the law. ... We went to the Asian clients of Clinton's Arkansas friends. We went to dirty unions like the Laborers International, to bankers with regulatory problems" (2/15). WH special counsel Lanny Davis: "Someone in the room who said that is just flat out wrong. If any of these wrongdoings occurred, then President Clinton would not stand for it" ("Meet," NBC, 2/16). Stephanopoulos: "Boy, there was a real big secret that we wanted to raise a lot of money in 1996 to beat the Republicans. ... If it's the meeting he's talking about, the president said we

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... If it's the meeting he's talking about, the president said we need to make sure we have enough money to stay competitive and to stay on the air. And yeah, I think everybody in the White House would plead guilty to that" ("This Week," ABC, 2/16).

HRC: Hillary Rodham Clinton said she "disapproved" of Dem contributors "trading on" WH "connections and predicted there will be no evidence that contributors influenced" admin. decisions. HRC: "I don't like anyone to trade on their connections, but I guess I have been an observer of American politics and a student of history long enough to know human nature is not going to be easily changed. ... The real issue is does any of this amount to very much, or make any difference in how decisions are made, and I don't think there is going to be any evidence that it does" (Sweet, CHICAGO SUN-TIMES, 2/18).

DOUGH AS I SAY: Clinton's "attempt to lead by example" on campaign finance reform "is not deterring him from appearing at a lavish" fundraiser in N.Y. 2/18 for the DSCC, a group "that has no plans to abide the president's call for voluntary restraints on raising money." The WH contends "there is no contradiction between Clinton's rhetoric calling for an end to large gifts and his action to help groups still soliciting these types of contributions" (Harris & Baker, W. POST, 2/15).

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DEM FUND-RAISING: CHEWING GUAM STUCK TO FOREIGN AFFAIRS

Three weeks after Hillary Rodham Clinton visited Guam on 9/4/95, a Guam Dem official arrived in DC with more than \$250,000 in campaign contributions. Within six months of that, more soft money contributions from Guam officials and businessmen would make Guam the biggest donor to the Dems of any territory in the U.S. The contributions from Guam "were followed" late last year "by signs of a significant and controversial change" in the Clinton admin's policy toward Guam. In 12/96, Interior Dept. Dep. Sec. John Garamendi circulated an internal report supporting key provisions of the Guam Commonwealth Act. Garamendi "acknowledged that the administration's policy on Guam was changing, but he denied it was connected to donations" (Pomfret, W. POST, 2/16). WH special counsel Lanny Davis: "There is no evidence -- not a shred of evidence -- that any money, any contributor ever influenced his [Clinton's] judgment in what's best in the best interest of the American people" ("Meet," NBC, 2/16). Sen. John McCain (R-AZ): "Allegations have been made about Cuba, Indonesia, even Guam, and they continue, and this is the first time since we reformed campaign financing 23 years ago that there's been allegations of foreign involvement in American

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that there's been allegations of foreign involvement in American political campaigns" ("This Week," ABC, 2/16).

NOT OUT OF THE WOODS: BOSTON GLOBE's McGrory reports ex-U.S. envoy to Taiwan James Wood, in one of his first meetings with a group of Taiwanese businessmen, "turned the conversation towards security, a crucial issue" for Taiwan. But as the "appreciative" businessmen began discussing the Taiwan military, U.S. arm sales and the threat from China, Wood "cut them short." The exchange "characterized Wood's mercurial" 13-month tenure, which ended in 1/97 with his "abrupt resignation" amid "charges that he was using" his position to "solicit" Dem campaign contributions for and "enhance business opportunities for himself" and friends. Events surrounding Wood's appointment have prompted some to wonder why Clinton would appoint Wood, an "inexperienced" AR atty, to a "sensitive post at the very crux" of U.S. relations between China and Taiwan. U.S. and Taiwanese businessmen said Wood, "who had virtually no background in Chinese issues and did not speak the language," had "an almost remarkable inability to understand the complex set of issues that characterized the sensitive relationships" between the U.S., China and Taiwan. Sources say fed. investigators "are honing in" on Wood's "solicitation of campaign funds from the Taiwanese and

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on Wood's "solicitation of campaign funds from the Taiwanese and his attempts to use his position to spur business opportunities for himself and friends" (2/18).

I SPY ... IS HUANG CULP-ABLE? AMERICAN SPECTATOR's Timmerman reports ex-Commerce Dept. official/DNC fund-raiser John Huang attended task force meetings led by Ira Magaziner, who "was leading the move to repeal" the Tianenman Square sanctions against China while Huang "was soliciting political contributions from businesses that stood to gain from a lifting of the sanctions." Also, Huang's "highly unusual -- in fact, unprecedented -- access to top secret U.S. intelligence after he had left the government seems staggeringly important. ... Might Huang have been sharing sensitive U.S. intelligence with China or some other entity?" (3/97 issue). FBI agents are investigating whether the Chinese gov't "tried to funnel money" to the Dems through Huang and exporter Charles Yah Lin Trie. Also, the DoJ task force has asked the NSA "to scour its files for any leaders" from int'l phone intercepts (LaFraniere/Schmidt, W. POST, 2/15). Intelligence sources say U.S. investigators have identified "nearly 1,000" American companies that are being used by the Chinese either for espionage or to "illegally acquire American technology" (Isikoff & Klaidman, NEWSWEEK, 2/24 issue).

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technology" (Isikoff & Klaidman, NEWSWEEK, 2/24 issue).

LOTS OF CHINA REAX: Sen. Bob Torricelli (D-NJ): "What was a serious problem just became a lot more serious if this is true. ... If they did it, we need to find out about it" ("This Week," ABC, 2/16). Charles Krauthammer: "If true, this is a ten kiloton story." Krauthammer, on Huang, Trie and others: "If in some way they were working on behalf of, or in connection with, the Chinese Government what we're talking about here is the 90s equivalent of Alger Hiss. This is espionage, this is infiltration." Nina Totenberg: "The evidence is less than circumstantial at this point" ("Inside Washington," 2/14). House Appropriations chair Bob Livingston: "There are three revelations a day before breakfast about this White House. There is a suggested pallor of corruption that's out there that it gains credence every single day, and if it's not corruption it's sure as hell bad judgement" ("Cap. Gang," CNN, 2/15). GOP analyst Laura Ingraham: "This investigation's going to go somewhere 'cause it's not dependent on Clinton aides. It doesn't matter if Clinton aides decide to talk to the investigators or not because they have wiretaps. They don't have to rely on these people who are circling the wagons for Bill Clinton" ("Group," 2/15). NEWSWEEK's Howard Fineman: "Nixon took a lot of illegal money,

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suggested pallor of corruption that's out there that it gains credence every single day, and if it's not corruption it's sure as hell bad judgement" ("Cap. Gang," CNN, 2/15). GOP analyst Laura Ingraham: "This investigation's going to go somewhere 'cause it's not dependent on Clinton aides. It doesn't matter if Clinton aides decide to talk to the investigators or not because they have wiretaps. They don't have to rely on these people who are circling the wagons for Bill Clinton" ("Group," 2/15). NEWSWEEK's Howard Fineman: "Nixon took a lot of illegal money, but at least it was American money. And he had some spies running around, but at least they were American spies" ("Cap. Gang Sunday," 2/16). ABC's Hal Bruno: "Each week it gets worse and worse, and this is about the worse one thus far. ... It's one of the worst scandals that we've seen since Watergate -- probably the worst" ("Chris Matthews," CNBC, 2/17). U.N. Amb. Bill Richardson, asked if U.S. policy towards China was influenced by contributions: "I don't believe so. ... I believe the president's policy towards China has worked" ("This Week," ABC, 2/16). NEWSWEEK's "CW Watch" gives Huang a down-arrow: "DNC'S China card comes up a joker. Go directly to jail" (2/24 issue).

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INVESTIGATIONS: DON'T FORGET DAN BURTON

House Gov't Reform & Oversight cmte chair Dan Burton's comments and actions have "contradicted the widely held belief" that the House "would cede the vast bulk" of the fund-raising investigation to the Senate Governmental Affairs cmte headed by Sen. Fred Thompson (R-TN) (McGrory, BOSTON GLOBE, 2/17). Burton, appearing on NBC's "Meet the Press": "We're going to look into every area where there's a possibility of illegal activity as far as influence-peddling, illegal contributions, possible involvement of White House personnel, and things like that. ... We now have over 500 people that we may have to talk to. ... I've asked for documents from 60 different individuals so far. We sent out five subpoenas last week. I signed 20 more last night" ("Meet," NBC, 2/16).

ICKES RECORDS: Ex-WH dep. CoS Harold Ickes said he'll turn over his hundreds of pages to Burton's cmte on 2/21. Ickes: "There were mistakes and embarrassments. But there was nothing illegal" (Keen, USA TODAY, 2/17).

WH DATABASE: Rep. David McIntosh, who is chairing the subcmte probing the secret WH database of donors and supporters, said on CNN's "IP Weekend": "What we've been asking for is the

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said on CNN's "IP Weekend": "What we've been asking for is the complete database. ... And so far, the White House has been refusing to give us that. They censored out it out of the part of the database that they did make available to Congress. And if we don't receive it in the coming weeks, my subcommittee's ready to ask the chairman to issue a subpoena for that." WH special counsel Lanny Davis: "Certainly we do deny that that database was used for political purposes" (2/15).

THOMPSON'S PROBE: Several GOP senators "are complaining" that Thompson is refusing to exclude cong. elections from his investigation. According to sources, among the "most vocal Republicans raising concerns" are ex-NRSC chairs Phil Gramm and Al D'Amato (AP/Balto. SUN, 2/15). Bill Kristol: "Republicans on the Hill are nervous about Senator Thompson's committee. They do think that they'll have an eight month investigation, they'll dig up all kinds of embarrassing stuff about the Clinton Administration, but at the end of the day Democrats and Clinton himself will use this to say 'We need campaign finance reform.' ... Trent Lott's been quietly thinking of ways to try to keep the Thompson committee in line." Sen. John McCain (R-AZ): "I'm very disturbed ... to hear of efforts to restrict this investigation of the Thompson committee to simply the presidential campaign. I

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NSC DOCUMENTS: GORE "BRUSHED ASIDE" WARNINGS

Documents "suggest" VP Gore "brushed aside a warning" from the NSC "about the potential fallout" regarding ties to Taiwan from attending the 4/29/96 fund-raiser at the Buddhist Hsi Lai Temple in Los Angeles. "This gives ammunition" to Gore's "prospective presidential opponents, who will question why he seemed to put raising campaign funds ahead of foreign policy" (Gibbs, TIME, 2/24 issue). The "explicit" warnings "add to the weighty body of evidence" that Gore "should have known" the luncheon was a fund-raiser (McGrory, BOSTON GLOBE, 2/15). One e-mail from a NSC staffer warned the event would include Taiwanese participants, which could anger leaders in China: "I guess my reaction would be one of great, great caution. They may have a hidden agenda. Certainly from the perspective of Taiwan/Chinese balancing, this would clearly be a Taiwan event, and would be seen as such." Gore spokesperson Lorraine Voles said Gore "heeded this warning, and sought advice" from the State Dept. (Jackson, DALLAS MORNING NEWS, 2/15).

JOHNNY CHUNG: CA businessman/Dem contributor Johnny Chung "was allowed to bring" his Chinese government and business clients to watch Pres. Clinton deliver his weekly WH radio

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participants, which could anger leaders in China: "I guess my reaction would be one of great, great caution. They may have a hidden agenda. Certainly from the perspective of Taiwan/Chinese balancing, this would clearly be a Taiwan event, and would be seen as such." Gore spokesperson Lorraine Voles said Gore "heeded this warning, and sought advice" from the State Dept. (Jackson, DALLAS MORNING NEWS, 2/15).

JOHNNY CHUNG: CA businessman/Dem contributor Johnny Chung "was allowed to bring" his Chinese government and business clients to watch Pres. Clinton deliver his weekly WH radio address in 3/95 even though the NSC believed he was a "hustler" using the WH to impress his clients. "And much to the alarm" of Clinton's foreign policy advisers, Chung later traveled to China to seek the release of Chinese dissident Harry Wu, "after Clinton apparently encouraged him to do so." The WH "acknowledged" that it was "inappropriate" for Chung to have been allowed to bring the six Chinese visitors to watch Clinton deliver his radio address. The documents were provided to the Senate Intelligence cmte, which is considering Clinton's nomination of NSA Anthony Lake to be CIA dir. (Kranish/Robinson, BOSTON GLOBE, 2/15).

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Divider Title: Feb. 17, 1997

Hill Panels to Probe China Influence-Buying Allegations

By Roberto Suro
Washington Post Staff Writer

Congressional investigations of political fund-raising practices will be broadened to include allegations that the Chinese government attempted to buy influence with the Clinton administration, leaders of House and Senate investigating committees said yesterday.

Rep. Dan Burton (R-Ind.), chairman of the House Government Reform and Oversight Committee, said on NBC's "Meet the Press" that Saturday night he issued 20 subpoenas for documents in addition to five already outstanding and "the investigation, unfortunately, is going to be much broader than I would like."

Burton declined to identify the targets of the subpoenas. But when asked to describe the scope of the inquiry, he said, "We're going to look into every area where there is a possibility of illegal activity as far as influence peddling, illegal contributions, possible involvement of White House personnel, and things like that."

In particular, Burton said, the committee would inquire about connections between the Chinese government or business interests and John Huang, a former Commerce Department official and Democratic fundraiser. Huang, he said, "may very well

have given information that he shouldn't have to the Chinese and others."

The Washington Post reported last week that the Justice Department was examining evidence of a possible effort by the Chinese government to win influence in the Clinton administration by directing money from foreign sources to the Democratic National Committee.

Two members of the Senate committee investigating campaign practices also said yesterday they would investigate the allegations regarding China.

Sen. Don Nickles (R-Okla.) said that "it's a very serious matter," and Sen. Carl M. Levin (D-Mich.) said, "Absolutely we'll be looking into that. If there is evidence that any foreign nation has acted in that way, we would want to see that evidence and refer it to the appropriate authorities." Nickles and Levin appeared on CBS's "Face the Nation."

Levin repeatedly insisted that congressional investigations should examine alleged fund-raising irregularities by Republicans as well as Democrats. "If our investigation is to get anywhere, it's going to be on a bipartisan basis," he said.

Sen. John McCain (R-Ariz.) yesterday called for the appointment of an independent counsel to investigate the allegations of illicit fund-raising. "I be-

lieve it's going to happen sooner or later," McCain said on ABC's "This Week." He said the reports on China's involvement represent "credible allegations of attempts to suborn American foreign policy."

Lanny J. Davis, a special White House counsel, denied any wrongdoing. "There's no policy affected by contributions to this president. There's no governmental actions affected by contributions to this president," he said on "Meet the Press."

Davis insisted that an important shift by the administration on its policy toward matters regarding Guam had nothing to do with some \$900,000 in campaign contributions from business and political leaders on the little Pacific island of 140,000 residents that is a U.S. territory. "Cause and effect isn't established by a headline or by allegations," Davis said.

The Washington Post reported yesterday that after large contributions from Guam were received, the administration changed its policy to support legislation that would allow businesses on the island to import large numbers of low-wage workers from elsewhere in Asia.

Also yesterday, New York Post columnist Jack Newfield published a detailed account of a May 1995 meeting at which Clinton reportedly ordered White House staffers and campaign aides to launch an all-out fund-

raising drive and stated his demands so intensely that aides felt obliged to skirt the law or actually break it to satisfy the president's desire for full coffers.

Davis denied that Clinton encouraged any wrongdoing. "Someone in the room who's said that is just flat-out wrong."

George Stephanopoulos, a senior adviser to the president until last month, was in the room and did not specifically deny Newfield's account. But on ABC's "This Week," where he is now a commentator, Stephanopoulos suggested there was no scandal: "There is a real big secret—that we wanted to raise a lot of money in 1996 to be competitive."

Pressed to explain what happened at the meeting, Stephanopoulos said: "I think if it's the meeting that he's talking about, the president said, we need to have, make sure we have enough money to stay competitive and to stay on the air. And yes, I think everybody in the White House would plead guilty to that."

FOR MORE INFORMATION

To review the key figures and events in the DNC campaign funds controversy, click on the above symbol on the front page of The Post's site on the World Wide Web at <http://www.washingtonpost.com>

MONDAY, FEBRUARY 17, 1997

The Washington Post

Essay

WILLIAM SAFIRE

Dollar Diplomacy

WASHINGTON

The story is told of the corrupt Albany judge who called opposing counsel into his chambers and said: "Plaintiff slipped me five thousand to throw the case his way, and defendant gave me ten to deliver for him. How's about another five from the plaintiff and I decide the case on its merits?"

That's apparently the route taken by Bill Clinton and his policy-for-sale

'Who am I to complain?'

agents in Asia. At the same time anti-Taiwan John Huang and Charlie Trie were pouring in pro-Beijing money to (a) the Clinton campaign, (b) the Clinton Whitewater defense fund and (c) the care and feeding of the jail-bound Web Hubbell — the Clinton "ambassador" in Taiwan and phony Buddhist cultists were steering pro-Taiwan donations to the Democrats. Neither side could be sure Clinton would "stay bought".

Last October, a suspicious pattern was discerned in this space of Asian-based contributions and Clinton policy switches, provoking questions about possible economic espionage involving a high Commerce official with top-secret clearance and his former Indonesian employers, the Lippo banking empire, active in China. Examination of our N.S.A. "big ear" surveillance was suggested.

In December, House Rules Chairman Gerry Solomon sent a detailed query to the F.B.I. about potential economic espionage. Director Louis Freeh replied that he had assigned 25 agents to the case.

Last week, Bob Woodward of The Washington Post wrote that intelligence intercepts indicated the involvement of the Chinese Government in directing the flow of some political contributions into the Clinton White House. If true, that would mean China successfully penetrated Mr. Clinton's decision-making process.

Mr. Clinton was forced to admit "this is a serious set of questions" and claimed, "The first I knew of any of it was last evening," now becoming his most frequent protestation.

My suspicions are heightened by

the release of White House memos intended to show senators that the former national security adviser, Anthony Lake, would make a suitable Director of Central Intelligence. On the contrary, the internal E-mail is damning:

When Clinton fund-raisers ran a group of Chinese officials, petrochemical manufacturers and their Asian-American \$366,000 giver into the President's office during and after a radio speech, Mr. Clinton evidently felt a twinge of guilt — not of raising the money, but of being seen. "POTUS [President of the United States] wasn't sure we'd want photos of him with these people circulating around," noted one of Mr. Lake's staffers, seeking guidance from the N.S.C.'s man in charge of Asia.

The stunning response: although the contributor was a "hustler" who should be "treated with a pinch of suspicion," the bottom line was "to the degree it motivates him to continue contributing to the D.N.C., who am I to complain?"

The acquiescent bureaucrat was supposedly on duty to protect the national security interests of the United States, that's who he was. His responsibility — and that of his bosses, Tony Lake and Samuel Berger, now promoted to national security adviser — was not merely to squelch photographs that troubled the President's conscience, but to stop China's end run forthwith. The N.S.C. response should have been an unequivocal "Absolutely not, and no more policy penetrations like this in the future."

Where is the President's Foreign Intelligence Advisory Board in all this — or does Warren Rudman see no need for oversight? Has the C.I.A. been tasked to query Taiwanese and South Korean counterparts, who have a better network in China than we do, to find out what Beijing's princelings have been doing in American politics?

Would Tony Lake, if confirmed as Director of Central Intelligence, direct counterintelligence chief Paul Redmond to actively pursue leads to misfeasance in the N.S.C. — succumbing to White House fund-raising pressure that loosened previous safeguards?

Or — faced with a stunning coup by agents of influence recruited by Beijing intelligence — would our chief counterspy shrug his shoulders and repeat the battle cry of the Lake-Berger N.S.C., "Who am I to complain?" □

The New York Times

MONDAY, FEBRUARY 17, 1997

Burton subpoena list gets longer

The Washington Times
MONDAY, FEBRUARY 17, 1997

House panel seeks documents

By Joyce Price
THE WASHINGTON TIMES

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The chairman of a House committee investigating suspect fund raising by Democrats said yesterday he has signed 20 more subpoenas for documents in the inquiry and predicts as many as 500 people may have to be interviewed.

"The investigation, unfortunately, is going to be much broader than I would like. We thought initially we were going to just have to interview or depose just a few people," Rep. Dan Burton, Indiana Republican, said yesterday on NBC-TV's "Meet the Press."

Mr. Burton chairs the Government Reform and Oversight Committee, which last week issued five subpoenas. Recipients of those included John Huang, former Democratic fund-raiser and Commerce Department official; Arkansas restaurateur Charles Yah Lin Trie; and disgraced former Justice Department official Webster L. Hubbell.

In another interview yesterday, on CNN's "Late Edition," Mr. Burton confirmed that the 20 subpoenas he signed Saturday night are for documents, not for people. He said he would not detail the latest round of subpoenas until today, after he has discussed them with Rep. Henry Waxman of California, ranking Democrat on the committee.

"I've asked for documents from 60 different individuals so far. ... The bottom line is it's going to be a much more broad investigation than we thought it would be," Mr. Burton said on NBC.

see BURTON, page A11

BURTON

From page A1

"We're going to look into every area where there is a possibility of illegal activity as far as influence peddling, illegal contributions, possible involvement of White House personnel and things like that," he added.

Mr. Burton pledged to honor a subpoena request made by Rep. David M. McIntosh, Indiana Republican, who chairs a Government Reform and Oversight subcommittee investigating a secret tax-funded computer database of Clinton supporters and donors to find if it was improperly used for political purposes.

As for hearings by his committee, Mr. Burton said on NBC that he needs an expanded staff "to do our spadework before we even have any hearings."

"We're going to make sure we have our ducks in a row before we have hearings and bring in the people that we really need to talk to," he said, adding:

"So we may have hearings, I'd say, in April or May, but we're not going to rush this thing."

White House Special Counsel Lanny Davis, who handles various Clinton scandals, also made the rounds of television talk shows yesterday defending the president. But he acknowledged on "Fox Sunday Morning" that he has met with the president only "several times" since joining the administration a few months ago.

"The president of the United States acts in the best interests of this country. There is no evidence, not a shred of evidence, that any money, any contributor ever influenced his judgment on what's in the best interests of the American people," Mr. Davis said on "Meet the Press."

Attorney General Janet Reno has denied congressional requests that she seek an independent counsel to probe the growing scandal involving questionable and illegal campaign contributions from foreign interests.

Asked if any of the subpoenas he's issued involve Republican campaign finance abuses, Mr. Burton said: "No, none of these subpoenas are involved in that. But ... if there are strong reasons to believe that there is wrongdoing in Republican areas ... we most certainly will look at those as well."

Mr. Burton said his committee is "coordinating" with a Senate panel also investigating campaign fund-raising irregularities, which has issued 52 subpoenas. But he stressed that the probes will be separate.

Democrats on the Senate committee, chaired by Sen. Fred Thompson, Tennessee Republican, have tried to limit the scope of that probe by limiting its funding.

