Clinton White House Was Host To 58 More Political Functions

Number of Events for Supporters Much Greater Than First Disclosed

By Charles R. Babcock
Washington Post Staff Writer

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

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

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

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

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

White House officials have said such events were not planned with the intention of raising specific amounts of money for the reelection effort. But Harold Ickes, the former White House deputy chief of staff who directed the reelection campaign, recently turned over a large number of documents to Congress that show figures for expected and actual donations for nearly every White House coffee, one source said.

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

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

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

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

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

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

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

DNC spokeswoman Amy Weiss Tobe said there were some delays, but added that the DNC paid all the bills it received. About the various White House receptions and dinners for DNC donors, Tobe said: "The Democratic Party, like the Republican Party, uses the White House to thank supporters of the party . . . and also to invite people we hope would be supportive in the future."

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

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

FOR MORE INFORMATION

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

The Washington Post
SUNDAY, MARCH 16, 1997

The New York Times

March 15, 1997

Herman Aided Participant on Trade Mission

Related Articles
- Coverage of the Cabinet Selection

By MICHAEL WINES

WASHINGTON -- President Clinton's nominee for labor secretary, Alexis Herman, helped secure a seat on a Commerce Department trade mission last year for a company owned by the woman who bought Herman's private consulting firm in 1993, the White House said Friday.

Months later, the buyer, a Maryland doctor named Vanessa Weaver, and her sister each donated $25,000 to the Democratic National Committee.

That seeming confluence of government service, friendship and politics is the latest of several similar episodes that had held up Senate hearings on Herman's nomination for weeks while investigators looked for improprieties.

Friday, a White House spokesman defended the trip and Herman's involvement in it as proper, and said it was unrelated to the Weavers' subsequent political donations.

A Republican spokesman for the Senate Labor Committee said Herman's confirmation hearing, the final step before a Senate vote on her appointment, would proceed as scheduled next Thursday. The spokesman refused to say whether the committee's investigators knew of the trade mission or whether they were looking into its circumstances.

Herman, Clinton's liaison to business and citizen groups at the time, was the senior federal official on the Commerce Department mission. It took representatives of 17 small businesses owned by women to meet potential customers in Mexico last April.

Among the businesses was Alignment Strategies, a suburban Washington company that prepares business assessments. Dr. Weaver is the president of Alignment Strategies. Her sister, Caryliss Weaver, the vice president, represented the company on the Mexican trip.

Up Front

ALEXIS HERMAN'S BAGGAGE GROWS HEAVIER

THE NOMINATION OF ALEXIS Herman as Labor Secretary, due for a Mar. 18 Senate hearing, is hitting even heavier weather and may be delayed. Some senators want to scrutinize two overseas trade missions for women business owners that Herman led in 1995 and 1996 for the late Commerce Secretary Ronald Brown. One ex-Commerce official says it was "definitely strange" to tap Herman, a White House aide, to lead the trips--but felt her close tie to Brown was the reason.

The senators are particularly interested in one plane guest on a trip to Mexico: Caryliss Weaver, vice-president of Alignment Strategies, a Potomac (Md.) consulting firm that bought Herman's diversity consultancy, A.M. Herman & Associates, two years earlier for between $50,000 and $100,000. Weaver and her sister, Vanessa, Alignment's owner and president, gave $50,000 to the Democratic National Committee in November. Neither sister would comment. A White House spokesman says although Herman suggested Alignment be invited, "it's ridiculous to assert that was some kind of payoff for buying her business."

Also under scrutiny: meetings her White House office hosted for policymakers, on government time, with women's groups and other special interests. Senators suspect the events were really political--and thus illegal. Clintonites say they weren't.

By Paula Dwyer
EDITED BY LARRY LIGHT

The New York Times
WEDNESDAY, MARCH 12, 1997

Friends Helped Labor Nominee Move Up, Then Almost Brought Her Down

By MICHAEL WINES

WASHINGTON, March 11 — Nobody doesn't like Alexis Herman.

Ask childhood friends about President Clinton's choice to be the next Secretary of Labor, and they recall how the tough-minded black youngster from Mobile, Ala., faced down a Catholic prelate over racial discrimination. An admirer remembers when she lent her good dresses in the 1970's to black women interviewing for office jobs. Democrats marvel over her management of the party's 1992 convention, the one that helped pump up Bill Clinton's support in polls by 20 percentage points.

She has been known to give presents to co-workers after tough workweeks. One man says she briefly considered becoming a nun.

"People who like her really like her," says Lamond Godwin, who grew up across the street from Ms. Herman in the 1950's. "Most of the people she meets who become her friends remain her friends forever."

Which, lately, is her biggest problem.

The Senate Labor Committee investigated Ms. Herman for two and a half months before scheduling a hearing on her nomination for next Tuesday. The delay had less to do with her résumé, a Horatio Alger story of pluck and hard work, than with the friends — powerful, sometimes controversial Democrats — she made on the way up.

Ms. Herman's confirmation now seems likely, but questions about those relationships had threatened her nomination and angered her supporters.