Sen. Thad Cochran, Mississippi Republican and a member of that committee, acknowledged funding could be a problem.

But, citing the growing number of other committees conducting investigations into aspects of the fund-raising scandal, Mr. Cochran said, "They can't deny every committee its legislative funding for the year."

On Saturday, Sen. Jesse Helms, chairman of the Foreign Relations Committee, said he will look into reports that the Chinese Embassy was used to channel funds to the Democratic National Committee.

"And the Commerce Committee, under Senator [John] McCain's jurisdiction, may look at how the Commerce Department was used for political purposes during this administration. So I don't think the Democrats are going to avoid having the facts come out," Mr. Cochran said.

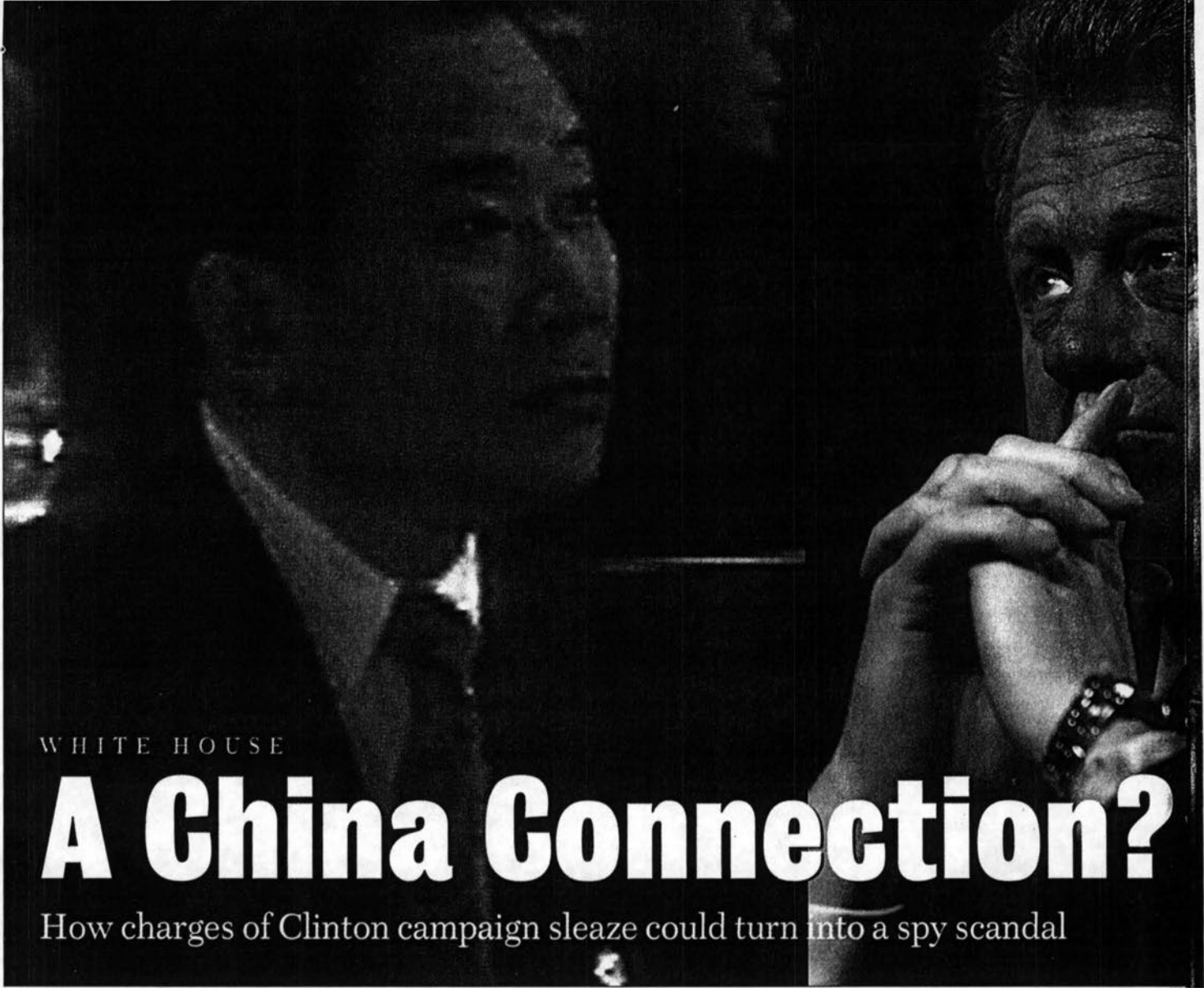
There would seem to be plenty to investigate, and new revelations continue to pop up.

Over the weekend, many questions were raised about Vice President Al Gore's decision to attend a Democratic fund-raiser at a Buddhist temple in Los Angeles, after it was revealed that the National Security Council warned him to use "great, great caution" in attending the event. The NSC worried that the fund-raiser might be perceived as being a pro-Taiwan rally.

But in separate interviews yesterday, Mr. Davis and Ann Lewis, White House deputy communications director, insisted the vice president had not ignored the advice he had received.

"He took the advice of the NSC. ... He was very careful about not allowing that event to be exploited as a Taiwan event," Mr. Davis said on NBC.

Both Mr. Davis and Mrs. Lewis, interviewed on CNN's "Late Edition," denied that \$900,000 in contributions from politicians and business leaders in Guam prompted the administration to give that territory more autonomy over immigration and labor issues. They said those policy changes, first reported in The Washington Post yesterday, were in the pipeline before any contributions were received.



WHITE HOUSE

A China Connection?

How charges of Clinton campaign sleaze could turn into a spy scandal

ABC NEWS

BY MARK HOSENBALL
AND EVAN THOMAS

FOR A YOUNG POLITICO ON THE make in Washington, there are some customary stops: the lobbyist-filled restaurants on K Street, the catered fund-raisers on Capitol Hill, maybe even a receiving line at the White House. One locale not normally on the grip-and-grin tour is the Chinese Embassy, a grim, 1950s-style pile on Connecticut Avenue. But John Huang, an official at the Commerce Department and a frequent visitor to the Oval Office, visited the embassy at least twice, even putting the cab fare on his expense account.

Now many people, including the Justice Department and the FBI, are eager to know what, exactly, Huang was doing with the Chinese. Their curiosity was fueled by a Washington Post article reporting that the embassy had been used to direct contributions "from foreign sources" to the Demo-

crats. The information came from "electronic eavesdropping conducted by federal agencies." The Chinese denied the story. But the top byline on the Post story—Bob Woodward, the reporter who helped break Watergate—caused a stir. The White House claimed to have known nothing about the electronic intercepts. Still, administration sources confirmed to NEWSWEEK that the Justice Department was looking into the allegations, and the president acknowledged that "it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties for any reason whatsoever."

It will be a very serious matter for Clinton personally if the Chinese government joins the cast of characters associated with the scandal over the president's fund raising—a tangled web stretching from Little Rock to Washington to the Far East. So far, the focus has been on Huang, who brought in more than \$1 million in questionable campaign

contributions. He once worked for the Ri-ady family of Indonesia and Arkansas, the owners of a Jakarta-based conglomerate, the Lippo Group. Investigators are already looking into allegations that foreign interests bought access and perhaps policy favors. With the news that China may have been buying influence in the capital, the Feds must examine the possibility that the fund-raising scandal could turn into an espionage scandal. Huang's lawyers dismiss the notion that he was a spy, but the FBI is trying to decide whether Huang was used, knowingly or unknowingly, by Beijing.

The Chinese deny even having an intelligence service. But China has been spying on America for decades with agents run by the so-called Investigative Department of the Party. A classic technique is to use Chinese nationals who have made their fortunes abroad—and thus gained access to the ruling establishments of capitalist countries. Beijing recruits these émigrés, either on a



Troubling questions: Did Huang, a Clinton appointee and money man, go too far?

Hong Kong in 1985, his host was a young Lippo executive named John Huang.

It may or may not be a coincidence that on Nov. 7, 1992, four days after Clinton was elected president, a company owned by the Chinese government, China Resources (Holding) Co., bought a 15 percent stake in a Hong Kong bank owned by Lippo. According to U.S. intelligence sources, China Resources is routinely used as a front by Beijing to run spy operations. The relationship between China Resources and Lippo may be innocuous. But there is no question that the Chinese were eager to beef up their influence-peddling in the United States.

Lippo certainly had access to the White House. On March 9, 1993, Mochtar Riady, the Lippo boss and family patriarch, sent a "personal and confidential" letter to Clinton urging him to drop his threat to restrict trading ties with China. A month later, on April 19, Mochtar's son James, accompanied by Huang—now Lippo's vice chairman in the United States—visited Clinton in the Oval Office. White House records show that they discussed "U.S.-Chinese relations." Lippo

was hardly the only company pressing Clinton to back normal trade relations with China. Lobbying by companies like Boeing and American Express, who need access to global markets, played a key role. In any case, in May Clinton decided to renew China's "most favored nation" trading status. (In July China Resources increased its stake in Lippo's Hong Kong bank to 50 percent, paying \$164 million—some 50 percent above the bank's net worth.)

In September Huang suggested in a letter to Commerce Secretary Ron Brown that he meet "a very good Chinese businessman" named Shen Juereu—the chairman of China Resources. Though this meeting never took place, Huang was well-known to the Clintonites, not only because of his acquaintance with the president but because he and James Riady had contributed \$100,000 to Clinton's Inaugural in 1993. Lippo's ties to the Clintonites grew stronger in July 1994, when Huang was hired to be principal deputy assistant secretary of commerce for international economic policy.

Huang was given top-secret clearance. In 18 months he attended 37 intelligence briefings at Commerce. On Jan. 27, 1995, two days after receiving a secret briefing on Chi-

The Widening Asian Web

Investigations into improper foreign donations will focus on interests in the East and whether campaign cash has influenced U.S. policy.

China Charles Tyle and John Huang raised money for the DNC and urged Clinton to improve relations with China.

Thailand The DNC returned \$258,000 from a Thai businesswoman who visited the White House 26 times.

India A \$325,000 gift from the head of a Gandhi peace foundation was returned when its source couldn't be verified.

Indonesia Home of the Lippo group, the company that once employed DNC fund raiser John Huang.

Russia At a 1993 DNC fund-raiser Clinton was photographed with a man with reputed ties to the Russian mob.

South Korea A \$250,000 contribution to the DNC had to be returned when it was discovered that it had come from a South Korean company.

Taiwan The Commerce Department admits Huang had a role in shaping U.S. policy toward Taiwan.

Hong Kong Asians who dined here with former DNC chairman Ron Brown in 1995 said they felt pressured to give.

Vietnam In 1994 Clinton lifted an embargo against Vietnam. Lippo did business here and urged the policy change.

WALLY MCNAMEE FOR NEWSWEEK



friendly, informal basis as "agents of influence," or more directly as "control agents" who are paid to steal secrets. The relationship of the Riady family and Huang to the Chinese government is still unknown. But intelligence experts say they fit a profile that could have attracted the attention of spymasters in Beijing.

After Clinton's election in 1992, the Chinese were eager to find a way to deal with the new administration. Beijing had openly favored George Bush, who had been envoy to China in the '70s. Clinton, on the other hand, had accused Bush of "coddling dictators," and he was threatening to cut off normal trade relations with Beijing to punish the Chinese for human-rights abuses. An obvious Clinton contact with the Chinese community in America was the ethnic-Chinese Riady family. Buying into one of Arkansas's biggest banks in 1984, the Riadys became well-known to Clinton. When the governor went on a state trade mission to

na, he recommended delaying a program to expand trade with Taiwan, then in a period of escalating tensions with Beijing. "We are quite sensitive to the current events going on with China right now," Huang said in a note to one of his superiors. Records also show that he requested documents stamped SECRET the day he was scheduled to see the Chinese ambassador, on May 10.

While Huang was helping shape U.S. trade policy, he was regularly talking to his old bosses at Lippo and to Democratic Party money men. Government officials are sharply restricted in the ways they can deal with their former employers or participate in political fund raising, but Huang's lawyer, Ty Cobb, denies any wrongdoing by his

client. In the Oval Office in September 1995—he saw Clinton 15 times during 94 visits to the White House—Huang told the president he could serve him better by raising money for the party. Clinton named Huang to be vice chairman of the Democrats' campaign-cash operation. Huang then tapped a wide range of Asian contacts. The culmination was a \$12,500-a-ticket dinner with Clinton at the Sheraton Carlton Hotel on May 13. Huang's guests included Charlie Trie, the Little Rock restaurateur who brought hundreds of thousands of dollars in mysterious contributions to Clinton's legal-defense fund—and brought a Chinese arms dealer to a coffee with the president.

One senior Justice official cautions that

the electronic eavesdropping cited by the Post does not directly implicate anyone. "It's not as if they've got John Huang on the phone," said this official. Still, intelligence experts have no doubt that the Chinese are aggressively seeking to steal American secrets. Intelligence sources tell NEWSWEEK that U.S. investigators have identified "nearly 1,000" American companies that are being used by the Chinese either for espionage activities or to illegally acquire American technology. These sources say intelligence agencies have complained to the Clinton administration about Chinese espionage, but that officials haven't been paying much attention. They are now.

With MICHAEL ISIKOFF and DANIEL KLAIDMAN

The 'Fu Manchu' Problem

Why America and China tend to think of each other as cartoonlike enemies. BY JAMES R. LILLEY

THE GREAT GAME OF THE 19th century goes on. The phrase was Kipling's, the stakes dominion in the East, the players British and Russian. Now the fight for influence in Asia is between China and America. For decades the two rivals have sniped at each other, suspected each other, spied on each other. Lately the rhetoric has been getting even worse. In propaganda tracts like "China Can Say No" (sample chapters: "Burn Down Hollywood" and "Don't Fear Declaring, 'Prepare for War'"), the Chinese blame us for their problems. China is rising up, they say, but America wants to keep it down.

The language can be just as provocative in the United States—and new charges about alleged Chinese plans to funnel money to the Democratic Party may make the rhetoric hotter still. Columnists and congressmen portray the Chinese as rabid abortionists and iron-fisted thugs—a gang of Fu Manchus who relish ripping out their enemies' fingernails. The hostility is very much on people's minds throughout the culture. A new



Culture clash: Movies like *'The Manchurian Candidate'* underscore old animosities between the U.S. and China

mainstream book on U.S.-Sino relations is not-so-subtly entitled "The Coming Conflict With China." And the villains in David Ignatius's forthcoming spy novel "Firing Offense"—Tom Cruise has bought the movie rights—are the Chinese.

It's important to understand the roots of our mutual mistrust. In the 19th and early 20th centuries, the Chinese knew two kinds of Americans. Missionaries went out to save

souls; businessmen went out to find markets and raw materials. The religious proselytizers brushed aside Confucianism and ancestor worship. The Chinese complied, but underneath they seethed. Americans were the latest in a long line of predators—the Turks, the Mongols, the British, the French, the Russians—who had come to loot the Middle Kingdom. The echoes can be heard today. To them, our sermons about free

speech and free elections are subversive.

America's animosity toward China was born in the early days of the cold war: we fought against the Red Chinese in Korea. They were brutal enemies, brainwashing American POWs. Throughout the 1950s, John Foster Dulles conjured scary images of yellow hordes sweeping south to turn all of Asia communist, including, ultimately, Vietnam. China turned into America's second favorite menace, just behind the Soviets. We still haven't entirely shaken that old view.

That's not surprising. In the past year or two, Beijing has become more confrontational. I think China's rulers are being driven by insecurities about their own country—the corruption, regional rivalries and disparities of wealth that are truly their most pressing problems. There is an old tradition of trying to unify the Chinese spirit by Great Projects—the Great Wall or damming the Yangtze. Saying that we are their enemy could be their next Great Project.

As tempting as it may be, we shouldn't respond in kind. Chinese society can be brutal, and their territorial ambitions are real. We must show them that there is no profit in expansion—without reviving old fears about the "Yellow Peril."

LILLEY was U.S. ambassador to China from '89 to '91. He also served as the CIA station chief in Beijing from '73 to '75.

NOT A NEW COLD WAR

Vilifying the Chinese may make us feel good. But it's bad—even dangerous—policy.

BY ROBERT J. SAMUELSON

WE CANNOT REPLAY THE COLD WAR WITH CHINA. The cold war pitted two systems against each other. This contest of political ideas and economies suited the American psyche, which prefers to see countries as good or evil. The Soviets accommodated our moralism by barricading themselves from the world economy and democratic societies. The Chinese are not isolating themselves—just the opposite—or promoting an alternate global “system.” China may or may not ultimately threaten American interests. But it cannot be treated as a separate force that, somehow, will be “contained.”

I mention all this because we seem to be working up a good lather over China. Its latest offense is the alleged involvement of its U.S. embassy with illegal campaign contributions. Whatever the facts, we ought to resist casting China as the newest Evil Empire. A recent trip to Hong Kong strengthens that conviction. After talking to people there, it's harder to view China only through a cold-war prism: as a monolithic power that oppresses its people and is our foe. This image conveys some truths about China, but not the only truths.

The central reality about China today is its campaign to modernize economically—and all the political consequences that flow from that. Some commentators compare this to Germany's rise in the late 19th century. Like Germany, China has “a dynamic economy, increasing military strength and a rising ambition ... to play a [greater] role on the world stage,” writes historian Robert Kagan of American University in the *Weekly Standard*. The less forbidding possibility is that economic modernization will promote political liberalization. A commercialized China will be less authoritarian and more peaceful.

The trouble is that we don't know which picture best fits what China will become. Neither do the Chinese. Deng Xiaoping's decision in 1978 to pursue economic growth by abandoning strict collectivism unleashed social changes that still reverberate. Based on my Hong Kong interviews, here's how I assess matters.

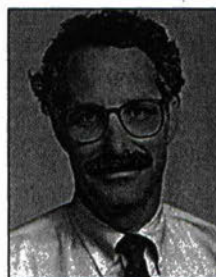
First, China's economy could expand rapidly for some years. Since 1980, annual growth has averaged about 9.5 percent. Other poor countries have grown strongly for long stretches; Japan averaged 10 percent a year from 1950 to 1970. High growth stems from adopting modern production processes and eliminating obvious inefficiencies. China can do both. A high savings rate (40 percent of national income) means it can afford heavy investment. And a large state sector implies ample waste. State-owned companies account for 42 percent of industrial output.

Second, economic growth has enhanced political freedom. Almost everyone I talked with said so. It's easier to travel. Policy

disagreements are more open. Individual leaders can be criticized. All this stops short of tolerating open challenges to the communist political monopoly, but the monopoly is looser. “Economic development has already created a human-rights revolution,” says economist William Overholt of Bankers Trust. “People who aren't hungry ... are more assertive.” Economist Shan Li of Goldman, Sachs, who grew up in Sichuan province, says that “twenty years ago, you couldn't study abroad.” But he could, receiving his Ph.D. from MIT in 1993.

Third, our view of China is warped. “People in America and around the world don't know what's going on,” claims Ronnie C. Chan, a real-estate developer who heads the Hong Kong chapter of the Asia Society. “Most journalists don't have the cultural or language background to understand China. And they freeze history.” Though Chan exaggerates (the China reporters I know speak some Chinese), he has a point. Press coverage is selective. It focuses on human-rights abuses, corruption and political intrigue. Broader changes are underreported.

None of this makes China a benign place sliding toward suburban bliss.



Tiananmen Square did happen; the re-

pression of Tibet is real; dissidents are persecuted. China remains desperately poor and culturally distinct. On a trip to Guangzhou (formerly Canton), I visited the market. What you see are cages of rabbits, pigeons, muskrats, turkeys, rats, cats, wild pigs and chickens. All were for sale, slaughter and consumption. “This is different from your supermarket,” says the guide. Well, yes. China straddles its poor past and its (imagined) prosperous future. But political instability, economic mistakes or pervasive corruption could deny that future.

Still, it's no longer Mao's China. Today's human-rights abuses pale before the atrocities of the Cultural Revolution. Economic growth has created a more open society with more power centers and interest groups. China's neighbors are trading with it eagerly, even if they're wary of its growing presence. They would probably resist any effort to quarantine China. While I was in Hong Kong, Taiwan and China agreed to resume direct shipping services (an alternative to moving freight through Hong Kong).

The paradox is that the very process that might make China less oppressive could also make it more menacing and less stable. When China was poor and introverted, it posed little threat to anyone but its own people. Now its expanding economy gives it more weight and the means to strengthen its military. Growth has also fanned popular expectations that, if not met, could foster a political backlash. One way to deflect any anger would be to foment nationalism—and what better target than the United States? The more we vilify China, the more we encourage that.

Our conflicts with China range from trade and nuclear nonproliferation to human rights and the environment. We ought to defend our interests and values, while remaining strong militarily. But we ought to minimize our self-righteous rhetoric. The Clinton administration (after early bombast) seems to have adopted this approach. Congress and the public are slower. The cold war's moralism remains a false reference point. Although breast-beating may be satisfying, it is not a policy. Treating China as an implacable adversary could become self-fulfilling.



CASH-AND-CARRY DIPLOMACY

The latest documents show a close link between the White House and Democratic donors on matters best left to the National Security Council

By **NANCY GIBBS**

IT WAS JUST BEFORE CHRISTMAS, AND the President, in a forgiving mood, was trying to enlighten critics who had presumed to think that American officials could be bought by globe-trotting tycoons. "One thing we know," he explained anthropologically, "is that the culture out of which they come doesn't draw the same bright lines between politics, government and business that we do." He was describing the Asian-American donors whose largesse

had done so much to help re-elect him in 1996 and embarrass him in 1997. But he might just as well have been describing his own roots in Arkansas' cash-and-carry politics, a "culture" that Clinton brought with him to Washington and that by last week had allowed him to startle a city that does not normally blush when money and power run naked together.

On Friday morning, the White House released 148 pages of memos, E-mails, routing slips and other bureaucratic flotsam that painted the clearest picture yet of the courtship between donors and policymak-

ers. For months the White House has denied that the money gushing in from wealthy Asian interests clouded anyone's foreign-policy judgment. Yet the records show that the interests of American foreign policy were sometimes on loan to the President's political fortunes—and fortune hunters.

Warren G. Harding was right in saying his friends were a bigger problem than his enemies, and Clinton is finding it to be true. Time and again the President provided big contributors with the sort of encouragement that when presented in business circles in the Far East, might be mistaken

SAN GABRIEL VALLEY TRIBUNE; LOS ANGELES TIMES

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for official credentials. This created, in effect, a shadow diplomatic corps. For businessmen abroad, a picture with the President is worth a lot more than a thousand words—or dollars, for that matter. One supporter, Johnny Chung, whose \$366,000 in donations qualified him as a “managing trustee” of the Democratic National Committee, made 49 visits to the White House—access that kept the National Security Council’s China expert, Robert Suettinger, working overtime. Suettinger warned that Chung was a “hustler” trying to cash in on his White House connections to build a consulting firm.

Suettinger got the hustling part right.

TOO CLOSE FOR COMFORT

CLINTON was warned by his staff that Chung was a “hustler”

CHUNG makes his point at a 1994 White House party

GORE, far left, speaks at the Hsi Lai Buddhist temple

Chung existing photos of him with Clinton “motivates him to continue contributing to the D.N.C., who am I to complain?”

The NSC documents were released by the White House in response to a request from the Senate Intelligence Committee,

During a 1994 visit, Chung traipsed around with two six-packs of beer, snapping pictures and introducing White House aides to the chairman of a Chinese beer company, even dropping by the offices of Clinton, Al Gore and Hillary Clinton. Suettinger warned last year that further contact with Chung might prove embarrassing but prefaced his comments with the wisecrack that to the degree that giving

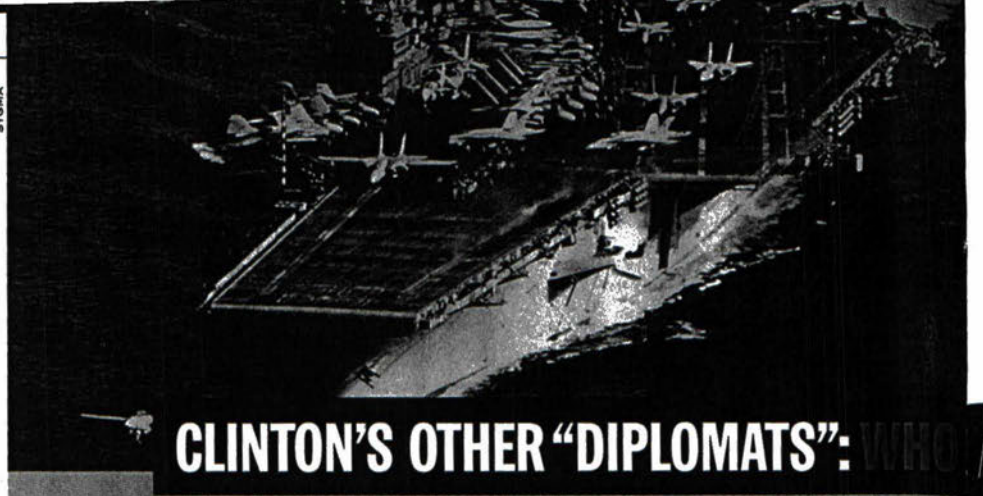
which is considering the nomination of Anthony Lake to be the new CIA director. The giant pile of data did achieve its ostensible purpose: it showed that Lake was not a party to the unseemly fund-raising operation. But in making the case for Lake, the White House damaged itself in the larger battle to rise above the fund-raising scandals that are swamping it. Press secretary Mike McCurry conceded that at times the NSC’s “good, sound counsel” was ignored, a reflection of, “among other things, the shortcomings that existed in our process for scheduling appointments here at the White House.”

And those are the shortcomings the White House was prepared to admit. There were also some it was busy last week trying to determine. In two separate

DAVA WALKER FOR TIME

stories, the *Washington Post* reported that the FBI is investigating whether the Chinese government may have been orchestrating donations to the Democrats through two of their most active fund raisers, Charlie Yah Lin Trie and former D.N.C. vice chairman John Huang. According to the *Post*, the Justice Department has asked the National Security Agency, which monitors communications, to comb its files for evidence of this activity in international phone calls and electronic messages. The stories "ratchet the tension up two notches," says a White House aide, even though they raised more questions than they answered. There was no evidence that the Chinese ever succeeded in directing money to D.N.C. coffers or that Democratic officials knew about the effort. But in the current atmosphere of flying subpoenas and endless investigation, it was easy to suspect the worst. There is enough scandal in the water supply now that even low-level staff members boil their memos before they send them. Senior White House officials avoid taking notes because anything written down is likely to turn up as Exhibit A in someone's broadening investigation.

When it starts in April, the main show on Capitol Hill will be the hearings in Senator Fred Thompson's Governmental Affairs Committee, which last week sent out 52 subpoenas on everyone from donors to fund raisers to federal agencies to phone companies in an effort to determine who was in touch with whom. Though Thompson has talked a good line about a bipartisan investigation of fund raising by both parties, there is only one Republican target. Thompson asked the Justice Department for a dozen FBI agents. Senate committee sources told *TIME* that the panel will be given eight investigators and two document analysts, an unprecedented number.



CLINTON'S OTHER "DIPLOMATS":



CHARLIE YAH LIN TRIE

WHAT HE WANTED: Assurances from Clinton that the U.S. would not pressure China to the point of war when he sent two aircraft carriers to the Taiwan Strait in 1996; Trie also sought a meeting between Clinton and Wang Jun, the head of a Chinese conglomerate and arms-trading company

WHAT HE GOT: A letter briefly describing Clinton's policy on the Taiwan Strait, which may have burnished Trie's stature among his Chinese contacts. Wang Jun did attend a coffee at the White House, which Clinton later said was a mistake

HOW MUCH HE GAVE: About \$300,000 for Clinton's campaign and the D.N.C. For Clinton's legal-defense fund, he also delivered \$640,000 (later returned because of its dubious origin)

Clinton has "categorically" denied that donations had any influence on policy, but damning evidence that he did not draw bright enough lines between politics and policy comes from his own NSC. In Clinton's re-election-mad White House, NSC chief Lake had tried to maintain a fire wall between foreign policy and campaign politics. But he was clearly frustrated, as he said in answers to the Senate panel, because "the White House had no formal process for vetting foreign nationals invit-

ed to the White House." It probably didn't help matters that White House chief of staff Mack McLarty knew in Little Rock, Arkansas, many of the people who kept insisting in letters and memos on their friendship with Clinton as they planned trips to the Orient and demanded talking points, letters of credential and other favors. By the time McLarty was eased out in 1994 and replaced by Leon Panetta, the die was cast. Panetta never stepped back in to fix the process, says a Lake intimate.

The result: visitors to the White House who had no business being there and left with photographs to prove they had been there. In the case of Chung, his access to Clinton seemed to go to his head. Four months after he and other Chinese visitors had their photograph taken with the President, Chung was pressing Clinton's personal secretary for a letter of introduction from Clinton for use in Beijing that would help him negotiate the release of Harry Wu, a Chinese-American human-rights activist imprisoned for two months on espionage charges. Although he never received the presidential seal, Chung got the next best thing: a letter from the chairman of the President's political party, Don Fowler, thanking Chung for "being a friend and great supporter of the



ANTHONY LAKE IS BETTER OFF

Documents released by the National Security Council last week show that Lake tried to build a fire wall between foreign policy and the re-election campaign by warning White House officials about raising money from donors with diplomatic agendas. The documents were made public to bolster his chance of being confirmed as CIA director

DIANA WALKER FOR TIME



WHO ARE THEY, AND WHAT DID THEY WANT?



JOHNNY CHUNG

WHAT HE WANTED: Clinton's imprimatur for a self-appointed mission to Beijing to free imprisoned Chinese-American political activist Harry Wu

WHAT HE GOT: No Clinton letter but a laudatory one from D.N.C. chairman Don Fowler, which Chinese officials would have taken as the next best thing—a sign of support from Clinton's political party

HOW MUCH HE GAVE: Some \$366,000 in donations to the D.N.C., qualifying him to be a "managing trustee"



MARK GROBMYER

WHAT HE WANTED: This Little Rock lawyer, pursuing business in Asia, wanted Clinton to endorse a speech by Indonesian President Suharto at a Tokyo summit. He also wanted Clinton to mention him in a thank-you note to tycoons Mochtar and James Riady

WHAT HE GOT: Suharto didn't address the summit but did meet with Clinton in Tokyo. Clinton wrote the Riadys but didn't mention Grobmyer

D.N.C." and wishing him success on his China mission.

This time Suettinger made his alarm plain. He wrote to Lake that Chung's mission was "very troubling" because it interfered in a "diplomatically difficult and high-stakes issue." He added, "All we can do is hope the Chinese recognize Chung's credentials are thin and that his message should be treated with caution." Suettinger feared that Chung could "do damage" and recommended that "we be very careful about the kinds of favors he is granted."

The documents do illustrate a few cases in which Lake and his staff prevailed in asserting national security over electoral victory. When Trie, a D.N.C. fund raiser and an old Clinton friend from Arkansas, asked for a presidential photo with Chinese officials he was hosting in April 1993, Lake argued against the meeting because the officials were not high ranking. He got his way. But as the Chung case shows, the President's donors had a greater interest in diplomacy than was previously known. In March 1996, Trie sent a letter to Clinton questioning whether his deployment of two aircraft carrier battle groups to the Taiwan Strait at the time would provoke a war with China, an outcome that, Trie warned, could have a "negative outcome" for the

President politically, "especially in this campaign year." Clinton responded with a boiler-plate reassurance that the only U.S. intent was to help the two sides peacefully resolve an ongoing dispute over China's military maneuvers in the strait. The letter may not have constituted a big foreign-policy concession, but it burnished a big donor's stature in China, where connections mean everything and where Trie was concentrating his business interests.

Another troubling document is an

April 1996 E-mail message from NSC's Suettinger that warned Vice President Gore about attending a fund-raising lunch at a Buddhist temple near Los Angeles. Gore's attendance, he said, would appear to give U.S. policy a pro-Taiwan, anti-China tilt at a time of great tension between the two. "My reaction would be one of great, great caution." The State Department expressed similar concerns. The result? Gore went, but there were no Taiwanese flags flying to make for uncomfortable photo ops, and no Taiwanese politicians playing a visible role. The lunch netted the D.N.C. \$140,000 and unlimited grief ever since because of multiple fund-raising irregularities.

Though he was the man at the center of the storm, Lake ended the week thrilled by the release of the documents because they showed that he had tried, if not always successfully, to keep Clinton's Asian-American friends from mucking around in foreign policy. "They're releasing everything," Lake confided to a close adviser, "and everything is going to be fine."

As for Clinton, things could be worse. He won the election. His popularity is high. The economy is booming. His strategy of becoming the apostle of bipartisanship has the Republicans on the defensive, and polling shows that the country likes his program (no surprise, as polls had already told him it would be popular). At the National Prayer Breakfast two weeks ago, Clinton found room for improvement, exhorting the crowd to "pray for the people in public office, that we can rid ourselves of this toxic atmosphere of cynicism and embrace with joy and gratitude this phenomenal opportunity and responsibility before us." Which is just another way of praying that the past won't come back to haunt him.

—Reported by J.F.O. McAllister, Viveca Novak, Karen Tumulty and Michael Weisskopf/Washington

AL GORE IS ON THE DEFENSIVE

The White House data suggest the Vice President brushed aside a warning from the NSC about the potential fallout from attending a fund raiser at a Buddhist temple with ties to Taiwan. This gives ammunition to Gore's prospective presidential opponents, who will question why he seemed to put raising campaign funds ahead of foreign policy



U.S. BUDGET

The emerging line for a deal

President Clinton and Republican leaders have long berated each other over balancing the federal budget. But hopes rose after a conciliatory summit last week that marked a notable shift away from partisanship. Senate Majority Leader Trent Lott said the atmosphere is "the best I've seen it in quite some time." Still,



Clinton and Lott narrow the gap.

negotiations will be tough. Any deal is likely to include:

- **Capital-gains cut.** The GOP seeks cuts that Democrats seem willing to accept. Parties will battle over tax payers and what assets get the tax break.
- **Education and welfare.** Clinton wants an \$18 billion boost for the poor and legal immigrants and a \$10,000-per-family tax deduction for college tuition. Republicans want neither but may give a bit.
- **A truce on Medicare.** Some Medicare cuts will be made to prevent the insolvency of a portion of the program. A fix of long-term problems will be put off, in part to avoid the appearance that any new tax reductions are being paid for by limiting Medicare.
- **Raising revenue.** The government could get billions by lowering the consumer price index, which may overstate inflation and boost outlays tied to the index. But that could anger seniors by trimming Social Security benefit increases, so a fix might take place outside the formal budget talks. —Kent Jenkins Jr.



Backers of six-year term limit likened Florida's McCollum to Castro.

CONGRESS

Backers bicker, term limits fail

Are term limits a necessary check on imperial incumbents or a gratuitous curb on voter choice? That was the question before the House of Representatives last week as it considered—and rejected—a constitutional amendment that would have booted members from office after 12 years. But the philosophical dis-

pute was overshadowed by fireworks among term-limit supporters. Advocates of a six-year limit for House members, angry that Rep. Bill McCollum favored 12 years instead, released an ad comparing the Florida Republican to Fidel Castro. McCollum, in turn, assailed initiatives passed last fall in nine states that require legislators to vote for particular term limits or face censure on their next election ballot. The initiatives prompted competing bills and shaved votes last week

from a compromise measure. The loss was a severe blow to the drive for limits. Congress is unlikely to consider the issue again soon. Meanwhile, opponents reveled in the irony that McCollum, now in his ninth Congress, is one of many term-limit advocates who seem to be permanent incumbents themselves. "They should exercise the courage of their convictions," said four-term Texas Rep. Chet Edwards, a Democrat, "and not serve one day longer." —Joshua Wolf Shenk

CIVIL RIGHTS

Race preferences return to the fore

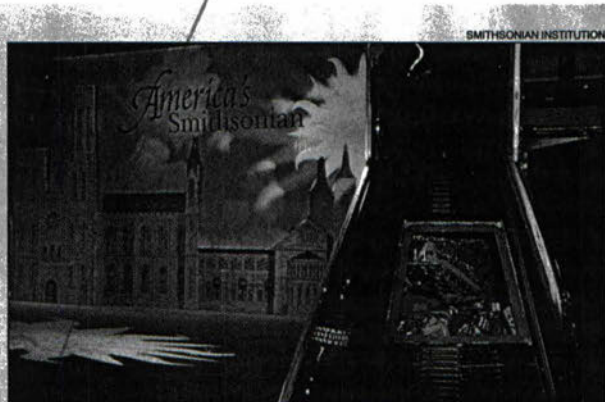
Civil rights faded as a 1996 campaign issue, but the debate is sharpening over divisive items like preferences and set-asides for minorities. President Clinton drew criticism last week from the private, liberal-leaning Citizens' Commission on Civil Rights, which pressed him to enforce civil rights laws more aggressively and to name a top aide on rights issues.

Meanwhile, Californian Ward Connerly met with Republican congressional leaders to promote a national campaign—based on his state's Proposition 209—to end preferences based on race, gender, ethnicity, or national origin. Although a vote in Congress is not expected this year, groups in Florida, Colorado, Arizona, Oregon, and Washington have expressed interest in following California's lead.

Still, few are likely to copy Proposition 209 until it gets a court test. Clinton opposes the measure; his overall strategy may not be clear until he fills the job of chief Justice Department civil-rights enforcer. —Josh Chetwynd



Connerly



Earth travels may slow down for Alan Shepard's Mercury craft.

MUSEUMS

The Smithsonian passes the hat

The nation's attic has sprung a small fiscal leak. To mark its 150th year, the Smithsonian Institution sent 300 popular artifacts to six cities and hopes to add more. But a search for corporate donors fell \$20 million short. Now, cities must find \$4 million to show items like Abraham Lincoln's top hat

and Dizzy Gillespie's trumpet. The show visits Portland, Ore., in April, but plans for Dallas and Chicago may fizzle. The Smithsonian gets \$400 million from Congress each year but must raise 30 percent more. To help fill the gap, it will issue a credit card and charge \$4 to see an exhibit on amber. —Ted Gest

rec'd 2/17/97

The president's dangerous company.

IN THE LINE OF JAVA

By Roger Simon

Remember the Clint Eastwood movie *In the Line of Fire*? The plot turned on a simple question: Could the Secret Service agent played by Eastwood stop an assassin from killing the president? The twist was that the would-be assassin was able to get near enough to the president to shoot at him by posing as a donor and buying a ticket to a fund-raiser. There was a nice irony to the idea: the bad guy was able to sidestep all the Secret Service's elaborate efforts to protect the president by taking advantage of the president's greed. What we now know, after several weeks of news reports detailing just who was invited to Bill Clinton's coffee klatches, is that *this is exactly the way it works in real life.*

The United States Secret Service has 2,060 agents and an annual budget in excess of half a billion dollars. Its highest priority is the protection of President Clinton (code named "Eagle"). Clinton rides in an armored limousine (code named "Stagecoach") that can travel at high speeds on steel rims, should its tires be shot out. To throw off snipers, an identical "dummy" limousine will sometimes change places with the president's limousine as it goes through a tunnel. At some speech locations, large bulletproof glass panels are set up on each side of the armored presidential lectern, known as the "Blue Goose." And in particularly risky crowd situations, agents will hold portable Kevlar panels around the president's body. Agents equipped with night-vision goggles and rifles with telescopic sights are positioned atop the White House. Crash barriers, fences, motion detectors, iron gates with anti-ram devices and video cameras guard the White House perimeter, one side of which fronts on a street Clinton closed to traffic for security reasons. Inside the White House itself, Secret Service agents armed with 9 mm Sig Sauer pistols stand outside the Oval Office whenever the president is there.

The point of all of this is to ensure that nobody who is a potential threat gets close to the body of the president. Unless, as it turns out, that person contributes a large sum of money to the Democratic National Committee, in which case he can waltz right in and sit down with Clinton for forty-five minutes or so.

We know this to be true because Eric Wynn did it on December 21, 1995. Wynn attended a coffee in the White House Map Room, which attracted a star-studded cast including Erskine Bowles, then deputy chief and now chief of staff at the White House; Democratic National Committee co-chairs Christopher Dodd and

Donald L. Fowler; Thomas "Mack" McLarty, counselor to the president; Craig Smith, the deputy campaign manager of Clinton/Gore '96; and three DNC officials: finance chairman Marvin Rosen, treasurer R. Scott Patrick and finance director Richard Sullivan. And, of course, Bill Clinton.

Wynn's credentials are somewhat less stratospheric: according to *The Washington Post*, he was sentenced to three years in the slammer after a 1989 guilty plea for theft and tax evasion. He reportedly is an associate of the Mafia's Bonanno family, one of the so-called Five Families who control organized crime in America. And, *The New York Times* reports, just five months before sitting down with Clinton, Wynn was convicted on thirteen counts of conspiracy, securities fraud and wire fraud, and was sentenced to fifty-two months in prison. At the time he was sipping java with the leader of the free world, Wynn was out on bail. According to a close associate, Wynn is trying to obtain a pardon. Two days before his audience with Clinton, a Florida firm that Wynn reportedly has partial control of donated \$25,000 to the DNC.

Wynn is only one of a remarkable list of thugs, hoodlums and lowlifes who have been able to chat up the president. There was Roger Tamraz, a fugitive who had coffee with Clinton in April 1996, his U.S.-based oil company having given \$72,000 to the DNC in 1995 and 1996. A businessman from Lebanon, the *Post* reported that Tamraz has been sought for eight years on an Interpol arrest warrant for embezzlement. There was a piece of work named Jorge Cabrera, who, according to the *Post*, did time in 1983 for conspiracy to bribe a grand jury witness, and again in 1988 for tax evasion, both convictions related to narcotics trafficking. Cabrera, a Miami resident, attended a December 1995 Christmas party at the White House. And why shouldn't he? A month before, he had donated \$20,000 to the DNC. In 1996, Cabrera was sent to prison to serve a nineteen-year sentence for transporting 6,000 pounds of cocaine into this country.

And there was Wang Jun. Wang had coffee with Clinton in February 1996. He is a Chinese arms dealer whose company was the focus of a federal investigation that snagged \$4 million in semiautomatic weapons bound for American street gangs.

Still, Wynn tops the list. *The New York Times* ran a Nexis search on him, and found this in a 1989 issue of *Forbes* magazine: "Federal documents say Bonanno family capo Frank Coppa, his associate Eric Wynn and other friends paid a visit" to a stock promoter and "bashed him on the side of the head with a telephone."

Why is this significant? Because while we can assume that Wynn had to pass through a metal detector before entering the White House, it now appears that Wynn knows how to use *common household objects* as bludgeons. Forget about whether this man should be allowed to influence the president of the United States. Should this man be allowed in a small room with the president of the United States?

ROGER SIMON is a nationally syndicated columnist.

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: Feb. 16, 1997

Chinese contacts raise red flags

ASSOCIATED PRESS

While he worked as a senior Commerce Department official, privy to classified trade briefings, John Huang regularly met and dined with Chinese Embassy officials who would have valued such information.

When Mr. Huang left Commerce to begin a controversial stint as the Democrats' top fundraiser among Asian-Americans, he kept his Chinese contacts. Several embassy and consular officials were listed on his Rolodex at Democratic National Committee headquarters.

Some congressional Republicans speak of "potential economic espionage" in questioning whether Mr. Huang had improper contact with Chinese officials or with his former employer, the Indonesian conglomerate Lippo Group, which has business ties to China.

Mr. Huang has denied wrongdoing. Telephone messages seeking comment from his attorneys, Ty Cobb and John C. Keeney Jr., were not returned.

Records from a few days in October 1995 indicate the kind of activities congressional investigators are focusing on:

Commerce telephone logs show Mr. Huang called Lippo Bank in Los Angeles on Oct. 10 and twice on Oct. 11. On that day, his expense report showed a \$5 taxi ride to the Indonesian Embassy, apparently for a reception.

The next day, Mr. Huang, who was cleared for top-secret official information, was scheduled to receive an intelligence briefing from the CIA's liaison to the Commerce Department, according to Commerce documents.

On Oct. 12, the day of the classified briefing, Mr. Huang took a taxi ride from the residence of the Chinese ambassador back to his Commerce office. He called Lippo Bank two more times within the next seven days.

Rep. Gerald B.H. Solomon, New York Republican, has asked Commerce to explain why Mr. Huang went to the Indonesian Embassy and Chinese ambassador's resi-



John Huang

dence. "I am troubled" by the expense reports, Mr. Solomon said.

After leaving Commerce in December 1995 to raise money for the DNC, Mr. Huang kept on hand the telephone numbers of at least 11 officials of the Chinese Embassy or consulates, as well as business cards of Chinese businessmen.

A Justice Department probe into improper fund raising reportedly is considering evidence that Chinese Embassy officials tried to direct donations to the Democrats. Embassy officials have dismissed such allegations as "sheer fabrications."

Spokeswomen for the Commerce Department and the DNC said they haven't been able to determine why Mr. Huang would have been in contact with Chinese officials in either job, although they said they couldn't speculate about his social contacts.

The Commerce Department's inspector general also is investigating Mr. Huang's activities.

Mr. Huang, born in China and a former resident of Taiwan, became a U.S. citizen in 1976. During his year and a half in a senior-level post at Commerce, Mr. Huang's duties were mainly administrative, with some responsibility for assisting U.S. businesses in trade with Taiwan, agency officials said.

Yet he had numerous contacts with Chinese officials.

Mr. Huang's calendar, turned over to congressional investigators, listed a meeting with a delegation of officials from China in September 1995; a policy breakfast and at least two dinners at the Chinese Embassy; a meeting with Ambassador Li Daoyu; a reception at the embassy given by Mr. Li; and a meeting with China's deputy director for foreign economic relations.