"Alexis is not somebody who's along for the ride," said Ricki Seidman, a White House aide during Ms. Herman's recent tenure as the Presidential liaison to business and the public. "She's a highly principled person."

Few dispute that. But the story of Ms. Herman's rise to influence, so intertwined with powerful friends, suggests how delicate the balance between politics and principle can be.

The White House declined to make Ms. Herman, 49, available for an interview, citing her upcoming confirmation hearing. But associates describe a woman who learned early that skin color does not determine success.

Religion and Politics Side by Side

Ms. Herman grew up in Mobile when white resistance to integration was peaking and Southern blacks were awakening to their political power. Her mother was a reading teacher. Her father, a mortician, was one of the first blacks elected to Alabama's Democratic Party organization. Friends recall watching national political conventions in the Herman living room, her father providing commentary.

Religion most shaped Ms. Herman's youth. Her Catholic parents shunned segregated state education and enrolled her in parochial schools — still segregated, but employing white priests and nuns whose tutoring was colorblind.

"The nuns and the priests kept us from becoming racists," Mr. Godwin said. "The best people we knew were white — people we spent the whole day with, who were the best examples of moral behavior. We had the Klan bombing churches, but we had these people on our side. It made it easy to understand that the problem was not us; the problem was the Klan."

It also enabled Ms. Herman to challenge racism. She once sneaked away from classmates at a school event, the annual Christ the King parade, to demand that a church official explain why black students never performed the celebration's symbolic highlight, crowning the Virgin Mary.

Ms. Herman's father once took her high school class on an unusual field trip: to a meeting of the Alabama Citizens Council, the front for the Ku Klux Klan.

"They started throwing things at us," said Paulette Lewis, a classmate and still a close friend. "Popcorn boxes, cans, whatever. This is the kind of upbringing we had."

Forging Friendships With the Influential

Most Pure Heart of Mary High School, where Ms. Herman was a class officer, produced extraordinary alumni in Ms. Herman's era: a Marine general and ambassador; an adviser to President Ronald Reagan; doctors; investment bankers like Mr. Godwin, a managing director of Smith Barney Inc.

Ms. Herman graduated from a Catholic university — Xavier University of Louisiana, in New Orleans — and returned to Mobile. She joined Catholic Charities in nearby Pascagoula, Miss., lobbying the city shipyard to give apprenticeships to unskilled black laborers.

She was good at it, blessed with self-confidence and an ability to bridge gaps between blacks and whites. Mr. Godwin, then working on minority-employment programs for the Southern Regional Council, touted her to Ray Marshall, a member of the council's executive committee. Mr. Marshall brought her to Atlanta to work on a project to persuade corporations to hire college-educated black women for office jobs that had been filled exclusively by whites.

"I was amazed," Mr. Marshall said recently. "She did a better job than I would have."

Using a Federal grant, Mr. Marshall expanded Ms. Herman's project and merged it with a New York City nonprofit group, the Recruitment and Training Program. Working there was another Southerner, who had impressed Mr. Marshall on a project to integrate the construction industry. His name was Ernest G. Green.

Mr. Green was already well known. When Federal troops forcibly integrated schools in Little Rock, Ark., in 1957, Mr. Green was among the first black students escorted into Central High. His coolness had made him something of a civil rights icon. He and Ms. Herman became fast friends.

Mr. Marshall and Mr. Godwin, meanwhile, had moved on to run a task force on the rural South whose directors included Georgia's Governor, Jimmy Carter. "We were having dinner at the initial meeting of the task force," Mr. Godwin said, "and Governor Carter said he was thinking about running for President. This was 1974. At the time, we all thought it was far-fetched."

But President Carter chose Mr. Marshall as his Secretary of Labor. Mr. Marshall named Mr. Green an assistant secretary, Mr. Godwin his head of national employment programs and Ms. Herman director of the women's bureau.

According to Mr. Godwin, who sketched out Ms. Herman's life in politics, the three administered billions of dollars in grants much like those they had once received, and although Ms. Herman did not dispense money, she became a top adviser to Mr. Green and Mr. Marshall.

They also became political figures, if minor ones. Ms. Herman had worked on the Atlanta mayoral campaigns of Maynard H. Jackson and Andrew Young. She was also an early supporter of Marion S. Barry Jr., and got to know Ronald H. Brown, a National Urban League executive and Democratic Party figure.

At a 1980 testimonial dinner in Mobile, she met another rising political figure: the Rev. Jesse Jackson, then the head of Operation PUSH, the group that targeted companies with poor minority-employment practices.

After Mr. Carter lost the 1980 election, Mr. Green and Mr. Herman formed a firm that advised businesses on marketing and minority-hiring issues.

Within months, Republican critics accused Mr. Green of shoveling almost 300 Federal contracts and grants to cronies in the last months of Mr. Carter's term, including contracts to the Recruitment and Training Program and Operation PUSH. They also accused Green-Herman & Associates, the new consulting firm, of cashing in by obtaining subcontracts from some of those same cronies.

The Labor Department, the Senate and a United State Attorney's office all investigated. Though some Federal employees testified to irregularities, others called the complaints trumped up. No charges were filed. Mr. Godwin and Mr. Marshall, who now holds an endowed chair in economics and public affairs at the University of Texas, call the affair a political smear.

In fact, friends of Ms. Herman and Mr. Green now say, Green-Herman & Associates did benefit later from Mr. Jackson, who sometimes recommended their consulting firm to companies targeted by Operation PUSH. But that, they say, reflected not favor-trading but Mr. Jackson's growing friendship with the two and his confidence in their firm.

Building a Machine As Fortunes Rise

Ms. Herman's political and financial fortunes rose in tandem. In 1982, she supported Mr. Barry's re-election campaign for Mayor of Washington. In 1984, she worked for Mr. Jackson's Presidential campaign. About the same time, the developer of a Pennsylvania Avenue tract near the Capitol made Ms. Herman a partner, giving her 3.3 percent of an office-and-condominium complex for little or no money.

Then and now, such sweetheart deals are a common way of satisfying the affirmative-action demands of government boards that hand out lucrative contracts. Ms. Herman later sold part of her share and recently valued the remainder at $500,000 to $1 million.

Mr. Green sold his interest in the consulting firm to Ms. Herman in the mid-1980's and entered investment banking. In 1988, Ms. Herman joined Mr. Jackson's second Presidential campaign and found herself working with Mr. Brown, by now a prominent lawyer and lobbyist who was organizing Mr. Jackson's convention.

George Bush's triumph in 1988 left the Democratic alliance in tatters. Mr. Brown sought the chairmanship of the Democratic National Committee, and won. Ms. Herman became his deputy and, in 1992, the organizer of the party's national convention.

Together, they built an impressive financial and political machine. Just as in Pascagoula and Atlanta, Ms. Herman's deftness at organizing blacks, whites, rich and poor around a common purpose stood out.

She and Mr. Brown also came under attack for what U.S. News and World Report called the lavish use of perks like limousines, private jets and a Central Park apartment rented during planning for the 1992 convention, which was held in New York City.

To some others' dismay, Ms. Herman continued to run her consulting firm while running Democratic politics. In one case, her firm was paid $600,000 to advise the winning bidder for a $750 million Federal office project near the White House, a plum fought over at both ends of Pennsylvania Avenue. Critics later complained that she acted as a political fixer in the competition, an accusation the White House has denied.

When Mr. Clinton became President, Mr. Brown became Commerce Secretary. Ms. Herman went to the White House as head of the office of public liaison — in effect, the grass-roots organizer of support for Administration policies.

The job was ostensibly nonpolitical, but by its nature, it has almost inevitably taken on a political cast. This time, that was doubly true: the office helped draft Mr. Clinton's plans to win over ethnic groups in his 1996 campaign. Ms. Herman's deputy ran a group that targeted Asian-Americans. Another aide worked on wooing the Jewish vote.

Among other campaign duties, Ms. Herman supervised the strategy to win black voters. Her second in command was an old friend, Mr. Green, who by then was a friend of the President's, too — and one of the Democratic Party's biggest soft-money fund-raisers. He also promoted business deals, including ventures with another Arkansan and Presidential friend, Yah Ling (Charlie) Trie.

All those roles converged in the 1996 campaign. Mr. Green appeared at some of the now-infamous White House coffees with major party donors. In February 1996, he and Mr. Trie arrange for attendance at one coffee by one of their business prospects, Wan Jung, an executive in an arms-export business identified as a weapons smuggling front for the Chinese military.

Ms. Herman also attended some coffees; her office invited a Federal banking regulator to one such session, attended by big donors from the banking industry.

Ms. Herman has insisted that she played no part in that invitation, and that her work for Mr. Clinton's re-election was properly performed on personal time.

Senate investigators have since scrubbed that and the rest of Ms. Herman's past. After long thought, they seem agreed that nothing there bars her confirmation.

The New York Times
WEDNESDAY, MARCH 12, 1997

2/2

White House: Alexis Herman editorial unfair

To the Editor:

Your editorial of March 5, calling for the Senate to reject the nomination of Alexis Herman for secretary of labor demonstrates a basic ignorance of the issues surrounding this nomination. You argue that Ms. Herman should be rejected because of "mounting evidence of her key role in the spurious fundraising practices of the DNC [Democratic National Committee]." But in fact there is isn't any "mounting evidence."

Ms. Herman has conceded that her office was involved in arranging exactly one out of 103 White House coffees. That was the result of an internal miscommunication at the White House leading Ms. Herman and her staff to believe that the event was official, not political. Publicly released correspondence and records confirm her account, and Senate Majority Leader Trent Lott (R-Miss.) has accepted her explanation.

Your argument for rejection becomes even harder to understand by charging, "As DNC Chairman and Commerce Secretary Ron Brown's deputy, she was clearly in the middle of tawdry practices that are the subject of two congressional investigations."