Mr. Huang also called Lippo Bank dozens of times during his tenure at Commerce.

The Washington Times

SUNDAY, FEBRUARY 16, 1997

Helms sees Senate ratifying treaty on chemical weapons

Expects Lake to be confirmed

By Joyce Price
THE WASHINGTON TIMES

The Senate will likely approve a chemical-weapons treaty, provided it includes changes demanded by Republican critics, the chairman of the Senate Foreign Relations Committee said yesterday.

In addition, Sen. Jesse Helms said he will vote against the nomination of former National Security Adviser Anthony Lake as CIA director, though he believes the Senate will confirm him.

Appearing on CNN's "Evans & Novak," the North Carolina Republican said Senate Republicans are working on changes to the Chemical Weapons Convention (CWC). "We're working with some distinguished Democrats to bring this treaty into the kind of shape that we will be able to support it," he said.

President Clinton has been lobbying hard for Senate approval of the CWC, which outlaws the production, sale and use of nerve gas weapons and regulates trade in other related chemicals.

The treaty, which has been ratified by the necessary 65 nations and will take effect April 29 with or without U.S. ratification, also sets up an international inspection system and provides economic sanctions against chemical industries in nations that do not ratify it.

Ratification of treaties requires a two-thirds majority vote in the Senate. Mr. Helms has been the most vocal opponent of the treaty, as currently drafted, charging that compliance with the pact cannot be adequately verified or enforced.

"Pariah nations, such as Libya, Syria, Iraq and North Korea, which have neither signed nor ratified the CWC, will be free to continue their aggressive chemical weapons programs," Mr. Helms charged in a Jan. 29 letter to Senate Majority Leader Trent Lott of

Mississippi.

Mr. Helms reiterated that concern yesterday, saying the treaty can be fixed "very easily" to address that problem. "And we're talking about it right now," he added.

Asked to explain, Mr. Helms replied: "Well, you just write new language for it and make it a condition to the treaty, conditioned upon the understanding of that."

He did not elaborate. Nor would he identify specific changes he sees as essential for Senate approval of the treaty.

Mr. Clinton, in order to win ratification, would sign a legally binding pledge to "carry out overwhelming and devastating" retaliation against any enemy that attacks U.S. troops with poison gas, The Washington Post reported yesterday.

The newspaper quoted an unnamed senior administration official who indicated the U.S. military response to such action "would draw on the whole range of weapons in the U.S. inventory," not excluding nuclear weapons.

After the Helms interview yesterday, Rowland Evans, co-host of "Evans & Novak," said: "We know one thing. The president can forget about the chemical treaty unless it has changes in it that Senator Helms wants."

"And Senator Helms . . . has half a dozen Democratic allies in the Senate to make those changes."

Meanwhile, Mr. Helms declined to discuss his objections to Mr. Lake. "I expect there will be a number of senators voting against him," he said, adding that he expects Mr. Lake will be confirmed.

Mr. Helms said he remains worried about the prospect of NATO's eastward expansion, which the Clinton administration strongly supports.

"You're talking about Russia," which opposes the expansion, he said. "And as you saw recently in the news, Russia has discovered a way to make chemical weapons out of the simplest of chemicals. And we have problems like that that we'd better answer, and answer for sure, before we get too far into this."

The Washington Times
SUNDAY, FEBRUARY 16, 1997

Subpoena threatened to get White House 'Big Brother' database

By Joyce Price
THE WASHINGTON TIMES

AI DATABASE

From page A1

The chairman of a House subcommittee probing a secret White House database of donors and supporters said yesterday he will seek to have the computer's contents subpoenaed if it is not turned over to his panel.

"What we've been asking for is the complete ... White House office database. ... And so far the White House has been refusing to give us that," Rep. David M. McIntosh said during an appearance on CNN's "Inside Politics Weekend."

The database — nicknamed "Big Brother" — entered the Democratic fund-raising scandal when a former Democratic National Committee finance chairman said he regularly used the system in his money-raising efforts. He later recanted, but not before Mr. McIntosh announced

plans to expand his probe into the White House computer.

"They censored out the part of the database that they did make available to Congress," making it difficult to "tell what was happening, who was involved and to what extent it was being used for politics," the Indiana Republican said.

"If we don't receive it in the coming weeks, my subcommittee is ready to ask the chairman to issue a subpoena for that."

Lanny Davis, the White House special counsel who handles various scandals involving President and Mrs. Clinton, said on the show: "Certainly, we deny that that database was used for political purposes."

Mr. McIntosh said he's interested in finding out how White House scheduling was done. He said the database "appears to have code for all the people who stayed overnight in the White House."

"There is a database that they created with government funds that kept track of all the people who saw the president ... also seemed to keep track of all of his donors," he said.

"And it appears that whenever they had a donor who wanted to go and visit with the president, have a coffee, stay in the Lincoln Bedroom, the party's chief fund-

see DATABASE, page A10

raisers would call up to the White House and say, 'Has this person been over there recently? We need to get him in to see the president.'"

Said Mr. Davis: "Congressman McIntosh knows that he and his staff have had full, unrestricted access to all of the database information" although, he added, some names "may be missing."

But as for Mr. McIntosh's demand to see the list of people who spent the night in the Lincoln Bedroom — some of whom made six-figure contributions to the Clinton-Gore campaign — Mr. Davis said, "The president has stated very clearly that people who stay overnight at the White House are personal friends and acquaintances of his and his family, and there's an aspect of privacy that every president and first lady are entitled to."

Later in the day, Sen. Jesse Helms, chairman of the Foreign Relations Committee, said he intends to investigate reports that Chinese government officials may have directed campaign contributions to the Democratic National Committee. The Justice Department already is investigating this.

"The United States has no alternative but to follow this lead all the way to the end. And we're going to do it. ... I can assure you of that," Mr. Helms said on CNN's "Evans & Novak."

He said his panel will be inviting top administration officials to testify on what they know.

President Clinton on Thursday backed a "thorough" investigation into the allegations, saying he had no knowledge of the charges, but said "they obviously have to be thoroughly investigated."

Mr. McIntosh said: "It's a serious matter when a foreign government is giving money to one of the parties. ... It's even more serious when that party happens to have the president in the White House and the president's staff and vice president seem to be involved in raising that money. ... as we saw with Vice President [AI] Gore going out to Los Angeles in the Buddhist temple."

Mr. McIntosh also said his subcommittee is looking into whether Mr. Gore had a database that "kept track of people who visited them."

Rep. Dan Burton, another Indiana Republican who chairs the Government Reform and Oversight Committee, is investigating a widening scandal involving foreign contributions.

The database lists 350,000 names, including everyone who has come into contact with the Clintons since they moved into the White House. The administration says it was designed to aid in sending Christmas cards.

The Washington Times

SUNDAY, FEBRUARY 16, 1997

Follow the Money

There is a grim hilarity to the way things are going with the Clinton fund-raising scandal. For a while there, with the stories mounting about what the Clinton fund-raising operation got up to in the last election, the president's defenders argued that it was all perfectly legal, if perfectly revolting. There was, you see, no evidence of an actual quid pro quo. As the president put it in a revealing remark, the only thing the donors were guaranteed was "a respectful hearing if they had a concern about the issues." A deeply respectful hearing.

That's finished. Recent stories in the Wall Street Journal, the Los Angeles Times, the Boston Globe and Newsweek have kicked the slats out from under even this feeble and cynical defense. The traffic in government favors for cash has now been established well past the degree necessary to warrant a criminal investigation. It's been a fine week for following the money.

The Journal reported that Alan Leventhal and Fred Siegel, two Boston businessmen who were personally caffeinated by Clinton in the White House, and who raised \$3 million for the president's campaign, were rewarded last fall with a remarkably toothsome deal: Their company, Energy Capital Partners, was chosen by Clinton's Department of Housing and Urban Development to serve as the main administrator of a new \$200 million loan program. The structure of the program guarantees Energy Capital millions of dollars in profit, while also insulating the company from risk. Not only is the government putting up the money to be lent but, unprecedentedly, HUD agreed that, should loans default, Energy Capital will be repaid ahead of the government.

The Journal story also established that the Clinton administration violated at least the spirit of the law banning fund-raising within the White House itself, as well as the Hatch Act, which bars government officials from soliciting funds for a political party. The story demonstrated that (a) the president and the vice president personally approved the massive fund-raising operation that was ostensibly run by the Democratic National Committee, (b) Harold Ickes, then-deputy chief of staff, supervised the operation through weekly Wednesday meetings in the White House, (c) at least some donors were told explicitly that they could buy their way into White House coffees with the president, where they could pitch him personally on their concerns, (d) many of those who attended these special sessions with the president also contributed large sums of money to the DNC at about the same time and (e) the DNC arranged meetings between donors and government officials to whom the donors had requested access.

Stories in the Los Angeles Times, Newsweek and the Globe also provided evidence of quid pro quos directly involving Clinton, as well as then-Commerce Secretary Ron Brown, and also showed that the president and top White House officials were personally involved in soliciting money and funneling it to the DNC, in possible violations of the law. As the Times and Newsweek reported, Clinton was approached at a Florida fund-raiser two weeks before Election Day by an exporter named R. Warren Meddoff, who handed the president a business card on which he had written: "My associate has \$5 million he is prepared to donate to the DNC." Clinton's response was not: "Sir, I am the president of the United States of America. I am not a bagman." It was: "Let me have another one of those cards."

The president then assured Meddoff that a member of the White House staff would call him, and a few days later Ickes called. "The president asked me to handle this matter," Ickes said. Meddoff told Ickes that a Texas speculator named William Morgan wished to give big to the Democrats, but he also wanted to get a tax break for his gift. The law prohibits claiming political contributions as

tax-deductible. Ickes's response was not: "Sir, I am the deputy White House chief of staff. I cannot advise you on how to take illegal tax deductions." It was: "We have a way to do this."

Ickes then asked if Morgan could come up with \$1.5 million in "the next day or so." The following day, Ickes faxed Meddoff a memo detailing how Morgan could make his political contribution and also claim a tax deduction for it. The memo said "it would be greatly appreciated" if Morgan would wire \$500,000 to the

"The traffic in government favors for cash has now been established well past the degree necessary to warrant a criminal investigation."

bank accounts of several get-out-the-vote organizations, which were supposedly nonpartisan and therefore tax-exempt, but which specialized in the almost monolithically Democratic black vote. Most helpfully, the memo provided Meddoff with the groups' bank account numbers. Ickes also asked Meddoff to wire \$500,000 directly to the DNC's bank account, which certainly looks like a clear violation of the Hatch Act.

But what was the quid for Meddoff's quo? Meddoff told the Globe that he went to the fund-raiser in Miami and offered Clinton \$5 million to persuade the president to lift the ban on aid flights to Cuba. Now, follow the money: Meddoff makes his financial offer to Clinton; then Clinton asks for a second business card and promises to have a staffer call about the money; then Meddoff broaches the subject of the aid flights; then the president tells Meddoff that he had "made the decision to allow the supplies to be flown." And it is a matter of record that the president did lift the ban on flights to Cuba that very day. A coincidence, explains the White House.

In another story that offered evidence of a high Clinton official dispensing favors for cash, the Globe last week published the first serious effort to answer the question of whether the late Ron Brown rewarded donors to the DNC with slots on U.S. foreign trade missions. Matching DNC donors with the manifests of the business leaders invited by Brown to fly with him on the 16 overseas trips that the commerce secretary led from 1993 through 1995, the newspaper found that the businessmen invited on the trips gave \$15 million to Democratic Party entities over the course of Clinton's first term. In 1995, the year the White House unleashed its money juggernaut, Brown's Commerce Department increased the number of business leaders invited on trade missions about five-fold over the number invited in 1993, going from 54 frequent fliers to 264. And, weirdly enough, the amount of money contributed to the DNC by Brown's fellow travelers increased by nearly the same degree, going up four-fold in 1995 over 1993. A coincidence, explains the White House.

The attorney general says that she has not yet seen sufficient evidence of wrongdoing by the president and top administration officials to trigger the appointment of an independent counsel. Who's she gonna believe, the president or her lying eyes? An independent counsel must be appointed in the matter of the president's fund-raising operation, now.

Michael Kelly is editor of the New Republic, in which this article first appeared.

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The Washington Post

SUNDAY, FEBRUARY 16, 1997

Helms to Vote Against Lake as Director of CIA

Senator Expects Nominee Will Be Confirmed

Reuter

Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.) said in remarks yesterday that he will vote against Anthony Lake's nomination to head the CIA, but predicted Lake would be confirmed.

"I can't support Mr. Lake based on a number of things," Helms said in remarks on the CNN program "Evans & Novak." He was the first senator to announce publicly his intention to vote no.

"I will vote 'no.' I don't want to attack him but there are too many things that are too wrong for me in his background and I suspect there are a lot of senators that feel that way. I expect we have a number of senators voting against him," Helms said.

But when asked whether Lake, President Clinton's first-term national security adviser, would be confirmed, Helms replied: "I expect he will."

Sen. Richard C. Shelby (R-Ala.), chairman of the Select Committee on Intelligence, has twice postponed Lake's confirmation hearing. On Tuesday, he pushed it to March 11, citing a lot of "unanswered, perplexing questions" about Lake's conduct as national security adviser.

Clinton made a strong plea Thursday for the Senate to end the delay and confirm Lake as the next director of central intelligence. He described his nominee as "superbly qualified" and the architect of peace in Bosnia.

In his CNN appearance, Helms said the Foreign Relations Committee would investigate allegations that the Chinese government may have secretly steered money to the Democratic Party. "The United States has no alternative but to follow this lead all the way to the end, and we're going to do it in the Foreign Relations Committee, I assure you of that," he said.

The Washington Post reported on

"I will vote 'no.' I don't want to attack him but there are too many things that are too wrong for me."

— Sen. Jesse Helms (R-N.C.)

Thursday that a Justice Department task force looking into campaign fund-raising abuses had uncovered evidence that representatives of China sought to direct funds from foreign sources to the Democratic National Committee before the 1996 presidential campaign. Clinton, reacting to the report, said he supported a thorough investigation of the allegations.

TV: Mayor Barry, Nickles, Richardson, Davis

Guests to be interviewed today on major television talk shows:

White House counsel Lanny J. Davis, Sen. Thad Cochran (R-Miss.), American Civil Liberties Union president Nadine Strossen and rap singer Chuck D on "Fox News Sunday" (WTTG), 9 a.m.

Davis, District Mayor Marion Barry; Rep. Dan Burton (R-Ind.); and John F. Kennedy Jr., editor of George magazine, on "Meet the Press" (NBC/WRC), 10:30 a.m.

Bill Richardson, U.S. ambassador to the United Nations, and Sens. Robert G. Torricelli (D-N.J.) and John McCain (R-Ariz.)

on "This Week" (ABC, WJLA), 11:30 a.m.

Senate Majority Whip Don Nickles (R-Okla.); Sen. Carl M. Levin (D-Mich.); Jane Sherburne, former special counsel to President Clinton, Michael Chertoff, former chief counsel for the Senate Whitewater committee, on "Face the Nation" (CBS, WUSA), 11:30 a.m.

Burton, Ann McBride, president of Common Cause; and White House deputy communications director Anne Lewis on "Late Edition With Frank Sesno" (CNN), noon.

The Washington Post

SUNDAY, FEBRUARY 16, 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: Feb. 15, 1997

My Cheap Thrill

By Leonard Fein

DRINKING coffee with the President of the United States and a dozen other people was well worth the cost of the round-trip air fare from Boston to Washington.

It took a while after the fact to figure out how to drop my visit to the White House into cocktail party conversation, but once I did I got the expected deferential questions: "What's he really like?" "What did you say to him?"

Now my tiny triumph has become part of a mini-scandal. The coffees with the President have been portrayed as a reward for major contributors to the Democratic National Committee, a way for the party to court potential big donors, an opportunity for people representing special interests to make their cases at the highest level.

Leonard Fein is director of the Commission on Social Action of the Reform Jewish movement.

There were a reported 103 of these coffees, and some guests were not exactly appropriate: a felon with reputed ties to organized crime, a fugitive from Lebanon wanted by Interpol, the head of a Chinese company that owns a major weapons manufacturer.

I had coffee with Clinton. I didn't write a check.

But the one I attended on May 6, 1996, seemed entirely benign. Neither before, during or after our 80 minutes with the President was there even a hint that a campaign contribution was expected.

In any case, I didn't contribute one dime to the Democratic National Committee during the Clinton campaign. My modest contributions — totaling under \$1,000 — went to three candidates for the Senate and two for

the House of Representatives.

Only two guests at the table were familiar to me, and neither was wealthy. As for the rest of the group, it included one gentleman who cared a great deal about Turkey, a woman who was concerned about judgeships in Michigan and a rabbi who congratulated the President on America's role in the Middle East peace process.

Most of us who spoke were concise: a couple of sentences of introduction followed by a question. The subjects ranged from the American failure to pay its United Nations dues to concerns about the habeas corpus provision of the new anti-terrorism law.

Clearly, the guests were not a randomly selected group. All of us supported Mr. Clinton, with varying degrees of enthusiasm. Most of us had strong ties to constituencies the President regarded as vital to his reelection. I guess he hoped that by spending time with us, we would be flattered and return to those constituencies with an intensified commitment.

Perhaps the journalists who write about such things are jaded, so familiar with the powerful that they are

indifferent, maybe even contemptuous. But for the rest of us, even those who regard themselves as well-connected, proximity to power — that is, to the President — is still a thrill.

I have shaken hands with Mr. Clinton on four separate occasions. The coffee was the only time I had a chance, however limited, to engage him in something approximating conversation.

I'm sorry the event now has a touch of disreputability about it. But having failed, to my regret, to make President Richard Nixon's enemies list, I'll happily settle for the Clinton coffee list. □

Note to Readers

The Op-Ed page welcomes unsolicited manuscripts. Because of the volume of submissions, however, we regret that we cannot acknowledge an article or return it. If manuscripts are accepted for publication, authors will be notified within two weeks.

CLINTON AND GORE RECEIVED WARNINGS ON ASIAN DONORS

CAUTIONS ISSUED BY AIDES

National Security Council Was Worried by Potential for Any Influence on Policy

By STEPHEN LABATON

WASHINGTON, Feb. 14 — Foreign policy advisers to President Clinton and Vice President Al Gore repeatedly issued warnings against maintaining ties and granting access to several Asian-American fund-raisers and donors who sought to influence American policy and capitalize on their White House connections, according to documents released today by the National Security Council.

The documents were disclosed in an effort to aid the nomination of the former national security adviser Anthony Lake to become the Director of Central Intelligence. But they also raised new questions about why Mr. Clinton and Mr. Gore continued their ties to certain fund-raisers after officials at the National Security Council raised questions about them.

"The fundamental import of some of these documents is that we had a National Security Council, professional people, that gave when asked, I think, pretty good counsel that should have been more closely heeded," said Michael D. McCurry, the White House press secretary.

The papers, internal memorandums, e-mail and notes culled from the files of the National Security Council, show that a National Security aide advised "great great caution" about Vice President Gore's participation in a fund raiser at a California Buddhist Temple with ties to Taiwan. Mr. Gore attended the fund raiser at one of the most tense moments in United States relations with China and Taiwan, one month after American warships were sent near Taiwan in response to Chinese military exercises protesting Taiwan's first direct presidential election in March 1996. [Article, page 10.]

The documents also suggest that as early as April 1995, Mr. Clinton

Continued on Page 10, Column 1

Continued From Page 1

recognized the potential embarrassment of mixing domestic politics with foreign policy when he expressed concern about the circulation of photographs of him with a group of Chinese officials that included Huang Jichun, the vice president of a Chinese conglomerate that trades weapons.

The officials attended one of Mr. Clinton's weekly radio addresses at the request of the Democratic National Committee and one of its largest contributors, Johnny Chung, a Taiwanese-American from California who gave more than \$300,000 in the last two years.

"It turns out they are various Chinese gurus and the POTUS wasn't sure we'd want photos of him with these people circulating around," an official at the National Security Council, Melanie B. Darby, wrote shortly after the visit, using the White House acronym for President of the United States.

In response to a council China specialist, Robert L. Suettinger, wrote back: "The joys of balancing foreign policy considerations against domestic politics... I don't see any lasting damage to U.S. foreign policy from giving Johnny Chung the pictures. And to the degree it motivates him to continue contributing to the D.N.C., who am I to complain?"

But Mr. Suettinger also predicted that Mr. Chung should be "treated with a pinch of suspicion."

"My impression is that he's a hustler, and appears to be involved in setting up some kind of consulting operation that will thrive by bringing Chinese entrepreneurs into town for exposure to high-level U.S. officials," he wrote.

White House aides said they did not believe that pictures from the radio address were sent out.

In the summer of 1995, Mr. Chung also tried to insert himself as a negotiator between Chinese and American officials after China imprisoned a leading critic of human rights in China, Harry Wu — an action that prompted Mr. Suettinger to warn the White House that Mr. Chung could "conceivably do damage" to American-Chinese relations.

Around the time of the radio address, Mr. Chung contributed \$50,000 to the Democratic National Committee. And around the time he sought the photographs, he gave \$125,000. Amy Weiss Tobe, the committee's communications director, said Mr. Chung's donations were under review, along with many other donations, after several news articles raised questions about the source and propriety of the donations.

Mr. Huang turns out to be the second person from Citic, the state-run trading company that controls a major arms dealership in China, to visit Mr. Clinton. In February 1996, the Democratic National Committee arranged for Wang Jun, the company's chairman, to attend a coffee at the White House with Mr. Clinton, who has said he regretted the Wang invitation after it became public.

The documents also show that Charles Yah Lin Trie, an old friend of Mr. Clinton from Little Rock, Ark., urged him in a letter to reconsider his decision to send the aircraft carriers to Taiwan. Around the same time, Mr. Trie was trying to give the first portion of nearly \$640,000 in questionable donations to the fund set up to pay Mr. Clinton's growing legal bills. The defense fund ultimately rejected the donations from Mr. Trie after it retained private investigators who could not trace the true source of much of the money.

The letter from Mr. Trie was conveyed through Mark Middleton, another Arkansas friend of Mr. Clinton who worked at the White House before leaving to pursue international trade. In his letter, Mr. Trie said the presence of the carriers could provoke a war with China. After consulting with Mr. Lake, the President replied to Mr. Trie by defending his decision and emphasizing that it was "not intended as a threat" to China.

The documents were released today by the Administration and sent to the Senate in response to questions from Republicans about the nomination of Mr. Lake as the Director of Central Intelligence. Mr. Lake's tenure as national security adviser during the last four years has come under criticism from some Republicans who have questioned the council's regular contact with major Democratic fund-raisers and donors.

White House officials said today that the papers showed that the National Security Council had done its job properly by warning Mr. Clinton and his top advisers to the problems posed by some of the fund-raisers. In recent weeks the White House has acknowledged that it had not maintained the screening review used by earlier Administrations to scrutinize

the suitability of foreign visitors to the President. They also said new procedures had been adopted to screen visitors to the White House.