For the record, Ms. Herman left the DNC in 1992. The current congressional investigations are looking into fundraising in 1995-96. Ms. Herman also never served as deputy to Ron Brown while at the Commerce Department.

In short, The Hill argues Ms. Herman should be rejected because of a controversy she clearly was not involved in. Thankfully, the Senate will deal with this issue in a more thoughtful and professional manner. Ms. Herman will have a chance to make her case when the Senate Labor Committee holds a hearing on March 18. After listening to Ms. Herman, we're confident that the Senate will confirm her nomination.

The Hill should also be bold enough to admit mistakes and join in endorsing Ms. Herman's nomination.

Joseph Lockhart
White House Spokesman

Canady disputes abortion article

To the Editor:

which obviously undermines the impartiality of the piece and quite possibly betrays the writer's (or the paper's) bias.

I hope The Hill's future reporting will reflect a new commitment to accurate and unbiased journalism.

Rep. Charles T. Canady (R-Fla.)
Chairman, House Judiciary Subcommittee
on the Constitution

Yale beats Harvard on Hill, says Rep. Smith (Yale '69)

To the Editor:

In your March 5 article, "Harvard lays claim to congressional brain power," The Hill sloped shamelessly to one side in the traditional Yale-Harvard rivalry.

For the record, there are 21 Yale grads in Congress and apparently 38 from Harvard, a number which expansively includes all those "fellowships" that your unnamed Harvard source cites as counting towards the total. Since many past congresses have favored Yale

states Sen. Dodd's position relating to the appointment of a special counsel into campaign finance abuses of the last election.

Sen. Dodd does not "reject the notion that a special counsel is necessary," but thinks that the attorney general — and not politicians — should ultimately be the one to make the decision, based on the law and all of the pertinent facts in the matter.

Marvin Fast
Communications Director
Sen. Christopher Dodd (D-Conn.)

Landrieu is not, repeat not, first La. woman senator

To the Editor:

Regarding your Capitol Ambitions column of March 5, will you people please, finally get it through your heads that Sen. Mary Landrieu (D-La.) is not Louisiana's first woman senator? She's not even Louisiana's first elected woman senator. In 1935, Rose McConnell Long was first appointed, then elected, to fill the vacancy caused by the death of her husband, Sen. Huey P. Long.

Also, I bet Susan Platt was also an aide to Rep. Frank Guarini (D-N.J.), not "Rep. Frank Guiliani."

Michael Harrison
Legislative Aide
Rep. Lloyd Doggett (D-Texas)

(Editor's note: We stand corrected, and would further note that Sen. Rose McConnell Long was also the mother of Sen. Russell B. Long (D-La.), and the sister-in-law of Rep. George S. Long (D-La.), as well as a cousin of Rep. Gillis W. Long (D-La.) and Rep. Catherine S. Long (D-La.). However, she was not related to Rep. Speedy O. Long (D-La.), or to any of the 11 other Longs who have served in Congress, beginning with Pierse Long of New Hampshire, who was a member of the Continental Congress in 1784-86. Susan Platt was, indeed, an aide to former Rep. Frank Guarini (D-N.J.), rather than the fictitious "Rep. Frank Guiliani." We must have had him confused with Mayor Giuliani of New York City, which is near

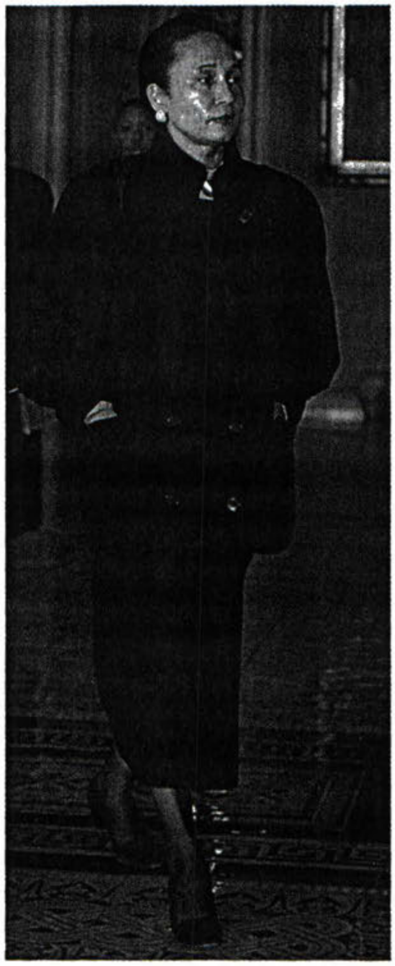
EDITED BY DOUGLAS HARBRECHT

ALEXIS HERMAN: THE TRAIL OF QUESTIONS GETS LONGER

When President Clinton nominated Alexis M. Herman as his new Labor Secretary, little did he realize that her impressive political connections would become a liability. The 49-year-old Alabama native has emerged as a central figure in the latest flap over Clinton's questionable fusion of governing and fund-raising. The White House is accused of becoming a neighborhood Starbucks where donors sipped coffee and discussed issues with the President. Now the Senate is investigating whether Herman, who as head of the Office of Public Liaison helped arrange a controversial meeting of bankers, violated federal rules barring campaign activities in the White House. If Herman is rejected, Republicans could be emboldened to try to inflict further damage over Democratic fund-raising.