But the documents also show that the President and Mr. Gore took few steps to rein in those contributors, even when they posed potential problems for American policy makers. For instance, when the Chinese Government imprisoned Mr. Wu, who is a naturalized American citizen, two years ago, Mr. Chung tried to act as an official go-between, traveling to China to meet President Jiang Zemin and press for Mr. Wu's release.

While the White House declined a request by Mr. Chung for a letter from President Clinton, it did nothing to discourage Mr. Chung from using a letter of praise from Donald L. Fowler, the national chairman of the Democratic National Committee or a similar letter sent from the President in October 1994.

"In most cases, Chung is not in a position to make much of an impact on U.S.-China relations," wrote Mr. Suettinger, the National Security aide. "In the Harry Wu case, however, he could conceivably do damage, depending on what he says and how much credibility he carries with Beijing. I recommend that we be very careful about the kinds of political favors he is granted."

Still, even after deliberations at the highest levels of government, no attempt was made to stop Mr. Chung. In one handwritten note to Mr. Lake, Samuel R. Berger, then the deputy national security adviser, wrote: "This is the guy the President mentioned to us. Based on our earlier discussion, I did not call him."

Nine months later, Mr. Chung was at the White House for one of his regular visits, this time with the Chinese Government officials at the President's radio address. All told, Mr. Chung made at least 49 visits to the White House from early 1994 and the summer of 1996, according to Secret Service records. In August 1994, he was co-host of a birthday party fund-raiser for Mr. Clinton.

The New York Times

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NSC Gave Warnings About Asian Donors

A1 By Sharon LaFraniere
and Susan Schmidt
Washington Post Staff Writers

White House aides sidestepped or ignored warnings from the National Security Council staff about some contacts the president and vice president had with Asian American fund-raisers now under federal investigation, documents released yesterday show.

In one case, a National Security Council official warned that a Democratic Party fund-raiser was "a hustler" trying to trade on his connections to President Clinton and Hillary Rodham Clinton, even presenting himself as a free-lance diplomat for the president. But White House aides allowed him into the Executive Mansion at least 10 more times.

The same NSC staff official also warned that a fund-raising event at a Buddhist temple should be viewed with "great, great caution," because organizers "may have a hidden agenda." The White House dispatched Vice President Gore to the 1996 event after deciding the concerns were unfounded.

The documents add to the picture of Democratic fund-raisers and donors appearing to exploit their White House ties.

The White House released the memos and electronic messages in response to questions from Sen. Richard C. Shelby (R-Ala.), chairman of the Select Committee on Intelligence, about the nomination of Anthony Lake as CIA director. Shelby has delayed Lake's confirmation hearing while he pursues Lake's record as head of the NSC staff, including contacts be-

See DNC, A18, Col. 3

DNC, From A1

tween the NSC and a number of Democratic Party fund-raisers and donors.

Lake replied that the NSC had very limited contacts with those Shelby asked about. White House officials, hopeful of getting Lake's nomination back on track, said the documents show that under national security adviser Lake the NSC staff worried about protecting the president, not political concerns.

New details about the Justice Department's investigation into campaign contributions also came to light yesterday. Law enforcement sources told The Washington Post that FBI agents are investigating whether the Chinese government tried to funnel money into the Democratic Party through fund-raisers John Huang and Charles Yah Lin Trie. Both men are friends of the president's. Together they raised more than \$1.8 million in contributions that have been returned because of questions about the sources of the funds.

The law enforcement sources also said the Justice Department's task force has asked the National Security Agency to scour its files for any leads from international telephone intercepts.

The newly released documents show that the White House consulted the NSC only sporadically about contacts the president had with foreigners tied to DNC fund-raisers or donors. In his letter to Shelby, Lake said the White House had "no formal process for vetting foreign nationals invited to the White House" in the past four years. Now, Lake said, the White House is implementing such a process.

A handful of individuals who have emerged as key figures in the campaign fund-raising inquiry show up in the documents released yesterday:

JOHNNY CHUNG

Chung set off alarm bells with some on the NSC staff when he decided in mid-1995 to portray himself in China as someone "sanctioned by President Clinton" to negotiate the release of Harry Wu, an American human rights activist jailed there on espionage charges. The DNC alerted the White House to Chung's venture, which passed on the information to the NSC.

In a memo to Lake, Robert L. Suettinger, director of the NSC's Asian affairs office, wrote that Chung conceivably could damage U.S.-China relations, "depending on what he says and how much credibility he has with Beijing." But by that time, Chung had already left for China, armed with a letter from DNC Chairman Donald L. Fowler thanking him for his support and commending him for efforts to "build a bridge" between the United States and China.

White House aides say Chung, a California entrepreneur, did his utmost to capitalize on his White House connection with a startling measure of success. Since early 1994, he has visited the White House at least 49 times, and contributed \$366,000 to the DNC.

The NSC staff first learned of him in March 1995, when Chung called Clinton's office to ask for photos taken at the president's Saturday radio address. According to an electronic message from one NSC official, Chung and six Chinese business executives were invited to the radio address at the last minute at the request of a DNC official. The president's aides allowed them to attend, "not knowing anything about them except that they were DNC contributors," the message said. The NSC official said Clinton now "wasn't sure

The Washington Post

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we'd want photos of him with these people circulating around."

Suettinger replied that he saw no danger in releasing the photos. He added: "And to the degree it motivates him to continue giving to the DNC, who am I to complain?"

But then he warned that he saw Chung as "a hustler" who was trying to impress his Chinese business friends with his access to the president and first lady. He said he also guessed that some of Chung's business ventures might not be ones "the president would support."

HSING YUN

Vice President Gore's office was told by an NSC staff official to proceed with "great, great caution" in deciding whether to attend what Gore's office explicitly described as a "fund-raising lunch" at a Buddhist temple in Los Angeles last year.

Gore aide John Norris messaged Suettinger last April to see if there would be any problem "from the perspective of U.S.-China relations" if the vice president attended an event for 150 people hosted in his honor by Taiwanese Buddhist Master Hsing Yun.

Suettinger quickly raised a red flag. "This is terra incognita to me," he messaged Norris. "Certainly from the perspective of Taiwan/China balancing, this would be clearly a Taiwan event, and would be seen as such. I guess my reaction would be one of great, great caution. They may have a hidden agenda."

Suettinger's warning now seems prescient. The DNC was forced to return some of the \$140,000 raised at the April 29, 1996, luncheon when one donor said the \$5,000 donation she made was not her own money. Questions were raised about the actual source of other contributions and the DNC was criticized for using a tax-exempt religious institution for political purposes.

Gore spokeswoman Lorraine Voles said yesterday that the vice president's national security adviser, Leon S. Fuerth, approved Gore's attendance at the event after getting further guidance from the NSC and the State Department. Gore's office told the DNC there should be no Taiwanese flags or symbols in evidence at the temple, nor should it be used as a forum for Taiwanese politics.

"We heeded that advice," Voles said.

Gore initially said he thought the event was a "community outreach" affair. More recently, Gore acknowledged that he knew the event was "finance related," but did not know it was a fundraiser.

MARK GROBMYER

The Little Rock lawyer and Clinton golfing companion traveled to Asia in search of business deals promoting himself to businessmen as a White House "liaison." The documents released yesterday show that as a self-styled international emissary he presumed to bring messages from foreign leaders to the White House and offered some early policy advice for the president on promoting international trade.

They show too that Grobmyer was not shy about asking for Clinton's help in promoting his own business interests. He was interested in lining up joint ventures between the Jakarta-based Lippo Group and U.S. companies, with help from the Commerce Department and financing from the U.S. Export-Import Bank, where a longtime

Little Rock associate, Maria L. Haley, is a director.

After returning in March 1993 from a trip to Indonesia, where he met with President Suharto, Grobmyer wrote to Clinton that Suharto wanted to address the Group of Seven economic conference of world leaders to "announce a new era of economic cooperation." Grobmyer told the president that he had already discussed Suharto's ideas with then-White House Chief of Staff Thomas F. "Mack" McLarty and NSC senior official Nancy Soderberg.

Grobmyer followed up that letter with a memo containing 16 suggestions for promoting U.S. trade abroad. The president should get U.S. car makers to provide free "demonstrators" to prominent foreign businessmen, he wrote, suggesting the Chrysler minivan would likely go over well in Asia.

"I must say that your friend, Mr. Mochtar Riady, who is president of the Asian Bankers Association, was of invaluable assistance to me, as was his son James," Grobmyer told Clinton, urging him to send the younger Riady a thank you letter, and even enclosing a draft. It began, "Dear James: I am pleased to hear of your work with Mark Grobmyer in Hong Kong and Indonesia."

Clinton sent the letter, referring to James Riady as a "treasured friend," but he dropped the reference to Grobmyer.

CHARLES YAH LIN TRIE

The newly released documents show the extent of the pull that Trie enjoyed at the White House. Clinton had a particular "soft spot" for Trie, one White House official said yesterday, dating to the days when Trie was a struggling Little Rock businessman with a Chinese restaurant near the governor's mansion.

Trie now runs an international trading company and promotes himself as someone with personal relationships with a number of government officials in China.

Using his influence with Democratic Party officials, Trie secured an invitation to a White House coffee for Wang Jun, the head of a prominent Chinese state-owned financial conglomerate and of a weapons trading company.

Clinton since has said he should not have met with Wang.

In a March 1996 letter released yesterday, Trie questioned Clinton about the U.S. decision to deploy two aircraft carriers to the Taiwan straits because the Chinese were test-firing missiles in the direction of Taiwan. The deployment escalated tensions between the United States and China.

Trie's letter warned that war with China might result.

His letter was conveyed to the White House by Trie's business partner, Mark Middleton, a former White House aide and Democratic fundraiser who used the White House mess to entertain business clients after he left.

Middleton noted on his transmittal letter that Trie was a friend of Clinton's and "a major supporter."

Clinton wrote Trie a personal letter, reviewed by Lake, assuring him the deployment was only meant to remind both Taiwan and China that the United States wanted peace in the region.

Staff writer Lena H. Sun contributed to this report.

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FUND-RAISERS UNDER FIRE



Trie

CHARLES YAH LIN TRIE

■ Trie, a former Little Rock restaurateur, raised hundreds of thousands of dollars for the Democratic Party during the 1996 campaign. Head of an export company, Trie last year escorted a Chinese arms merchant to a White House coffee, a meeting the president later deemed "inappropriate." The \$639,000 Trie raised for the Clintons' private legal defense fund was returned because the source would not be identified.



Yun

HSING YUN

■ Yun is a Taiwanese master of the Fo Kuang Shan monastic order and presides over 130 temples worldwide. Vice President Gore attended a DNC fundraiser at one of those, the Buddhist Hsi Lai Temple outside Los Angeles, in April 1996. The Democrats returned the \$140,000 raised at the event because religious organizations are generally prohibited from holding fund-raising events. A Hsi Lai Temple brochure describes Yun as an "informal liaison with the White House on Asian affairs."



Riady

JAMES T. RIADY

■ Riady's family runs the \$12 billion Lippo Group, an Indonesia-based conglomerate with real estate, insurance and investment holdings. Riady befriended Clinton in the 1970s when the Lippo Group joined interests with a Little Rock investment company and later bought controlling stock in a Little Rock bank. During the 1992 campaign, the Riady family and one of its American companies gave \$225,000 to the Democratic Party. Riady or members of his family have been to White House at least 15 times since 1993.



Huang

JOHN HUANG

■ Huang is the former chief of Lippo's U.S. operations and the focus of Democratic Party fund-raising investigations. Most of the \$3.4 million he raised in the 1996 election was returned because the donations were deemed inappropriate or from illegal foreign sources. He held a senior Commerce Department post before becoming a DNC fund-raiser.

JOHNNY CHUNG

■ Chung, a Taiwanese American from Torrance, Calif., escorted the chairman of a Chinese beer company seeking business in the United States to a White House Christmas party. Since 1994 Chung and his company, Automated Intelligent Systems, have given \$366,000 to the Democrats and he has visited the White House at least 49 times. To boost his business, he issued a brochure featuring photos of himself with Hillary Rodham Clinton and a handwritten note from her.

MARK GROBMYER

■ Grobmyer, a Little Rock lawyer and golfing friend of Clinton, formed an international trade company in 1993 and went with Riady to Indonesia and to the White House to meet with Clinton. Grobmyer solicited business for his company in Asia and Washington by passing out business cards that touted him as a liaison to the White House for a New York-based nonprofit foundation. He also arranged for the Riadys to contribute \$30,000 to the foundation.

PAULINE KANCHANALAK

■ With her relatives, Kanchanalak, a Thai businesswoman and lobbyist, contributed \$253,500 to the Democratic Party. The donations, solicited by Huang, were returned when it was concluded the money came from other sources. She founded the United States-Thai Business Council to promote trade and attended a White House coffee with Clinton the same day she contributed \$85,000. She escorted to the coffee a client who heads one of Asia's largest business empires.

The Washington Post

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Lake Says He Did Not Meet With Fund-Raising Principals

By Walter Pincus
Washington Post Staff Writer

CIA Director-designate Anthony Lake said he had not had meetings with any of the persons or companies who were linked to controversial Democratic fund-raising efforts and were the subject of questions posed to him by Senate Republicans.

Lake made the assertion in a letter released yesterday to Sen. Richard C. Shelby (R-Ala.), chairman of the Senate Select Committee on Intelligence. Shelby has twice delayed Lake's confirmation hearings, saying he was awaiting answers to questions to Lake about fund-raising and other matters arising while Lake was national security adviser during President Clinton's first term.

Lake's letter was released by the White House with documents that also showed that White House aides sidestepped or ignored warnings from Lake's National Security Council staff about some contacts the president and vice president had with Asian American fund-raisers now under federal investigation.

Shelby's committee had sent Lake a list of 38 individuals and companies that have been linked to foreign fund-raisers and asked about NSC



FILE PHOTO/ BY REGINALD PEARMAN—ASSOCIATED PRESS

ANTHONY LAKE

... answers senator's questions

contacts with them, including the nominee's knowledge of them.

"I am not aware of having met with any of the individuals listed," Lake wrote, "or with representatives of any of the listed entities."

"During the past four years, I have sought to keep the NSC staff and its work out of domestic and partisan politics—as I would in the

intelligence community," Lake wrote.

On Tuesday, Shelby announced he was delaying Lake's confirmation hearing until March 11, complaining he had not received answers to questions sent the nominee in mid-January. A spokesman for Shelby said yesterday that the senator was traveling in Alabama this weekend and would not comment on Lake's answers until he and his staff have had a chance to study them.

Sen. Bob Kerrey (Neb.), vice chairman of the intelligence panel and its ranking Democrat, said in a statement that he found "especially important Mr. Lake's denial of awareness of any meeting between himself and those involved in the controversy over political fund-raising."

Nevertheless, White House aides said they are concerned that Lake's nomination could become embroiled in the fund-raising controversy despite disclosure that the NSC staff raised cautionary flags about it.

White House press secretary Michael McCurry yesterday tried to separate Lake from the campaign fund controversy. "The fundamental import of some of these documents we've seen today," McCurry said, "is that we had at the National Security Council professional people . . . who

gave, I think, pretty good counsel that should have been more closely heeded."

When asked, McCurry said, "the National Security Council rendered not political advice, but good, sound counsel about foreign policy concerns . . . [and] did on occasion at least provide counsel that led to the canceling of events or led to certain things not happening."

The submission to Shelby's committee also included responses, which were not publicly released, to 24 other questions. They covered Lake's role in Iranian arms shipments to Bosnia's Muslims; his failure to sell energy stocks after being told to divest them to avoid a conflict of interest; China's export of missile parts to Pakistan; a delay in providing troop reinforcements to Somalia in 1993; an investment waiver provided Occidental Petroleum in Sudan; alleged Haitian human rights violations; sharing of intelligence with the United Nations; and Lake's plan to handle his own potential conflict in presenting intelligence in the future associated with his own past policy positions.

Many of Lake's answers paralleled what he has been saying publicly and privately to senators, a White House official said.

agle pilots, who currently fly the commuter line's turboprop airplanes and earn on average \$35,000 a year.

The Allied Pilots Association fears that American will use the lower-cost commuter planes on American Airlines routes, thus displacing its members. American Airlines, however, claims it can't accede to the Allied Pilots' demand without eroding its competitiveness.

One older American pilot in Dallas, who asked that he not be identified, said he voted for the last contract proposal. But he said the commuter jet issue is more of a long-term threat to junior pilots.

"The younger ones are saying, 'By opening the door and giving American Eagle the regional jets, you're opening the door to eliminate our jobs.'"

Clinton Endorses Adoption Incentives (Washn) By Marlene Cimons (c) 1997, Los Angeles Times

WASHINGTON President Clinton Friday endorsed incentives designed to encourage states to move children more quickly from foster-care settings into permanent adoptive homes.

Clinton, surrounded by adoptive families and children waiting to be adopted, said that no children should be deprived of a permanent family "even one day longer than necessary."

He added: "We know that our children's fundamental well-being depends upon safety and stability. Without these, children have a very hard time in this complicated, challenging world of ours." Clinton accepted an administration report that outlines budgetary and legislative proposals to meet a goal of doubling to 54,000 a year by 2002 the number of children who are adopted out of the foster care system.

Nearly half a million American children are in foster care at any given time, some for as long as several years.

Many children are placed in foster care because of an isolated instance of abuse or a sudden crisis in the family, and are returned to their biological families within several months. But about one-fifth of those in foster care never are returned to their original families.

Experts believe that the longer a child remains in foster care often while the child welfare system is attempting to improve the situation of the birth family the greater the potential for long-term emotional and behavioral damage to the child.

Clinton's budget would provide \$10 million a year for the next three years to help state agencies, courts and communities devise ways to speed the transition from foster care to adoption. An additional \$10 million would be available in the form of competitive grants designed to prompt states "to develop model strategies for moving children from foster homes to permanent families."

Clinton also said he will propose legislation to award bonuses to states for every child who is adopted above the previous year's total, "with even larger bonuses when the child has special needs," he said.

Adoption and children's advocates praised Clinton, who has made adoption promotion a major goal of his second term. Recently, a new law took effect allowing families earning less than \$115,000 an adoption tax credit of up to \$5,000.

The administration's proposal would shorten from 18 months to a year the time foster care children must wait for a first hearing on permanent placement.

On the controversial subject of biracial adoptions, Clinton pledged to "redouble our efforts to make sure no child of one race is deprived of a loving home when a family of another race is prepared to give it. That is illegal and wrong, and often hurts our very neediest children."

A bipartisan measure expected to be introduced in the House by Reps. Dave Camp, R-Mich., and Barbara Kennelly, D-Conn., would take

a similar approach to hastening adoption hearings. It also would help states locate birth fathers to tell them their parental rights are being terminated.

Documents Backing Lake Raise Questions About Gore (Washn) By James Risen and Sara Fritz (c) 1997, Los Angeles Times

2/15/97

WASHINGTON The National Security Council released 165 pages of internal documents Friday related to the campaign fund-raising controversy in hopes of salvaging Anthony Lake's chances of winning Senate confirmation as CIA director. Yet the same documents raised new questions about Vice President Al Gore's role in the affair.

The documents detail attempts by Lake's staff at the NSC to prevent interference by several Democratic donors in administration foreign policy matters. They include warnings to Gore's staff against participating in a political fund-raiser at a Buddhist temple in Hacienda Heights, Calif., that Democratic party officials later acknowledged was inappropriate. Gore's staff has insisted he did not fully understand what the event was at the time.

They also show that one of President Clinton's friends former Little Rock, Ark., restaurateur and major campaign donor Yah Lin "Charlie" Trie tried to offer the White House advice on U.S.-China relations, including U.S. naval maneuvers off of China.

The NSC documents were made public by the White House after they were turned over to the Senate Select Committee on Intelligence, which is reviewing Lake's tenure as national security adviser in considering his fitness to be intelligence director. The panel had requested information on contacts between the NSC and 38 individuals and companies identified in the Democratic campaign fund-raising controversy.

Sen. Richard Shelby, R-Ala., the intelligence committee's chairman, has twice postponed Lake's hearings, complaining the White House has failed to answer questions about Lake and the council's actions.

Included among the documents is a letter from Lake to the committee stating he never met with any of the controversial campaign donors who have surfaced in the scandal, and administration officials argued that the NSC documents show that he deserves no blame in the scandal, which involves allegations of undue access by some donors to the U.S. foreign policy apparatus.

In addition, officials argue that the documents underscore that the NSC "consistently gave professional foreign policy advice" whenever asked by the White House about individual donors.

Yet a senior administration official acknowledged that the documents show that neither the White House nor the NSC ever developed a system of reviewing foreign-linked donors who wanted to meet with the president or vice president, give policy advice or who sought the White House's blessing for their actions in foreign countries. The administration official conceded such checks were made on a "hit-and-miss" basis.

Presidential spokesman Mike McCurry also conceded that the White House should have followed the NSC's warnings on persons and events mentioned in the documents. The NSC staff gave "pretty good counsel that should have been more closely heeded," McCurry said.

The NSC documents reveal that one of the NSC's leading Asia experts warned Gore's staff that his planned visit to the Hsi Lai Temple in Hacienda Heights last April 29 could be a bad idea, but Gore aides decided he could attend the fund-raising lunch anyway. The event has since become a controversy.

The NSC official, Robert L. Suettinger, warned before the event that its sponsors "may have a hidden agenda."

"Certainly from the perspective of Taiwan/China balancing, this would be clearly a Taiwan event, and would be seen as such," Suettinger warned in an internal White House memo only days before the event, which raised \$140,000 for the Democratic Party. Gore's staff should use "great, great caution" to avoid damaging relations with Beijing, Suettinger added.

Gore spokeswoman Lorraine Voles said the State Department "provided specific conditions for the event," including a request that no Taiwan flags be displayed and no Taiwan politicians publicize the visit.

"After consultations with State and the NSC, the vice president's national security adviser posed no objection to the event from a foreign policy standpoint," Voles said.

Since then, questions have emerged about the true source of some of the money collected and about the propriety of raising funds at a religious institution.

The documents also show that Gore's staff was aware the event was "a fund-raiser" despite Gore's later insistence he thought it was to build goodwill in the community.

Said Voles Friday, "The vice president was not aware that the event was a fund-raiser. Some members of our staff believed the April 29 event was a fund-raiser. Others did not. The senior political staff traveling with the vice president did not know."

Ronald Nessim, the new Los Angeles attorney for the temple, Friday defended the temple's involvement in the incident. He said that "I think that the investigation in Washington will show that the temple and its clergy did nothing improper. These people are unsophisticated in the ways of American politics and the Gore event was merely a way to acknowledge their longstanding friendship with the vice president." As a senator, Gore had visited the group's headquarters temple in Taiwan.

Among the other NSC documents made public Friday was a letter the president received last April from his old friend, Trie, the former Little Rock restaurant owner, warning Clinton that his decision to send aircraft carriers into the Taiwan Strait might provoke war with China. Clinton ordered the action after China began missile tests near Taiwan.