The tempest isn't the first in Herman's 20-year Washington career. Hill Republicans are finding she has long been a strong civil-rights advocate and innovative bureaucrat—but no saint. Senators are looking into her tenure at the Labor Dept. in the 1970s and what BUSINESS WEEK has learned are possible conflicts of interest involving a company she formed after leaving government. Former Democratic National Committee staffers claim that her liberal use of DNC expense accounts from 1988-92 make her unfit to lead an agency with 16,000 employees and a $35 billion budget. While no one is accusing her of illegality, her conduct over the years is raising questions about her judgment.

HASTY APPROVALS. Herman built a reputation in her 20s as a minority-rights pioneer. She ran local, federally funded programs that helped integrate Mississippi's shipyards. She also helped persuade such large corporations as Delta Air Lines Inc. and Coca-Cola Co. to hire their first black women professionals. In 1977, the 29-year-old Herman became the youngest person ever to head the Labor Dept.'s Women's Bureau, a unit that aided disadvantaged women.



HERMAN: *Labor Secretary nominee*

But at the end of her tenure there, controversy erupted when Labor officials hastily O. K.'d millions in job-training grants to keep the incoming Reagan Administration from axing them. Some went to groups under Herman's aegis, but most went to programs overseen by Ernest G. Green, head of Labor's Employment & Training Administration. Green, one of nine black students who desegregated Little Rock High School in 1957, was later cleared of wrongdoing in the so-called "midnight" contracts scandal.

The largest of these last-minute awards went to New York-based Recruitment & Training Program Inc., where both Green and Herman had worked, and to a youth training program run by civil-rights leader Jesse Jackson. When negotiating remedies with businesses he had criticized for failing to hire minorities, Jackson often recommended a consulting firm Herman and Green formed after they left Labor. Green, now a managing director of the Washington office of Lehman Brothers Inc., says he did nothing improper. Herman says through a White House spokesman that she played no role in the controversy.

Critics also charge that she benefited from rules, which she helped to write as a Labor official, requiring federal contractors to comply with goals and timetables for hiring minorities. One such contract, for example, paid her $500,000 over four years—all of it from taxpayer dollars—to monitor minority hiring by contractors erecting the soon-to-open Ronald Reagan Building. Herman says she did nothing improper.

SOUR GRAPES? In the mid-1980s, Herman bought out Green's share of their partnership and continued to run the firm even after taking on a full-time job as chief of staff to DNC Chairman Ronald H. Brown. Although Brown relied on her organizational skills, ex-DNC staffers say her brusque manner offended many colleagues. Her spending habits especially irked DNC aides, one of whom recalls that Herman often rode in chauffeured cars and flew first-class at a time when the party was in a cash crunch. "Blue-haired ladies donated funds to elect Democrats, but Alexis used that money to live like the queen of Egypt," says an ex-DNCer. Through a spokesman Herman says the complaints are sour grapes and that her expenses were appropriate.

But it's Herman's White House tenure that is now her biggest problem. At issue: A May, 1996, DNC kaffeeklatsch she helped organize at which 17 top U. S. bankers met with the President, Treasury Secretary Robert E. Rubin, and Eugene A. Ludwig, Comptroller of the Currency. Ludwig was considering regulatory issues important to the bankers at the time. Clinton and Ludwig now say the meeting was inappropriate, and Herman says she was unaware that it was a DNC event. On Feb. 4, the White House gave the Senate documents it contends support Herman's version.

Nonetheless, the bankers and their political action committees collectively gave Democratic candidates $558,000 toward their 1996 elections, with 80% of that coming in after the coffee. "You bet she had a conflict of interest," says Ellen Miller of Public Campaign, which promotes campaign-finance reform.

No stranger to overcoming tough hurdles, Herman is in the fight of her career to prove the claims wrong—and convince the Senate she didn't bend any rules on her way to the top.