The letter is the first evidence that Trie, a Taiwan native with business interests in Beijing, sought to use his friendship with the president to influence U.S. policy toward China.

Trie has sold his Little Rock restaurant and has entered the world of international trade, brokering deals between Chinese and American companies.

Trie was responsible for collecting \$460,000 in donations to the president's legal defense fund, which were later returned because of questions about the source of the money.

In his letter, Trie demanded to know "why U.S. has to send the aircraft carriers and cruisers to give China a possible excuse of foreign intervention and hence launch a real war?" If the United States were truly committed to a "one China" policy, he added, it would see that such a move was the equivalent to intervening in China's internal affairs.

White House internal memoranda show that Trie's letter, which was forwarded to the White House by Mark Middleton, a former presidential aide who also now works as an international deal maker, was read with skepticism by Lake and other NSC officials. One aide described the letter as "rather provocative."

2/13/97

White House Grants Access to Businessman With China Agenda (Washn) By Glenn F. Bunting and Ralph Frammolino (c) 1997, Los Angeles Times

WASHINGTON Despite strong warnings from national security officials, the Clinton administration provided extraordinary access to a Torrance, Calif., fax machine dealer who used the White House to ingratiate himself with Chinese government officials and Asian clients, internal records released Friday show.

Johnny Chien Chuen Chung, a Taiwanese-American entrepreneur who donated \$366,000 to the Democratic National Committee during last year's election campaign, traveled to China in 1995 with a letter from the DNC, saying he intended to win the freedom of dissident Harry Wu. The year before, he went to Taiwan carrying a personal letter of endorsement from Clinton, the records indicate.

Chung was permitted to escort dozens of Chinese guests through the White House making at least six visits after administration officials cautioned that he was using his connections to strike questionable business deals overseas.

"I think he should be treated with a pinch of suspicion," Robert L. Suettinger, a National Security Council expert on Asian affairs wrote in April 1995. "My impression is that he's a hustler, and appears to be involved in setting up some kind of consulting operation that will thrive by bringing Chinese entrepreneurs into town for exposure to high-level U.S. officials."

Chung's case illustrates how far the Clinton administration sometimes went to cater to large campaign donors, even when a donor's motives or intentions might be suspect. The Democrats' fund-raising operation, which raised \$120 million last year, is under investigation by the Justice Department. Investigators are probing reports that the Chinese government may have sought to direct illegal foreign contributions to the Democratic Party.

The Los Angeles Times disclosed in November that Chung made at least 49 visits to the White House, often bringing prominent Chinese guests, between early 1994 and June of last year. Chung often flashed a thick portfolio including a dozen photos of him with the president and first lady in his sales pitch to clients interested in his fax system business.

Administration and DNC officials acknowledged once again Friday that they failed to initiate any background checks or screen donors who were referred to the White House to pose for photographs or sip coffee with the president.

"We've instituted new vetting procedures to ensure that only appropriate individuals are included in events with the president in the

future," said White House spokesman Lanny Davis.

As for Chung himself, White House press secretary Mike McCurry said: "You're not going to see him around here anytime soon."

The Torrance businessman was included among 51 prominent figures and corporations that were issued subpoenas this week by the Senate Government Affairs Committee.

Chung could not be reached Friday at his business or residence. In November, Chung said in a statement to The Times that his donations were entirely proper and that he had not received any favored treatment.

"While I am honored and privileged to have met the president and various officials, neither I nor my company have received any preferential treatment from the White House or any government official merely occasional words of encouragement."

The internal records released by the White House Friday consisted of documents submitted to the Senate Intelligence Committee in connection with the nomination of Anthony Lake, Clinton's national security adviser, to be CIA director. Committee members have expressed concerns about possible contacts between donors and officials of the National Security Council.

The documents show that Chung took advantage of the numerous invitations he received to White House events and of other opportunities at fund-raising dinners to introduce Chinese associates to Clinton.

In March 1995, Chung brought four Chinese government officials and a young entrepreneur into the Oval Office to attend Clinton's live weekly radio address. The group presented Clinton a carved piece of jade on behalf of Chung.

Clinton, according to White House officials, expressed reservations about Chung's guests and whether the photos taken with the group might later prove embarrassing. They were ushered into the Oval Office at the request of Chung and the DNC without any clearance by White House officials.

Afterward, a White House aide wrote to a NSC official: "... Give me your advice on whether we want these photos floating around? (FYI these people are major DNC contributors and if we can give them the photos, the president's office would like to do so)."

White House officials said the photos were not released to the group.

In October 1994, Chung received a personal note from Clinton that he apparently used to impress potential clients and government officials on his travels to Taiwan, the records indicate.

"I want to express to you how essential your role has been in helping to bridge our country's diverse communities," Clinton wrote to Chung. "Your efforts to open lines of communication between our administration and the Taiwanese American community are much appreciated."

Chung requested another "credential letter" from the president in July 1995 for a trip to China, during which he hoped to negotiate the release of Wu.

"Mr. Chung plans to represent to the president of China that he is sanctioned by President Clinton in his efforts to get Mr. Wu released," White House official Janice Enright wrote to Lake. She added that Chung mentioned his China mission to Clinton during a brief conversation in California and that according to Chung, "... the president was supportive."

Wu has been one of the most vocal critics of China's Communist regime, which imprisoned him in a labor camp for 19 years before he was allowed to immigrate to the San Francisco area. He was arrested again in June 1995, sparking an international outcry and heightening U.S.-Chinese tensions.

The notion of Chung, a 41-year-old, one-time engineering student who has left a trail of closed companies, creditors and lawsuits in recent years, conducting sensitive negotiations with Chinese government officials set off alarms at the National Security Council. Clinton, acting on the advice of NSC officials, declined to issue a credential letter to him.

But Chung, who acquaintances describe as "gregarious" and "outgoing," turned to the Democratic National Committee and got a favorable letter. It marked the second time in four months that DNC Chairman Donald L. Fowler had issued such a note to Chung.

Papers detail Asian influence

White House ignored warnings from NSC

By Warren P. Strobel
THE WASHINGTON TIMES

A1

ASIAN

From page A1

Some Asian-American donors to President Clinton and the Democratic Party repeatedly tried to reap rewards from their access to the president, shape U.S. foreign policy and even engage in free-lance diplomacy, White House records show.

But despite numerous warnings from National Security Adviser Anthony Lake and his staff, the Clinton administration's desire to maintain good relations with major donors overrode foreign policy concerns, the documents show.

The records show, for instance, that Mr. Lake had advised Vice President Al Gore's office to exercise "great caution" at a now-infamous fund-raiser at a Buddhist temple because the event might be seen as being pro-Taiwan.

In perhaps the most dramatic instance, a high-level delegation of Chinese industrialists was allowed

to attend a taping of the president's weekly radio address at the urging of Democratic contributor Johnny Chung, who had prevailed upon Democratic National Committee Chairman Donald L. Fowler.

When Mr. Chung informed the White House he was returning to pick up official pictures of the March 1995 event, a panicked exchange of memos ensued.

The president's office allowed the delegation in, "not knowing anything about them except that they were DNC contributors," a White House aide wrote, seeking advice. "It turns out they are various Chinese gurus and the [president] wasn't sure we'd want photos of him with these people circulating around."

"The joys of balancing foreign policy considerations against domestic politics," responded Robert Suettinger, an aide in the NSC's Asia directorate. "I don't see any lasting damage to U.S. foreign policy from giving Johnny Chung the pictures. And to the degree it motivates him to continue contributing to the DNC, who am I to complain?"

But he also warned that Mr. Chung, who contributed \$366,000 to the Democrats, was "a hustler" who was trying to turn his high-level U.S. government contacts into business opportunities.

see ASIAN, page A6

The records were sent to the Senate Intelligence Committee late Thursday and released yesterday in an effort to buttress Mr. Clinton's nomination of Mr. Lake, who served as national security adviser during Mr. Clinton's first term, to head the CIA.

In written answers to the panel's inquiries about NSC involvement with 38 individuals and companies that are part of the fund-raising investigation, Mr. Lake said the NSC was sometimes asked to give an opinion on whether the president should meet with a foreign person.

He said in that capacity, the council would "give our views on whether there were foreign policy implications to a meeting."

The White House had no formal process for screening foreign nationals invited to the complex, an oversight that has now been ordered changed by Chief of Staff Erskine Bowles, Mr. Lake said yesterday.

White House Press Secretary Michael McCurry said yesterday the pictures were never given to Mr. Chung. "You're not going to see him around here any time soon," he said of Mr. Chung.

The documents made public yesterday were part of the White House's answer to questions about Mr. Lake posed by Intelligence Committee Chairman Richard C. Shelby, Alabama Republican.

Mr. Shelby on Monday postponed hearings on the Lake nomination for the second time, until March 11, citing in part reports of meetings between NSC staff members and those named in the fund-raising flap.

Laura Cox, a spokeswoman for Mr. Shelby, said committee members were reviewing the documents and would have no immediate comment.

Among the questionable visitors to Mr. Clinton revealed over the past few months are Chinese arms dealer Wan Jung and Grigori Loutchansky, the head of a Russian firm tied to criminal activity.

White House officials said the documents prove their position that the NSC was not involved in domestic politics, and that, while campaign contributors might have tried, they did not influence U.S. foreign policy.

The documents "underscore what we've been saying all along, in that the NSC always just gave professional foreign policy ad-

vice," a senior White House official said.

Among them is a letter from Charles Yah Lin Trie, a Little Rock restaurateur and longtime Clinton supporter, to the president, taking issue with his decision to send U.S. aircraft carriers through the Taiwan straits during a China-Taiwan crisis last March.

Mr. Trie protested that the move could lead to confrontation with Beijing.

The president wrote back reiterating U.S. policy and saying that the movement of ships "was not intended as a threat" to mainland China.

Mr. Trie gathered more than \$600,000 in donations to Mr. Clinton's legal defense fund. That money was returned after questions rose about its origin.

His name surfaces frequently in the documents. On April 13, 1993, soon after Mr. Clinton's first election, Mr. Trie tried to get a photo opportunity with the president for a group of Chinese officials, including the governor of Ji Lin province, whose U.S. visit he was promoting.

The NSC disapproved of the request for protocol reasons — a high-ranking Chinese vice minister was due in Washington a week later — and the delegation met with a lesser U.S. official.

Other instances the documents show of Asian-American contributors seeking to ingratiate themselves with Mr. Clinton include:

- Mr. Chung's attempt to parlay a brief handshake with the president into his blessing for a mission to Beijing to negotiate the release of Chinese human rights activist Harry Wu.

"No one in the administration has any idea of what he plans to say on the subject of Harry Wu, and I doubt the president did more than shake his hand in a receiving line," a worried Mr. Suettinger, the NSC aide, wrote in a July 31, 1995, memo after Mr. Chung requested a presidential letter to take to China.

Mr. Chung "could conceivably do damage, depending on what he says and how much credibility he carries with Beijing," the staffer wrote, noting that Mr. Chung had by that time already left for China.

- Attempts by Mr. Trie and DNC fund-raiser John Huang to get the president to attend, respectively, an Asian-Pacific American tribute to retiring Sen. Paul Simon, Illinois Democrat, and a meeting of the "Committee of 100" prominent Chinese-Americans. The White House declined both invitations.

The Washington Times

SATURDAY, FEBRUARY 15, 1997

The world's richest coffee

WA Times 2/15/97

How do you take your coffee? At the White House, they take it with lots and lots of cash. It's an acquired taste, to be sure, but so rich that this White House quickly found itself addicted.

In an interview with Michael Kranish of the Boston Globe, former Democratic National Committee Chairman Donald Fowler acknowledged as much. The DNC, he said, routinely hit up for cash the business types who had attended the now infamous White House coffees with President Clinton. "Somebody would call them and ask them," Mr. Fowler said. "One would be naive to say that the call was purely coincidental." Very naive.

As it happens, fundraising at the White House is illegal. Mr. Fowler says the White House didn't cross the line because nobody actually solicited the donors at the White House. White House officials adopted a similar spin. "While we are not aware of a program at the DNC to solicit attendees for contributions after the coffees," said White House special counsel Lanny Davis, "if the DNC did in fact follow up on some occasions to solicit support, including financial support, that would be neither surprising nor inappropriate." There was no requirement that any coffee drinker pay up afterward, in other words.

Mr. Kranish reports that the DNC had originally hoped to bring in a lot of money from small donors. It

did. Some 1 million small donors actually contribute about \$26 million. The problem was that some 4 percent of those funds went to cover the cost of the solicitations.

From the 358 people who attended the coffee; however, the DNC raised \$27 million. And with none of the overhead associated with direct mail. Thus, the coffees were a "crucial element" of Democratic fundraising, reports Mr. Kranish. Mr. Fowler did not dispute it. "We never tried to mask that these coffees were sponsored in one way or another by the Democratic Party," he said. "These coffees were just part of a larger program."

Mr. Davis says the White House didn't know that. Really? Did Mr. Clinton not know his guests would be hearing from DNC fundraisers later?

The larger question of campaign-finance reform is also at issue here. Given the apparent ease with which the DNC worked its way around — or believed it worked around — laws prohibiting White House fundraising, it is hard to see how simply passing a new round of prohibitions can rein in the kind of access peddling that was going on at 1600 Pennsylvania Ave. With so much at stake, donors are going to find a way to donate, and the less principled are going to find a way to take. This White House has made that much clear.

The trials of Billy Dale

Finally — some sort of justice for former White House Travel Office director Billy R. Dale. Four years ago, Mr. Dale — along with six other long-time loyal employees — was summarily fired as a favor to Clinton financial backer Harry Thomason, who wanted White House travel business for his own and his cronies' aviation businesses. According to contemporaneous memos written by the White House administrator who did the actual firings, the force behind the move was Hillary Clinton (and her sworn denials of any involvement are under perjury investigation by Whitewater independent counsel Kenneth W. Starr.)

Quite apart from the unjust firing, and then a public smearing of his character by White House spokesmen, Mr. Dale was subjected to a two-year embezzlement prosecution based entirely on phony charges cooked up by Harry Thomason to bolster his case for taking over the travel office. Though the prosecution

ended in acquittal — after less than two hours of jury deliberations — Mr. Dale ended up with an enormous legal bill.

Legislation introduced in Congress to reimburse him from government funds was stymied by Democrats who wanted to spare their president the embarrassment of an official acknowledgement of the injustice committed against Billy Dale. But it finally slipped through once public attention had decreased and this week the Treasury Department said it had paid \$410,000 of Mr. Dale's bill, and another \$90,000 to his six colleagues for their legal fees.

No amount of money, of course, can possibly make up for the ordeal the Clintons put Mr. Dale through. But he is a man of modest means (unlike Mr. Thomason, who is a millionaire), and it's only right that the Clinton administration should relieve him of the financial burden he incurred through absolutely no fault of his own.

Clinton Presidential Records Digital Records Marker

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Divider Title: Feb. 14, 1997

China's link to fund-raising probed

Lawmakers again call for special counsel

By Judy Keen and Judi Hasson
USA TODAY

Revelations that China's government may have tried to orchestrate illegal donations to the Democratic National Committee prompted renewed calls Thursday for appointment of an independent counsel.

The *Washington Post* reported that the Chinese Embassy in Washington may have been used to direct contributions from foreign sources to DNC campaign funds.

The report, which said the controversy includes "a foreign counterintelligence component," quickly elevated the intensity of congressional probes of Democratic fund-raising.

Rep. Gerald Solomon, R-N.Y., said Thursday that he believes fired DNC fund-raiser and former Commerce Department official John Huang was the link to Chinese officials in Washington.

"He is evidently the one from all of the evidence that we have," said Solomon, chairman of the House Rules Committee.

Solomon asked for and received phone records and calendars from the Commerce Department showing that Huang contacted the Lippo Group and the Chinese Embassy after receiving classified intelligence reports. Lippo is an Indonesian conglomerate with extensive business interests in China; Huang is a former Lippo employee.

"It's obvious that this has gone beyond allegations," Solomon said. He said he gave the information to the Justice Department and the FBI. John Keeney, Huang's lawyer, had no comment on Thursday.

Last month, Solomon asked FBI Director Louis Freeh to investigate Huang and Lippo. Solomon asked that the probe include "potential economic espionage" by "a foreign corporation having direct ties" to China.

Official Washington was rocked by the idea that China's Communist government might have funneled contributions that had a major effect on last year's election.

"It's hard to find a word to describe it: incredible, mind-boggling," said Sen. Arlen Specter, R-Pa., a member of the panel preparing for hearings on Democratic fund-raising.

The Chinese Embassy denied doing anything improper.

President Clinton called the alle-



White House response: At a briefing with Israeli leader Benjamin Netanyahu on Thursday, President Clinton calls the allegations involving China 'very serious.'



Huang: Ties to China under investigation



Trie: Took Chinese arms dealer to White House

gation "very serious."

"It would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties for any reason whatsoever. So I think we have to let the investigation proceed," he said Thursday.

Solomon, Sen. John McCain, R-Ariz., and Rep. Frank Wolf, R-Va., called on Attorney General Janet Reno to name an independent counsel, an official who would not be part of the Clinton administration, to investigate the charges.

McCain, whose two earlier requests for an independent counsel to investigate campaign finance abuses were rejected, said he was "not surprised by these revelations nor will I be surprised by future revelations."

Deputy Attorney General Jamie Gorelick said Thursday that Justice Department investigators have not turned up evidence to merit naming an independent counsel.

"If (the task force) finds any information that would lead it to believe there should be an independent counsel, they are to bring it to our attention immediately," Gorelick said. "That has not occurred."

It was not clear, however, whether there will be an expansion of Justice's special investigative unit now probing campaign fund-raising. Twenty-five FBI agents are assigned to the unit. Officials would not discuss specific aspects of the probe.

China's government is intensely interested in American politics. It sees the United States as a ripe market for its emerging economy, even though there are serious trade and human rights issues to resolve.

"There is a consensus in the Chinese leadership that America is the long-term strategic adversary," said Ross Munro, author of *The Coming Conflict with China*. "The idea that there is a 'war room' in the (Chinese) Embassy doesn't surprise me."

On May 26, 1994, Clinton announced that he would extend China's favorable trade status despite its unsatisfactory human rights record.

Huang was born in China and raised in Taiwan. While working at the Commerce Department, Huang attended intelligence briefings and saw intelligence reports about China.

The Senate Governmental Affairs Committee is investigating Huang's security clearance at the Commerce Department. It wants to know how he got top-secret status and kept it after leaving to work at the DNC.

Another key player in the fund-raising controversy also has links to the People's Republic of China.

Arkansas businessman Charles Trie used his influence to bring Wang Jun, an arms dealer for China's government, to a White House coffee with Clinton. Trie delivered \$640,000 in contributions to the president's legal defense fund last spring. The money was returned later because of concerns about its origins.

The House Government Reform and Oversight Committee expanded its subpoenas of Huang and Trie on Thursday. The panel added requests for documents relating to China.

The Senate committee voted Thursday to issue subpoenas for records of the Lippo Group and 10 related corporate entities. Among other things, the panel wants information about the phone calls that Huang made to the Lippo Group while at the Commerce Department.

Contributing: Kevin Johnson and Barbara Slavin

USA TODAY

FRIDAY, FEBRUARY 14, 1997

**GELES TIMES (first-edition)
or Valentine's Day 1997:**

page:

Col 1: Once known as the Hermit Kingdom, happy to shut out the world as the yangban ruling elite dallied over tea and mused over Chinese classics, South Korea has developed a world-class economy faster than any other country in Asia. (KOREA-IMPORTS, moving Friday).

Cols 2-4: As a world of sleepless astronomers holds its breath, two spacewalking astronauts prepare to start an exacting orbital housecall on the \$2 billion Hubble Space Telescope, culminating two years of painstaking rehearsals for one of the most demanding tasks in NASA's manned space program. (with art). (SHUTTLE-TIMES, moved).

Cols 5-6: The U.S. travel system braces for chaos as American Airlines' pilots prepare to strike, a walkout that would force the carrier to ground a 640-plane fleet that carries nearly a fifth of the nation's air passengers daily. (AMERICAN-TIMES, moved).

Above fold:

Col 6: Feature on local jail work-release program.

Below fold:

Cols 2-3: With partisan tensions boiling over, the Senate panel probing fund-raising improprieties during the last presidential campaign agrees to issue 51 subpoenas seeking documents and phone records from most of the prominent players and corporations tied to the growing scandal. (DONATE, moved).

Col 6: With the convicted killer on his death bed, Martin Luther King Jr.'s widow and four children stand together for the first time to urge that James Earl Ray be granted a trial. (KING, moved).

Bottom of page:

Cols 1-2: The House votes to release \$385 million in international family planning funds in the first abortion-related vote of the new Congress, handing abortion foes a rare legislative defeat. (ABORTION-TIMES, moved).

Cols 3-4: Local feature on Valentine's Day.

Col 6: Many a critic would insist that California Gov. Pete Wilson's passion, at least publicly, is limited to politics, but he climbs on a stage, sits beneath a spotlight and gently romances his beloved for nearly two hours in front of 275 people (WILSON, moved).

**Clinton Responds to Report of China's Attempt to
Funnel Funds(Washn) By Marc Lacey 2/14/97
(c) 1997, Los Angeles Times**

WASHINGTON As a Senate panel approved a ream of new subpoenas in the growing fund-raising scandal, President Clinton said Thursday he considered a report that the Chinese government may have sought to direct foreign contributions to the Democratic Party "a very serious matter."

The report in Wednesday's Washington Post, citing unidentified sources, said that "sensitive intelligence information," some of which was obtained through electronic eavesdropping, indicated that the Chinese Embassy in Washington was used for planning contributions to the Democratic National Committee before the 1996 presidential campaign.

"Obviously it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties, for any reason whatever," Clinton said at a news conference. "So I think we just have to let the investigation proceed. And we should all support it in every way we can. It has to be vigorous, and it has to be thorough."

On Capitol Hill, there were renewed calls for Attorney General Janet Reno to name an independent counsel to look into fund-raising improprieties. But Deputy Attorney General Jamie Gorelick said the Justice Department, which currently is conducting the criminal inquiry, has not determined that there is proper cause for such a move.

The allegations about China came as the Senate committee preparing to probe fund-raising abuses agreed to issue 51 subpoenas seeking documents and phone records from most of the prominent figures and corporations tied to the growing controversy.

While not targeting the White House itself, the requests for documents by the Senate Governmental Affairs Committee focused on Democratic contributors and fund-raisers, associates of Clinton, a Los Angeles-area Buddhist temple visited by Vice President Gore and several government agencies. A subpoena seeking information from Clinton's legal defense fund was temporarily withheld amid Democrats' objections.

Showing the huge scope of the committee's planned inquiry, the subpoenas that federal marshals will begin serving Friday seek corporate records from close to two dozen companies, as well as telephone company logs and personal documents from key figures such as Thai businesswoman and Democratic donor Pauline Kanchanalak, Little Rock restaurateur and Clinton friend Charlie Trie, former White House aide Mark E. Middleton, and James C. Wood Jr., the former American envoy to Taiwan.