By Paula Dwyer

JOE MARQUETTE/AP/WIDE WORLD

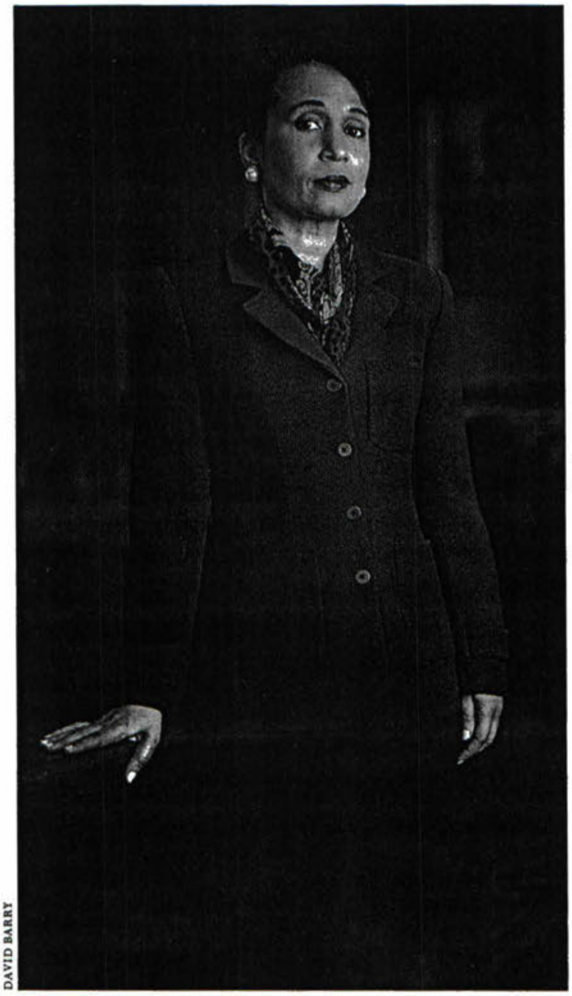
POLITICS

A Very Tempting Target

Alexis Herman rose in Ron Brown's freewheeling world—and that has the GOP asking questions

BY KAREN BRESLAU

RON BROWN NEEDED help. It was July 1988, and the Democrats were about to convene in Atlanta, where Jesse Jackson was threatening to spoil Michael Dukakis's moment. While Brown, a lawyer-lobbyist, undertook the delicate task of weaving Jackson's agenda into the party platform, he brought along his friend Alexis Herman to organize convention logistics for the haphazard Jackson operation. After that Herman rarely left Brown's side. When he became party chairman a year later, Herman helped him transform the sleepy Democratic National Committee bureaucracy into a machine capable of electing a president. When he went to Commerce under Bill Clinton, intermingling politics and business, Herman was in the White House, serving as gatekeeper to special interests eager for Clinton's time. And when Brown's plane crashed in Croatia, Herman planned his elegant state funeral.



DAVID BARRY

A dramatic rise: *Herman, Clinton's nominee for Labor secretary, is a shrewd behind-the-scenes operator*

Now both Herman and her world are on trial. As Clinton's nominee to head the Department of Labor, the once obscure 49-year-old White House aide, former business consultant and Democratic activist would become the highest ranking African-American woman in the administration. Herman must first convince a GOP Senate that she didn't go too far mixing partisan politics and official business—and given the questions about Democratic fund raising, she is a very tempting target. Is Alexis Herman the superachieving civil-rights pioneer the White House says she is, or is Herman—as her critics suggest—a Clintonite who shamelessly traded access for political and personal favors?

Her rise is undeniably dramatic. The daughter of a Mobile, Ala., teacher and a politically active father who was the first black wardsman elected in the state since Reconstruction, Herman attended segregated parochial schools. A deeply religious child, she absorbed the social teachings of the Roman Catholic Church. After earning a degree in sociology from Xavier University in New Orleans, she compiled an impressive do-good résumé: Catholic Services social worker and board member of the National Council of Negro Women. At the age of 29 she was a top official in Jimmy Carter's Labor Department. Herman is a label-defying Democrat: she worked closely with Jesse Jackson in the 1980s, yet during the pro-business Clinton 1990s she maintained such close ties to corporate interests that organized labor was initially reluctant to support her nomination.

During the Reagan years Herman became a management consultant. She profited from some of the same job-training grants she had been involved in awarding when she worked for the government. Herman ran a lucrative consulting practice, advising major corporations how to implement affirmative-action guidelines. Critics charge that many of her clients were coerced into hiring her by Jackson's Operation Push, which boycotted companies that failed to diversify their work forces. (Herman's supporters claim her clients were happy with her work, and some have in fact written letters of recommendation to the Senate Labor Committee.) The White House has promised that Herman will answer all questions about her business and White House conduct in her confirmation hearing.

Senate investigators would also like to know how Herman earned a $500,000 profit from a share of a Washington development project she received for providing minority-contracting advice, without making any initial investment. Meanwhile, they are also looking into allegations that Herman misused her expense account to support first-class travel, deluxe accommodations and personal entertainment while serving as Democratic National Committee staff director under Brown. Some of the DNC habits proved hard to break. When Herman joined the Clinton White House in 1993, she complained that as an assistant to the president, she was entitled to a car and driver. She wasn't: Clinton had eliminated the perk.

Republicans are most intrigued by Herman's role in organizing "coffees" between Clinton and Democratic donors. The White House has acknowledged that Herman's office of public liaison helped to arrange at least 15 coffees, including one last May at which bankers met with the federal officer charged with regulating their industry—a session the White House later admitted was inappropriate. Herman says a deputy had prepared the guest list and that she herself had not attended the meeting.