The list also includes a number of U.S. companies connected to the Lippo Group, the multi-billion-dollar Indonesian conglomerate that once employed DNC fund-raiser John Huang.

Senate Democrats reluctantly went along with most of the subpoenas, which center on the influence of Asian contributors on the White House. But Sen. John Glenn of Ohio and other Democrats raised questions about the supposed bipartisan nature of the probe, noting that just two of the document requests focused on possible Republican wrongdoing.

In a sign of the partisan warring expected to come, Democratic aides said they would compile their own subpoena targets and suggested that they might include House Speaker Newt Gingrich, R-Ga., who was sanctioned by the House last month for his use of tax-exempt foundations.

"I'm aware that you can pretty much do what you want," said Glenn, noting the Republicans' 9-7 majority on the committee. "We'll be out combing the bushes to see what we can find to balance what we see as an unfair representation at the start."

Subpoenas that were not issued immediately included one aimed at the president's legal defense fund and others targeting the presidential campaigns of Bill Clinton and Bob Dole, the Democratic National Committee and Republican National Committee. Aides said some of those will likely be sent out in the coming weeks after consultations between the Republican and Democratic staffers.

The nine subpoenas opposed by Democrats included requests for documents from the departments of Commerce and State.

One objection from the Democrats was the inclusion of former Commerce Secretary Ron Brown's name in the Commerce Department subpoena. Sen. Robert Torricelli said it would be "unseemly" to include the name of Brown, who perished last year during a trade mission when his plane crashed near Dubrovnik, Croatia.

Unlike the separate probe by the House Government Reform and Oversight Committee, which issued four subpoenas Tuesday after figures refused to voluntarily submit documents, the Senate panel is

moving forward with the legally binding subpoenas from the start.

And committee aides made clear that the subpoenas going out this week are just the opening salvo in an investigation that will extend at least until year's end.

Administration Won't Disclose Tax-Exempt Group Contributors (Washn) By David Willman

(c) 1997, Los Angeles Times 2/14/97

WASHINGTON Administration officials are declining to make public the names of more than 40 top contributors to a tax-exempt group who were honored by President Clinton at an intimate White House dinner last summer.

A spokesman for the president said Thursday the White House counsel's office is not providing the list out of deference to the contributors' privacy.

The dinner guests included 40 or more of the top donors to Vote Now '96, a tax-exempt group that specialized in registering, and in encouraging to vote, blacks and other groups traditionally loyal to Democratic candidates.

The Los Angeles Times reported last Saturday that the Democratic National Committee regularly referred contributors to Vote Now '96 during Clinton's re-election campaign. The president's top aide for the re-election, then-Deputy White House Chief of Staff Harold M. Ickes, also has acknowledged he sent prospective contributors to Vote Now '96.

By giving to a tax-exempt group such as Vote Now '96, supporters of the president would have been able to donate in a way that averted the disclosure required for direct contributions to Clinton's campaign or to the Democratic National Committee. Contributing to Vote Now '96 also qualified them unlike donors to a political party or campaign for a charitable tax deduction.

Leaders of groups calling for accountability and change in the nation's campaign-finance system criticized the White House's refusal to identify who attended the dinner, held on July 12, 1996, in the White House Blue Room.

"Withholding the list makes you wonder what they're trying to hide," said Ellen S. Miller, executive director of Public Campaign, a nonpartisan reform group. "One of the basic tenets of the campaign finance system is disclosure. Hiding the names of contributors in any area of politics is an affront to the public's right to know."

Bill Hogan, a spokesman for the nonpartisan Center for Public Integrity, said Thursday there can be no legitimate reason for the White House to withhold the names of those who attended the dinner that honored Vote Now's contributors. Hogan noted that the White House routinely discloses the names of people who attend official banquets at the executive mansion.

"I don't see under what rationale they can withhold this list," Hogan said. "What is there to hide? They will do more damage to themselves by trying to hide, and cover up, than by coming clean right away."

The chairman of Vote Now '96, Hugh A. Westbrook, and the group's executive director, Gary Barron, have long-standing ties to Democratic politics.

Westbrook has been a major party contributor, and he chaired the Democratic Senatorial Campaign Committee from 1993-1994; Barron served as deputy finance director of the Democratic National Committee through Clinton's 1992 campaign for the presidency, and also has been a contributor.

Both Westbrook and Barron have insisted the efforts of Vote Now '96 were nonpartisan and independent of the Democratic Party.

The tax-exempt status of Vote Now '96 would be jeopardized by operations that were coordinated with the party.

Clinton Defends His Nominee to Head CIA (Washn) By Elizabeth Shogren and Norman Kempster

(c) 1997, Los Angeles Times 2/14/97

WASHINGTON President Clinton, reacting to growing reservations among Republicans, gave an unsolicited defense of his nominee for CIA director, Anthony Lake, and called on the Senate to move ahead with confirmation hearings.

"We've now answered all the questions that we've been asked" about Lake's qualifications, Clinton volunteered at the end of a news conference with Israeli Prime Minister Benjamin Netanyahu. "I think he ought to be given a hearing and a vote."

Clinton was referring to the answers to 25 questions about Lake posed by Sen. Richard Shelby, R-Ala., chairman of the Senate Select Committee, which has jurisdiction over the confirmation process for

Lake.

At the time Clinton spoke, however, the answers had not been delivered to the committee, but White House officials say they would be sent to the Hill late Thursday.

Although several members of Clinton's cabinet have already confirmed, the Senate has twice delayed hearings on Lake's nomination because of questions about his activities as national security advisor to Clinton during his first term.

Last week, the Justice Department cleared Lake of any potential criminal charges stemming from his personal stock dealings and his testimony to Congress about Iranian arms shipments to Bosnia.

Nonetheless, Shelby again postponed Lake's hearing Tuesday, saying that the Justice Department ruling did not satisfy his questions on those issues and complaining that the White House still owed answers on an array of other issues. Some questions concern contacts between a senior member of his National Security Council staff and a Thai businesswoman enmeshed in the Democratic campaign donations scandal.

Clinton's comments about Lake were part of a White House campaign to show continued and enthusiastic support for his nomination.

The president said he wanted "to remind everybody it was Tony Lake who came up with the strategy that we implemented to end the bloodiest war in Europe since World War II (in Bosnia). He was a terrific success as the national security advisor to the president. ... He fully understands intelligence operations. He is superbly qualified. If someone has some reason to oppose him let them oppose him in a hearing and in a vote on the floor."

Clinton's comments came during a news conference with Netanyahu

Netanyahu was the first foreign visitor of Clinton's second term and the first of a parade of Middle East leaders to travel to Washington in the next six weeks. U.S. officials hope the president's talks with Netanyahu, Palestinian Authority President Yasser Arafat, Egyptian President Hosni Mubarak and Jordan's King Hussein will reinvalidate the Middle East peace process.

Neither Clinton nor Netanyahu provided any details of Israel's plans for talks with Syria, which are stalled over the future of the Golan Heights. Israeli officials have said the prime minister hopes to develop a territorial compromise that would allow Israel to retain at least part of that strategic area, which Israel seized from Syria during the 1967 Middle East war. Syrian President Hafez Assad has said that he will not agree to any peace settlement that does not return the entire plateau to Syrian sovereignty.

"I do feel encouraged by the discussions we've had, that there are things worth working on, working through," Clinton said. "I'm hopeful that we can get the Syrian track going again."

Pilots at American Poised to Walk Out (Washn) By James F. Peltz and D'Jamila Salem-Fitzgerald (c) 1997, Los Angeles Times

WASHINGTON The U.S. travel system braced for holiday-weekend chaos after American Airlines, the nation's largest domestic carrier, and its pilots' union failed again Thursday to agree on a contract that would prevent a pilots' strike set for early Saturday morning.

But the top U.S. negotiator said late Thursday he was becoming more optimistic that a last-minute settlement might be possible. "I am hopeful," said Kenneth Hipp, chairman of the National Mediation Board. American Airlines officials began around-the-clock bargaining Thursday night with leaders of their pilots' union in an effort to head off the approaching strike. President Clinton urged both sides to "reach out to one another" and settle their differences.

American's 9,300 pilots plan to walk out starting at 12:01 a.m. if a settlement isn't reached. If they strike, American plans to ground its 640-plane fleet that carries nearly one-fifth of the nation's air passengers daily.

A strike would trigger national economic upheaval, and speculation is mounting that Clinton will intervene just as he did when flight attendants struck American in 1993.

This disruption, coming at the start of the Presidents Day holiday weekend, "would be enormous because American serves such a significant chunk of the traveling public," said Rich Barlow, a director of GRA Aviation Specialists, a consulting firm in Herndon, Va.

Airports where American has a big presence would be especially hard-hit, including Los Angeles, New York, Chicago, Miami, Washington and at Dallas/Fort Worth, where American not only dominates but is also headquartered.

Clinton said early this week that a strike "has huge implications for

Secret papers' move probed for DNC links

By Jerry Seper
THE WASHINGTON TIMES

AI

DNC

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An FBI task force probing national security concerns involving foreign campaign contributions to the Democratic Party has focused on the transfer of highly classified intelligence documents from the Commerce Department to a safe at the Small Business Administration.

The records, including classified CIA reports, were taken by Ira Sockowitz, who was an aide to Commerce General Counsel Ginger Ehn Lew, after he and Miss Lew moved in June to the SBA, sources close to the investigation said.

The contents of the documents were not clear yesterday, although three highly placed sources said they could include intelligence data on energy projects, gas and oil matters, international trade efforts, and secret political and economic assessments of several countries.

Miss Lew has been identified as a confidant of John Huang, the former Commerce Department official, Lippo Group executive and Democratic National Committee fund-raiser at the center of the FBI probe. She left Commerce after the April death of Secretary Ronald H. Brown and was named deputy administrator at the SBA.

A Commerce Department inventory, a copy of which was obtained by The Washington Times, shows the records include:

- A classified CIA report on Russian economic development.

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- Classified, but unidentified, documents from the National Security Council and the Commerce Department.

- A National Security Agency study of the international market for computer software with encryption.

- Classified Commerce memos regarding a communications satellite project.

- A classified draft report by the General Accounting Office on China.

- Memos, notes and file folders from Commerce and the NSC on encryption or decoding software, exports, and policy options.

- File folders on China, Russia, Bosnia, Croatia, India and Turkey.

President Clinton confirmed yesterday that federal authorities are investigating whether the Chinese government, through its embassy in Washington, orchestrated foreign contributions to the DNC. The Washington Post reported yesterday that an inquiry was under way and suggested there was a foreign intelligence tie to the ongoing probe of campaign finances.

"This is a serious set of questions raised here," Mr. Clinton said during a news conference.

"They obviously have to be thoroughly investigated, and I do not want to speculate or accuse anyone of anything. ... But obviously it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties, for any reason whatever," he said.

The Chinese Embassy has denied any wrongdoing.

The Commerce documents, first sought by Judicial Watch, a private watchdog law firm that sued the department for records on its use of trade missions for Democratic fund raising, are in the custody of the SBA's Inspector General's Office. U.S. District Judge Royce C. Lamberth yesterday ordered that they be made available to Judicial Watch.

In addition to the FBI, congressional investigators are looking into the records. Investigators, including at least one with a top security clearance, were at the SBA when the documents were inventoried but did not get to examine them, the sources said.

"The documents are so classified that we were not allowed to look at them," a congressional source said. "They were taken from Commerce to the SBA, and there has been no explanation to date on how or why that occurred."

Mr. Sockowitz and Miss Lew

have left the SBA and were unavailable for comment. In a Judicial Watch deposition, Mr. Sockowitz acknowledged taking the records from Commerce but did not elaborate. An SBA inventory given to the federal court in October said the safe contained numerous classified records, as well as file folders with documents concerning China, India and Russia.

Commerce Department spokeswoman Jeanne Saddler said the files and the safe are in the custody of the Inspector General's Office and noted that the documents do not include SBA records. Deputy Inspector General Karen S. Lee said she is waiting for a court order before doing anything with the records, which she described only as classified documents Mr. Sockowitz brought from Commerce.

FBI and congressional investigators, the sources said, are trying to determine if the documents were being stored for Mr. Huang, who held a top-secret clearance that he got in January 1994, five months before he left Lippo to join Commerce.

Despite extensive foreign experience that included contacts in Indonesia and Taiwan and a posting in Hong Kong, Mr. Huang never went through an overseas background check by security officials during his 17 months at Commerce. He held the top-secret clearance until December 1996, 11 months after he left the department to serve as vice chairman of the DNC finance committee.

Mr. Huang has denied any wrongdoing.

Last month, Rep. Gerald B.H. Solomon, New York Republican and chairman of the House Rules Committee, asked FBI Director Louis J. Freeh to investigate Mr. Huang's possible misuse of the top-secret clearance to gain information on China, and to look at his efforts to promote China trade while delaying similar policies for Taiwan.

He also questioned the many CIA and Commerce briefings Mr. Huang had on China, where the multibillion-dollar Lippo empire, which has contributed hundreds of thousands of dollars to the DNC and Mr. Clinton, has extensive business interests.

While at Commerce, Mr. Huang received 37 intelligence briefings and had access to 15 classified field reports, department records show. He also reviewed a dozen intelligence reports and received classified materials on nine other occasions.

• Bill Gertz contributed to this report.

The Washington Times
FRIDAY, FEBRUARY 14, 1997

Clinton database's savings disappear

By Paul Bedard
THE WASHINGTON TIMES

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President Clinton's computerized database of 350,000 friends, created in part because it would save money, has cost taxpayers \$1.69 million and could cost nearly \$100,000 annually to operate, according to the White House.

Instead of slashing costs by consolidating computerized databases and eliminating some computer operators, the system's price tag has surged above the initial estimate of \$545,000.

The White House said its promises of cost savings were wrong. It said many computer specialists are needed to enter and maintain the files of Clinton friends for a Christmas card list and other uses.

White House documents provided to The Washington Times show that the administration from 1994 to 1996 spent \$545,000 for computer

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DATA

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hardware and software, \$1.15 million for staff work, and \$96,500 on outside contractors.

But a White House official called the staff costs inflated. The official said no new staff members were hired to run the computer and workers were borrowed from other offices to help develop the White House Office Database, known as WHODb.

"They would have been here anyway," the official said.

A White House budget memo obtained by The Times said the \$1.15 million staff cost "represents the estimated cost of staff already on board who worked on WHODb."

Other documents showed that the White House needed outside workers to put the names of Clinton supporters into the system.

An internal memo dated Jan. 23,

1996, shows that the White House sought temporary workers for "about 3,000 hours" to update the database to account for thousands of Christmas card returns.

White House spokesman Barry Toiv said the total cost of the database was \$638,000: \$545,000 for equipment and software and \$93,000 for computer operators. His calculation omitted the \$1.15 million staff charge cited in White House budget papers sent to the House Government Reform and Oversight Committee.

The General Accounting Office has sharply criticized the computer system's price tag. GAO auditor Jack Brock told the House panel, "The bang for the buck is not there."

Rep. David M. McIntosh, Indiana Republican, rejected the administration's efforts to exclude the staff costs in the overall price of the system. "It's not a sufficient answer to say they would have been doing something else. They weren't doing something else; they were working on this."

Mr. McIntosh, a House Government Reform and Oversight subcommittee chairman probing the database, believes that the system was used for political purposes, possibly in violation of electioneering laws.

Mr. Toiv has said the system was not used for political purposes.

The database originated in late 1993 when first lady Hillary Rodham Clinton and others sought a computer program listing supporters of the president's and White House visitors. It was to be used for creating the Christmas card list and for tracking supporters' visits to the White House.

Longtime Clinton aide and friend Marsha Scott was put in charge of the project, but in several memos to top West Wing officials, including Mrs. Clinton, she warned that the database was sty-

mied because of a lack of money. Miss Scott also said career bureaucrats working on the system likely were disloyal to the Democrats.

In a Jan. 26, 1994, memo to the first lady and top Clinton aide Bruce Lindsey, Miss Scott said the project should not be open to bids because "it would take too long as to be effective. It would also be open to public scrutiny and inquiry."

Arguing to keep the project a secret among Clinton aides, Miss Scott expressed concerns about the career staffers brought into the White House "in the waning days" of the Bush administration, many of whom remained after the White House slashed its staff by 25 percent in 1993 to fulfill a Clinton campaign promise.

"We were left for the most part with an older, less informed and certainly less enthusiastic career group whose allegiance is, in my opinion, highly questionable," she wrote to Mr. Lindsey and the first lady.

In her proposal to set up the system, Miss Scott said it would save money because the database would combine about 25 lists, thus eliminating computer operators.

In July 1994 money was set aside to buy computer hardware and hire programmers to develop the system.

The database lists everyone who has come into contact with the Clintons since they moved into the White House. Each file contains about two dozen "fields" for personal information, such as political ties and special needs.

The database was dragged into the broadening Democratic fundraising scandal when a former Democratic National Committee finance chairman said he regularly used the system in his fundraising efforts.

The official recanted, but not before Mr. McIntosh announced plans to expand his probe of the database and suspicions it was used for political purposes.

The Washington Times

FRIDAY, FEBRUARY 14, 1997

Clinton calls for Lake hearings

Argues his 'superbly qualified' candidate deserves vote

By Warren P. Strobel
THE WASHINGTON TIMES

President Clinton yesterday made an impassioned defense of his embattled nominee for CIA director, all but demanding that the Senate schedule hearings on the nomination of former National Security Adviser Anthony Lake.

Showing frustration over a fresh postponement in confirmation hearings by the chairman of the Senate Intelligence Committee, Mr. Clinton said, "If someone has some reason to oppose him, let them oppose him in a hearing and in a vote on the floor."

The president said Mr. Lake is "superbly qualified" for the position, citing his role in crafting a strategy that led to a peace settlement in Bosnia, and in U.S. policy toward Haiti and toward Russia.

"In view of his service, not to me, but to this country, he deserves a hearing and a vote," Mr. Clinton told reporters.

His remarks, which came as he

wrapped up a news conference with visiting Israeli Prime Minister Benjamin Netanyahu and without prompting from reporters, seemed designed to send a message to Capitol Hill that he will not back away from the nomination.

Intelligence Committee Chairman Richard C. Shelby, Alabama Republican, who has said he has serious concerns about Mr. Lake's nomination, on Monday postponed confirmation hearings for the second time — until March 11.

Mr. Shelby said the White House had failed to answer a series of 25 questions he delivered late last month. He also raised new objections, citing three meetings that a member of Mr. Lake's NSC staff had with a Thai businesswoman who has been implicated in the Democratic fund-raising dispute.

There was no immediate response to the president's remarks from Mr. Shelby's office yesterday.

Mr. Lake's bid for the CIA job also has been troubled by his role in a secret diplomatic initiative

that allowed Iran to send arms to the Muslim-led Bosnian government. Congress was not informed of the policy.

In addition, during his four-year stint as national security adviser, Mr. Lake failed to immediately sell energy stocks that might have caused a conflict of interest, as ordered to do by the White House general counsel.

Mr. Lake, who has ascribed the problem to simple oversight, last week agreed to pay \$5,000 in civil fees to the Justice Department to settle the matter.

The same day, the department's criminal division determined there was "no evidence of potential criminal violations by Mr. Lake" regarding his failure to tell Congress of the Bosnia policy.

Mr. Lake's partisans had hoped that would put the matter to rest, and were unhappy when Mr. Shelby announced a new postponement. Privately, some have accused the senator of turning the nomination into a political football.

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The following article was reported and written by Jeff Gerth, Stephen Labaton and Tim Weiner.

WASHINGTON, Feb. 13 — From the Whitewater investigation to the White House guest list, from financing his campaigns for governor to raising money for the 1996 elections, a constant thread runs through Bill Clinton's career: the Arkansas friends he relies on for political and financial support.

In Washington, as they did in Little Rock, some of these golfing partners, businessmen and political supporters worked hard to open the right doors for clients or raise money for Mr. Clinton's campaigns. Some tried to capitalize on their relationship with Mr. Clinton, who has said as Governor and then as President that he asked few questions about what his old friends were doing.

Mr. Clinton's first term was plagued by questions about the personal and political relationships he forged in Arkansas. His second term begins with questions about the role played by Arkansas friends in the 1996 election, some of whom helped raise millions of dollars for the Democratic campaign, from their own pockets or from clients they wanted to introduce to their friend, the President.

Their activities range from faintly comical to legally questionable.

Mark W. Grobmyer, a Little Rock lawyer, and one of Mr. Clinton's former golfing partners, styled himself as an unofficial "White House liaison," printing up calling cards with that self-appointed title on them and sending policy-advice memoran-

THE ARKANSAS NETWORK

A special report.

dums to the President.

Another Little Rock lawyer, Richard Mays, arranged through the Democratic National Committee for a client, a twice-convicted felon with ties to organized crime, to meet the President at the White House.

A Little Rock lobbyist, Paul Berry, joined a Washington lobbying firm whose Asian clients received a picture of Mr. Berry golfing with the President, and a promise that his "long association with President Clinton" would provide access and insight to the White House.

Other long-time associates of Mr. Clinton from Little Rock, with ties to Asian businessmen and governments, are under investigation by the Justice Department and Congress for their money-raising activities in the 1996 campaign.

Most modern Presidents have come to Washington with an entourage of friends from back home who have raised money, done favors, and sometimes sought to benefit from their proximity to power. President Lyndon B. Johnson had his oilmen and contractors from Texas; President Ronald Reagan had his executives from California.

And although Mr. Clinton has friends from all over, he remains part of the political culture of his home state.

"The Arkansas style and Clinton's political fund-raising style — it

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translates very closely," said Robert A. Caro, the Pulitzer Prize-winning biographer of President Johnson. Arkansas has "a political culture in which the interrelation of economic forces and political forces is much more raw, much more open, and much more accepted" than most other states, Mr. Caro said.

"I think his fund raising reflects that style of politics," Mr. Caro said. "And we now see the raw, open method of fund raising carried into the White House itself."

The Ties

Old Friends Come Calling

Once Mr. Clinton was in office, some of his close friends and supporters from Arkansas pursued new opportunities in Washington and Asia.

Three months after his swearing-in, Mr. Clinton met in the Oval Office with James T. Riady, an Indonesian billionaire with old Arkansas ties to Mr. Clinton. The next day, the Riady family's main American lawyer and business partner, C. Joseph Giroir Jr., organized a new corporation, Arkansas International Development.

The corporation aimed to connect the Riady family's Asian conglomerate with American companies seeking business in China and Indonesia. It helped Wal-Mart, one of Arkansas's biggest corporations, open a store in Indonesia in partnership with the Riadys.

Mr. Giroir, in an interview, said he found an affinity between Arkansan and Asian business styles. He has donated almost \$200,000 to the Democratic Party since 1993. He also paid for a bronze bust of Mr. Clinton in the National Portrait Gallery, dedicated in honor of Mochtar Riady, the family patriarch.