Worried by rumors that the administration was going soft on Herman's nomination, chief of staff Erskine Bowles invited 100 representatives from women's, labor and civil-rights groups to the White House to announce a "full-throttle effort" on her behalf. This week Senate Labor Committee chairman James Jeffords will finally schedule Herman's hearing. "If anybody wants to vote against her, for whatever reason, they're plainly free to do that," Clinton says. "But she deserves a hearing, and if she gets a hearing, she's going to be confirmed." That is by no means guaranteed—as Herman, a student of political hardball, no doubt knows.

With MARK HOSENBALL

Stephen Kiernan

Who can pass this test?

She was born in Mobile, Ala., in July of 1947.

Her first taste of politics came early, when her father sued the state's Democrats to win black voting rights in party elections. Later he became Alabama's first African American ward leader.

She attended a black Catholic high school, and was once suspended for asking officials why only white students were allowed to participate in the annual religious pageant.

Later, armed with a college degree, she returned to Mobile and joined successful efforts to desegregate the city's parochial schools. A social worker with Catholic Charities, she worked to increase job opportunities for shipyard workers. Next, in Atlanta, she ran a program that placed minority women in management jobs.

Then in New York City, she worked at a consulting firm that managed 30 programs to apprentice women in nontraditional jobs. Her success there caught the attention of Jimmy Carter's administration. In 1977 she was named head of the Women's Bureau at the Labor Department. The youngest person ever to hold that office, she was 30.

After the 1980 election, she opened her own consulting firm, helping businesses develop training programs. With clients like Burger King, Levi Strauss and Procter & Gamble, she was in high demand. On one project in Washington, D.C. — a mid-1980s $200 million development known as Market Square — her pay for coordinating hiring of minority workers included a fractional ownership.

But politics was in her blood. She worked for the Democratic Party, managing Jesse Jackson's bids at the party conventions in 1984 and 1988, and joining the Democratic National Committee thereafter.

DNC head Ron Brown made her chief of staff for the 1992 convention. When Bill Clinton won, she co-directed his transition team.

Then Clinton named her head of the White House Office of Public Liaison. Her job was to build public support for Clinton policies, but she was also considered influential in delivering messages from the business community to the president.

Often her office brought executives in to meet Clinton. In May she received a list of bankers to invite for coffee with the president. The weekend before, she learned it was not a White House event but a campaign meeting, and a banking regulator would be there, so she did not attend.

Clinton won re-election; some of his staffers chose to return to private life, Labor Secretary Robert Reich was among them, and in December she was nominated for his post. The president's cabinet. The only African American woman in his cabinet.

It was a long, long way from 1947 Mobile. But then the other side of politics reared up. The ugly side.

Now she is under fire for her ownership in Market Square, because 12 years later her 1 percent is worth $500,000. Critics ask, did she earn it? Now she is suspected of using White House resources for campaign purposes, as others on Clinton's team clearly have.

In neither case is she charged with doing anything illegal. Senate GOP leader Trent Lott met with her last week and said as much.

Yet her confirmation is stalled. The Senate Labor Committee will not even set a date for her hearing. After a life of accomplishment on behalf of women, minorities and workers, she is caught in the web of partisan spiders.

This is what Washington has become; this is partly where public disgust develops. Are we looking for saints or office holders? Is there anyone whose past can withstand meticulous, adversarial, public review?

Time to name names. Hers is Alexis Herman. And who is the chairman of the committee holding the reins to her future, while also stalling action on issues concerning the nation's businesses and labor interests?

Why, it's Vermont's junior senator, James Jeffords.

"Close to Home" is a weekly commentary on public affairs. To reach Stephen Kiernan, call 660-1861.

JIM JEFFORDS

UNITED STATES SENATOR • VERMONT

For Immediate Release
February 24, 1997

Contact; Joe Karpinski
(202) 224-6770

Press Advisory

Hearing Schedule for the Senate Labor and Human Resources Committee for the month of March 1997

Note to editors:

The attached does not reflect a hearing on the nomination of the Hon. Alexis M. Herman to be Secretary of Labor, which is likely to take place in March.

That hearing will take place approximately two weeks after receipt of complete answers to questions now pending before the Administration, barring additional revelations from the White House that would have a bearing on the nomination.

March

997 | 1997

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1
2	3	4	5	6 Full Committee Hearing "Health Care Quality & Consumer Protection" SD-106 10:00 a.m.	7	8
9	10	11 Employment & Training Subcommittee Hearing TBA SD-430 9:30 a.m.	12 Public Health & Safety Subcommittee Hearing TBA SD-430 9:30 a.m.	13 Full Committee Hearing "Improving the Health Status of Children" SD-430 10:00 a.m.	14 Full Committee Hearing Higher Education Act Reauthorization SD-430 9:30 a.m.	15
16	17	18 Full Committee Hearing "Food and Drug Administration (FDA) Reform" SD-430 10:00 a.m.	19 Full Committee Executive Session SD-430 9:30 a.m.	20 Full Committee Hearing Higher Education Act Reauthorization SD-430 10:00 a.m.	21	22
23	24	25	26 RECESS	27	28	29
30	31					

2/24/97

########

THE WALL STREET JOURNAL
MONDAY, FEBRUARY 24, 1997

REVIEW & OUTLOOK

Quota Person

The more we look at President Clinton's nomination of Alexis Herman to be Labor Secretary the more we wonder what the White House could have been thinking. Amid a campaign-contributions maelstrom, they name a person—the director of the White House Office of Public Liaison—who is almost certainly at or near the eye of the storm (yes, we know, she was oblivious to it all, never came in contact, etc.). Now comes evidence of the rankest sort of quota-mongering by the person nominated to head one of the nation's most workforce-sensitive offices.