More recently, Mr. Giroir brought an Indonesian business associate, Peter Gontha, to the Export-Import Bank of the United States. Mr. Gontha, a media tycoon involved in a cable television venture in Indonesia with the Riadys, came to see one of the bank's directors, Maria Haley, about United States Government financing for the sale of communications satellites to Indonesia.

Ms. Haley said she always kept in touch with "old friends from Arkansas." Having served in Little Rock as Governor Clinton's chief international trade promoter, Ms. Haley knew Mr. Giroir from back home.

Ms. Haley's first job in Washington was in the White House personnel office, where she helped John Huang, the Riady family's senior American executive, get a job at the Commerce Department. At Commerce, Mr. Huang stayed in touch with his Arkansas contacts like Mr. Giroir and Webster L. Hubbell, the Associate Attorney General. And after Mr. Huang became a top Democratic fund-raiser, he kept in touch with Ms. Haley.

Ms. Haley's office calendar for last September shows she talked to Matthew Mulyanto, described in the datebook as a "friend of John Huang," about an Indonesian business deal. Mr. Mulyanto gave \$3,500 last year to the Democratic Party, money solicited by Mr. Huang.

Ms. Haley has written about the Arkansas style of networking.

"I am sorry to bother you with this," she wrote in a 1994 memorandum to a senior aide to Hillary Rodham Clinton, asking her to bring a minor matter to the First Lady's attention, "but Arkansans go to their fellow Arkansans to plead their case."

The Promises

Pushing Favors From All Angles

Not all the President's friends had to leave Little Rock to reach the right people in Washington.

Officials from the President on down were peppered with memorandums from Mr. Grobmyer, the Little Rock lawyer and golfing friend of the President. Two months after Mr. Clinton took office, Mr. Grobmyer returned to Little Rock from a trip to Indonesia with the Riadys and sent the President a policy memorandum about ways for the Government to help United States corporations make money in Asia.

In 1993, Mr. Grobmyer set up a new corporation in Arkansas to expand his international trade business. He won new clients like the American Ecology Corporation, American Gas Association and Alltel, an information-processing company. These clients say they hired him because he promised access to powerful Asians like the Riadys and avenues through Federal agencies like the Export-Import Bank, where he had a close contact in Ms. Haley, his fellow Arkansan.

Steve Bova, who hired Mr. Grobmyer for Alltel, said the company retained him to "navigate around how do we get things like Ex-Im guarantees."

Across Asia and in Washington, Mr. Grobmyer passed out calling cards describing himself as Liaison to the White House for the Center for the Study of the Presidency, a small, nonprofit educational foundation. Mr. Grobmyer arranged a \$30,000 contribution from Mr. Riady to the center shortly after Mr. Clinton became President, center officials said.

Some of Mr. Grobmyer's memorandums involved protocol minutiae. In anticipation of a Presidential visit to Asia, one memorandum asked the State Department to track down a Japanese man who, a decade earlier as a child, had been photographed with Governor Clinton on an earlier visit to Asia.

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Some were business-minded. In September 1993, he asked Mr. Hubbell, the No. 3 official at the Justice Department, to call an underling and alert him that Mr. Grobmyer and a client from Arkansas, an executive of Stephens Inc., were about to arrive, according to Mr. Hubbell's telephone logs. At the Justice Department, Mr. Grobmyer and his client discussed the Administration's plans for private companies to manage prisons. Stephens Inc. is a leading financier of private prison operators. "It was thought that privatization might help save the Government money," Mr. Grobmyer said in a recent statement, so "Mr. Hubbell was asked who should be contacted to receive such information."

Mr. Hubbell was forced to resign in 1994. Facing fraud charges and huge legal fees, he asked a long-time friend in Arkansas for a consulting job with the friend's Wall Street investment firm. Mr. Hubbell claimed he was still "on good terms with the President," and said he thought there was lots of money to be made in Indonesia, recalled two people who know about the conversation and spoke on the condition of anonymity.

The Washington office of the investment firm vetoed the idea because Mr. Hubbell was "too hot," they said. But another Little Rock connection came through. In June 1994, the Riady family retained Mr. Hubbell, who a decade earlier had done legal work for a bank the family co-owned in Little Rock.

A Federal grand jury is investigating how the Riadys came to hire Mr. Hubbell in 1994, and what he did to earn more than \$100,000 from them.

This week, Mr. Hubbell was released from Federal custody after serving 18 months for two felony counts.

Mr. Berry, the Little Rock lobbyist, was another golfing friend of the President. In 1993 he joined the Washington lobbying firm, Global USA, which sent its Asian clients a picture of Mr. Berry on the fairways with Mr. Clinton, along with a letter promising that "Paul's long association with President Clinton and many of his top staff will provide you with unique and fresh insight into the workings of the Clinton Administration," said two Global executives.

Mr. Berry now helps Mr. Giroir find Americans looking for business with the Riadys. Mr. Berry said recently that he also represents a Taiwanese investment group, a client he got last year in part through James Wood, the Arkansan appointed by the Clinton Administration to represent the United States Government in Taiwan.

Another Arkansas lawyer and Clinton friend, Mark E. Middleton, joined the Administration in 1993 as a White House aide. He helped organize the President's 1994 summit meeting with Asian leaders in Indonesia. In 1995, he left the Administration to pursue Asian business deals. Until late last year, Mr. Middleton had a telephone line at the White House that directed callers to the

trade company where he works. Administration officials recently banned him from using the White House dining room after they said he might have used it to entertain clients.

Richard Mays, yet another Arkansas lawyer who raised money for and befriended Governor Clinton in Little Rock, also came to Washington in 1993. He joined a lobbying firm, Cassidy & Associates.

"I'm sure Richard had a number of contacts with the White House," said Tim Dickson, a spokesman for Cassidy, which no longer employs Mr. Mays. Among the clients Mr. Mays aided was Eric Wynn, a twice-convicted felon with ties to organized crime. Through Mr. Mays, Mr. Wynn attended a White House coffee with the President, which was arranged by the Democratic National Committee.

Mr. Mays did not return phone calls seeking comment.

The China Link

From Restaurateur To Trade Promoter

Charles Yah Lin Trie owned a Chinese restaurant in Little Rock frequented by Governor Clinton in the 1980's. He sought to parlay his relationship with the President into a profitable business linking American companies and China.

After Mr. Clinton's election, Mr. Trie opened a Washington office in the Watergate complex, armed with a letter of congratulations about his business successes from the President-elect. One of Mr. Trie's clients said Mr. Trie bragged about his ties to Mr. Clinton.

These were not empty boasts. In April, as Mr. Trie raised hundreds of thousands of dollars for the Democratic Party in the 1996 campaign, the White House formally announced his appointment to a Presidential Commission on Asian trade.

In 1994, he organized a 20-day trip to the United States for a delegation of Chinese trade officials, and booked them for a week in Little Rock. "These officials could have chosen anywhere in the United States, but because of the relationship they have with Mr. Trie, they agreed to come to Little Rock," said Mr. Trie's promotional materials.

Mr. Trie so impressed the Chinese Government that he became the liaison by which one of its most powerful officials came to meet the President at a White House coffee organized by the Democratic committee. The official was Wang Jun, the head of a Chinese state conglomerate that buys and sells weapons. After belated news reports of Mr. Wang's February 1996 visit, Mr. Clinton said it was "clearly inappropriate."

On March 21, Mr. Trie delivered the first installment of \$639,000 he had raised — mostly from a religious association based in Taiwan — to the private legal defense fund set up to pay Mr. Clinton's legal bills from the Whitewater investigation. Unlike political parties, the fund has strict rules to keep people from making donations to curry favor. Unable to verify the source of the money, the fund decided to return all of it.

The way in which Mr. Clinton raised money to stay in power as

President is not very different from the way he raised money to remain Governor of Arkansas.

The Similarities

Mingling Politics And Business

As he and his top aides set out to raise tens of millions of dollars from untapped sources for the 1996 election, the office of Truman Arnold — the Arkansas businessman Mr. Clinton chose as the Democratic Party's chief fund-raiser — began inviting big donors and potential contributors to have coffee with the President at the White House, said the party's spokeswoman, Amy Weiss Tobe.

One coffee, in May 1996, brought some of the nation's biggest bankers together with Mr. Clinton and the bankers' top Federal regulator. No one asked if the gathering might be inappropriate — which Mr. Clinton acknowledged it was after the guest list became public last month.

The chief executive mingling with bankers and regulators and fund-raisers, the confluence of politics and money, was the way things were done in Arkansas.

In the mid-1980's, Mr. Clinton relied on a savings and loan operator, James B. McDougal, for political and personal support. While Mr. McDougal's savings and loan was failing, he was recommending the appointment of state savings and loan regulators to Mr. Clinton.

Mr. McDougal paid most of Mr. Clinton's debts in their jointly owned Whitewater land investment. Mr. Clinton has said he never asked how that debt was paid.

Mr. McDougal raised the money to retire Mr. Clinton's 1984 gubernatorial campaign debts at a 1985 party in the lobby of his failing savings and loan. Some of the money was in cashier's checks from the savings and loan. Some came from the savings and loan's executives and customers. Mr. Clinton has said he never asked about the source of the donations.

Mr. McDougal was convicted on 18 felony counts in connection with the failure of his savings and loan. He has not been sentenced.

In July 1996, not long after after the bankers' White House coffee, Mr. Clinton gave a videotaped deposition in a separate case. He described a December 1990 meeting he had with an Arkansas banker and his accountant in the Governor's office that was arranged by Mr. Clinton 1990 campaign treasurer, Bruce Lindsey.

The banker and the accountant raised campaign money and received appointments to state patronage jobs. The banker was appointed to the bank regulatory commission. The two men walked into the Governor's office, discussed a patronage post for the banker's boss, and handed Mr. Clinton more than \$15,000 in checks to help retire his 1990 campaign debt.

Mr. Clinton was asked under oath whether he thought it was right to reward his financial supporters. The President turned the question around. To deny people plums "just because they'd supported the Governor," he said, was wrong. It was "just the reverse of how the democratic process ought to work."

F.B.I. Looks at Whether China Funneled Money to Democrats

By TIM WEINER

WASHINGTON, Feb. 13 — The Federal Bureau of Investigation is examining whether Chinese officials or their agents may have used people close to President Clinton to give money secretly to the Democratic Party over the past five years, Government officials said today.

As part of that inquiry, the bureau is investigating connections among the Chinese Government; the Lippo Group, part of a \$12 billion empire based in Indonesia and run by the Riady family, longtime campaign contributors to President Clinton, and the Democratic fund-raiser John Huang, once Lippo's top American executive.

"It would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties for any reason whatsoever," President Clinton said today after being asked about the F.B.I. investigation. "So I think we have to let the investigation proceed."

The F.B.I. investigation was spurred by a request last month from Representative Gerald B.H. Solomon, Republican of New York. Mr. Solomon asked the bureau to find out whether campaign contributions financed "economic espionage" — whether China, by funneling money through politically connected people, had bought access to sensitive, commercially useful United States Government information.

The investigation is at a very early stage and has uncovered no hard evidence tying Chinese Government money to the 1996 campaign, Federal officials said. The Washington Post reported today that the investigation was focusing on the Chinese Embassy. The spokesman for the embassy, Yu Shuning, described that assertion as "groundless," and United States officials said F.B.I. counterintelligence agents assigned to watch the embassy were not part of the investigation.

The ties binding the Riadys, Mr. Huang, the Democratic Party and Mr. Clinton are strong. So are the ties between the Chinese Government and the Riadys. But no one has connected those two sets of relationships.

Mr. Clinton first met James T. Riady, now one of Lippo's top executives, nearly 20 years ago, when Mr. Riady was a trainee at Stephens Inc., the most powerful financial institution in Arkansas. In the 1980's, the Riady family set up an international trade operation in Little Rock, Ark.

The Riadys and one of their American companies gave the Democrats at least \$225,000 for the 1992 elections and assigned Mr. Huang, then their senior American executive, to raise money for the campaign, according to campaign records and an associate of the Riadys. Mr. Riady and Mr. Huang contributed \$100,000 more for Mr. Clinton's 1993 inaugural celebration.

Shortly after Mr. Clinton was elected, Mr. Riady urged the President to renew China's status as a most favored nation for American trade, according to a Riady associate. During the 1992 campaign, Mr. Clinton said President Bush was "coddling dictators" by granting China most-favored-nation status.

The Riadys' Chinese dealings include real estate, department stores, electronics plants, a small bank — the first licensed to exchange foreign currencies — and a huge tourism complex on an island in Fujian, the province that was once home to the Riady family.

On May 28, 1993, President Clinton reversed his campaign stance and renewed China's most-favored-nation status. A few weeks later, China Resources (Holding) Company, one of the Chinese Government's oldest and most powerful trading companies, acquired 50 percent of Lippo's holdings in a Hong Kong bank where Mr. Huang had been a vice president.

China Resources has occasionally served as cover for espionage activities by the Chinese, some intelligence analysts said.

In September 1993, Mr. Huang asked Commerce Secretary Ronald H. Brown to meet with Shen Jueren, the chairman of China Resources, Commerce Department records show. Commerce officials said today that the meeting apparently never happened.

In 1994, the Riadys have said, they helped place Mr. Huang at the Commerce Department as Deputy Assistant Secretary for International Economic Policy. Mr. Riady and his father, Mochtar, have told associates that they asked the Clinton Administration to hire Mr. Huang in consideration of their financial support in 1992. The Riadys have also told associates that they wanted Mr. Huang in that job because of their interest in United States-China policy.

Records of Mr. Huang's work at the Commerce Department show that he visited the Chinese Embassy twice and the Chinese Ambassador's residence in Washington once in 1995. In July 1995, he received a telephone call from Arkansas from the daughter of the Chinese Ambassador.

In September 1995, in the Oval Office, Mr. Huang told the President that he would serve him better as a major Democratic Party fund-raiser. With him were Mr. Riady and Bruce Lindsey, the Clinton confidant and White House official whose former Little Rock law firm has worked for Lippo.

Mr. Huang solicited hundreds of thousands of dollars from Chinese-Americans, ethnic Chinese living in the United States and Indonesian business associates of the Riadys. His unchecked fund raising led to \$1.2 million in questionable campaign contributions — the biggest sum since Watergate. That put him and the Riadys squarely in the middle of Congressional and Federal inquiries into campaign financing.

This chain of connections — from China Resources to Lippo to Mr. Huang to the Commerce Department to the Democratic National Committee — warranted an F.B.I. investigation, Mr. Solomon said in his letter to the F.B.I.'s Director, Louis J. Freeh.

The investigation, Government officials said, is also looking at links between the Chinese Government and Charles Yah Lin Trie, who owned a Chinese restaurant in Little Rock where Mr. Clinton often ate when he was Governor. Mr. Trie, working at times with Mr. Huang, raised hundreds of thousands of dollars during the 1996 campaign. That included \$639,000 returned last year by Mr. Clinton's legal defense fund, which could not verify the true sources of all the money.

Mr. Trie, who runs an international trading company in Little Rock, boasted of his ties to top Chinese officials as he sought to broker deals for companies including Lehman Brothers, the Wall Street investment house.

In a résumé he gave the Commerce Department in 1994, Mr. Trie said he had "a personal relationship with a number of senior government officials in China." Mr. Trie played host to 21 senior economic and trade officials from China who visited the United States in 1994. Their 20-day trip included a week in Little Rock.

In February, Wang Jun, the head of the Chinese Government's arms company, came to Washington. He had been invited by Mr. Trie and Ernest Green, a Lehman Brothers official who is a native of Arkansas.

Mr. Trie invited Mr. Wang to meet Mr. Clinton at a White House coffee organized by Democratic Party fund-raisers. Mr. Green gave \$50,000 to the Democratic National Committee shortly afterward. In April, the White House formally appointed Mr. Trie to a Presidential commission on Asian trade.

The New York Times

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Clinton: New Allegations Warrant Vigorous Probe

President Says He Was Unaware of Focus on Chinese

By Susan Schmidt
Washington Post Staff Writer

President Clinton said yesterday he supports a vigorous investigation into allegations the Chinese government may have directed donations to the Democratic National Committee.

Clinton said he was unaware of the Justice Department's foreign counter-intelligence investigation of activities at the Chinese Embassy, reported yesterday in *The Washington Post*. The president said the allegations must be "thoroughly investigated."

"Obviously it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties, for any reason whatever," Clinton told reporters.

The Post reported that a Justice task force looking into campaign fund-raising abuses has uncovered evidence through electronic eavesdropping that representatives of the People's Republic of China sought to direct funds from foreign sources to the DNC before the 1996 presidential campaign.

The embassy has denied any improper efforts to influence the administration.

Deputy Attorney General Jamie S. Gorelick, speaking to reporters yesterday, declined to comment on the allegations.

The revelations about possible Chinese involvement in U.S. campaign politics prompted renewed calls for Attorney General Janet Reno to seek to replace the Justice task force with an independent counsel to investigate fund-raising abuses.

Two House Republicans, Rules Committee Chairman Gerald B.H. Solomon (N.Y.) and Frank R. Wolf (Va.), called for an independent counsel, as did Sen. John McCain (R-Ariz.). Gorelick said, however, that the task force had not alerted top Justice officials that it had uncovered evidence that would trigger the request for an independent counsel—that is, a specific and credible allegation of wrongdoing by a senior executive branch official.

McCain said he was "not surprised by these revelations, nor will I be surprised by future revelations." He made the comments at a news conference with Sens. Russell Feingold (D-Wis.) and Paul D. Wellstone (D-Minn.) to announce support by religious leaders for their bipartisan campaign finance reform bill.

Feingold called the report "very troubling" and further ammunition for the fight to tighten campaign finance rules. "Just having to read that stuff is disheartening," he said.

Wellstone called the report an "egregious example of things that are wrong on both sides" of the political aisle and agreed with McCain that more abuses by both parties are likely to turn up.

Also yesterday, a federal judge refused to allow a conservative watchdog group to subpoena records from

The report concerning the Chinese Embassy prompted renewed calls for an independent counsel investigation.

the White House and the DNC regarding trade missions sponsored by the Commerce Department when the late Ronald H. Brown was secretary.

U.S. District Judge Royce C. Lamberth also refused to allow Judicial Watch Inc. to question several DNC and White House officials, including Alexis M. Herman, the director of the White House Office of Public Liaison, who is Clinton's nominee to be labor secretary.

"The court understands the need to be prudent," Lamberth said, before authorizing depositions and document subpoenas of White House and DNC officials. But he said he will revisit the issue after Judicial Watch finishes questioning current and former Commerce officials who were also on its wish list.

In denying the government's request to stop Judicial Watch's inquiries, Lamberth said: "This is not a case of a mere 'fishing expedition,' as the defendant urges. Even if it were, however, plaintiff has now caught some fish, and the court is unwilling to suddenly post a 'no fishing' sign merely because defendant wants a 'line drawn.'"

Staff writers Toni Locy and Helen Dewar contributed to this report.

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The Lake Nomination

THE REPUBLICANS have been going after Anthony Lake, President Clinton's choice for intelligence chief. Two matters that Congress referred to the Justice Department have been dealt with, but he is still not out of the woods.

The first matter was his failure to act on White House legal advice to sell family-owned energy stocks at a time when his position as Mr. Clinton's first-term national security adviser created some potential, however remote, for a conflict of interest. Last Friday the Justice Department found no criminal intent or deed suggesting such a conflict. But it filed a civil complaint noting Mr. Lake's failure to sell the stocks, and he agreed to pay \$5,000. A lesser thing, but he *should* have been more attentive.

The second, separate and larger matter arose from the administration's responses to congressional queries about its winking at a U.N. arms embargo and condoning Iran's provision of arms to Bosnia's desperate Muslim-led government. Republicans had alleged perjury and obstruction for officials' failure to clue Congress in. Last Friday the Justice Department found again that Mr. Lake had done nothing illegal.

Mr. Lake is a practiced national-security hand whose reputation for integrity was honed by a

principled resignation from government a generation ago. The Bosnia episode, which we think was troubling, did not and does not strike us as a question of criminality. It was not in fact even so much about integrity as judgment. But it was about judgment. The policy of arming Bosnia's Muslims carried a risk of building up Iran but also a gain: It shored up the falling Bosnian side and made possible a peace accord. But the decision not to consult Congress, and then to allow it to proceed in ignorance, restricted the circle of the knowing but broke a valuable political bond.

No, Mr. Lake did not lie to Congress, but he and others kept it in the dark in a crucial episode. Technically, the law seems to have permitted this lapse, but it was still a mistake. The head of a still largely secret government agency really has nothing more important to offer than confidence. He builds confidence in his stewardship on the part of Congress, his sole overseer, by full and timely consultation. The part of consultation that is not required by law ought to be required by good sense. As the Senate gets to hearings on the Lake nomination—and the president was right yesterday to protest the latest postponement—this is where the emphasis should go.

Can Foreign Aid Work?

WITH A NEW administration and a new budget year, the issue of foreign aid—what it should do, who should administer it, whether to bother with it at all—is percolating once again. This time, it is not only traditional skeptics such as Sen. Jesse Helms raising questions. Friends and supporters of development assistance also contend that foreign aid is "adrift" and in need of "major institutional restructuring," in the words of a report recently published by the Overseas Development Council and the Henry L. Stimson Center.

American support for foreign aid has declined since its Cold War heyday. The United States ranks last in giving, proportionate to its economy, among industrialized nations. This is not as it should be. Yes, there are plenty of places where foreign aid has been misdirected, misused and/or dubious in impact. But the fact is that foreign aid has also done a lot of good, from promoting the green revolution that helps feed the world to significantly extending lifespans to helping secure democracy in Poland and other transitional countries. Why should it not be continued and improved? It's still in the U.S. interest to promote democracy and free markets in the world's poorer countries, to respond to famines and other humanitarian emergencies and to prod reform and peace in the Mideast, the former Soviet Union and elsewhere.

In many cases, the World Bank and other multilateral agencies can best promote those goals. The United States retains huge influence

in those institutions while not having to foot the entire bill, making for cost-saving leverage. That's why it makes no sense for the United States not to pay its share.

In some cases, bilateral aid gives more leverage. The key, though, is not to allow programs to become welfare-like entitlements in countries that aren't reforming their economies. Private investment flows to the developing world now dwarf public aid; countries that follow the right policies ought to be able to graduate from aid within a set number of years and begin attracting private money. The clearest entitlement in the U.S. aid program is the annual dole-out to Israel and Egypt; the administration proposal for 1998 awards those two countries \$2 billion of a total aid pot of \$6.5 billion. Paying for the Camp David accords was the right thing to do, but now it's time to put both countries on a schedule toward graduation.

What does all this mean for Mr. Helms's proposal, newly reborn, to merge the Agency for International Development into the State Department? Given State's own management problems, a full merger might not produce great efficiencies. But Mr. Helms is correct that insulating foreign aid from U.S. foreign policy no longer makes any sense, if it ever did. The goals of both the State Department and AID should be to promote democracy, free markets and human rights, and better coordinating their work in those directions would make sense.

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