The White House tells us that the chart below was part of a larger memo created for and "in consultation with" a working group headed by Ms. Herman during her White House tenure. The memo is titled "Proposal to Enhance Administration Outreach to the African-American Community in 1996." Its existence was first reported by two weeklies, the Forward and Human Events.

Recommended African-American hires for '96 election cycle

	C/G STATE DIRECTOR	C/G PRESS SECRETARY	CC STATE DIRECTOR	CC POLITICAL FIELD DIRECTOR	CC GOTV DIRECTOR
Alabama					
Arkansas			Black		Black
California				Black	Black
Colorado					Black
Connecticut		Black			
Delaware					
DC	Black		Black	Black	Black
Florida				Black	Black
Georgia				Black	Black
Illinois				Black	Black
Kentucky				Black	
Louisiana			Black		Black
Maryland	Black				Black
Massachusetts					
Michigan		Black			Black
Minnesota				Black	
Mississippi			Black		Black
Missouri		Black		Black	Black
Nevada				Black	
New Jersey		Black		Black	Black
New York			Black		Black
North Carolina			Black		Black
Ohio	Black			Black	Black
Oregon					
Pennsylvania				Black	Black
South Carolina	Black				Black
Tennessee				Black	Black
Texas		Black			Black
Virginia		Black		Black	Black
Washington				Black	
Wisconsin				Black	Black

Source: The White House

Now, it is obviously appropriate for the White House to reach out to the African-American community, and aggressively, in a Presidential campaign. What is striking about this chart is the programmatic mind-set it displays. Indeed, the chart is of a piece with the very same sort of document that in August laid out specific quota assignments for delegates to the Democratic convention—"adopt and implement affirmative action programs with specific goals and timetables for African Americans, Hispanics, Native Americans, Asian/Pacific Americans and women" (Review & Outlook, "The Quota Convention," 8/26/96).

One exculpatory response to all this might be that the Democrats' internal political arrangements are their own business. We agree. The more compelling image to emerge from these practices, however, is that of a party in thrall to its constituent factions' demands, no matter what moderate rhetoric is put out for broader public consumption. Indeed, it was widely reported that Mr. Clinton was under enormous post-election pressure in naming his Cabinet from "women" and "labor" and "minorities."

And yet once Ms. Herman is Secretary Herman we're supposed to believe that all this Democratic reality goes away, that the operative theory is "mend it, don't end it," and that in its formal submissions to the Labor Department Texaco won't have to produce a chart just like the one Alexis Herman generated for the Clinton-Gore campaign.

As cases like Texaco's show, the 1990s are turning out to be the decade in which our national controversy over race moves beyond the academy to reside in the corporation. Along with the EEOC, the Labor Department is at center stage. Labor's Office of Federal Contract Compliance Programs regularly polices most Fortune 500 companies on their affirmative action practices; through the federal contract connection, Labor has the power to regulate more than half of the economy. Precisely for these reasons, the Labor Secretary's job should go to someone with great judgment and sensitivity, two traits not obviously in evidence in this nominee.

BC-Organization Woman,780
WASHINGTON TODAY: Money and politics are common themes with Herman
With BC-Bio Box-Herman
By DONALD M. ROTHBERG= Associated Press Writer=

WASHINGTON (AP) Rumpled, gruff, street-smart Paul Tully always opened the meetings with exaggerated politeness. ``Madam, and how are you today?'' Slender, cool Alexis Herman unfailingly responded in her soft Alabama drawl, ``I'm just fine, Paul.''

Then the battle began, Tully demanding more money for Democratic campaigns and Herman keeping a firm hand on the purse strings.

In that 1992 campaign year, Tully, then the Democratic Party's political director, smelled victory and was always looking for more money for this or that House or Senate campaign. As party executive director, Herman was the one who often had to say no.

Now, President Clinton is pressing a Republican-run Senate to say yes to Herman's nomination to be secretary of labor.

``She deserves a hearing and if she gets a hearing she's going to be confirmed,'' Clinton said last week. Sen. James Jeffords, R-Vt., chairman of the Senate Labor Committee, has said he will not schedule a hearing until he gets answers to questions about Herman's past activities.

As so often is the case with Herman, most of the questions involve money and politics, particularly her work for Democratic causes while on the White House staff.

Among the questions being asked: What role did she have in arranging the White House coffee klatch that gave political contributors from the banking industry a chance to chat with the president and the government's chief banking regulator?

White House officials say documents show that Herman did not attend the event and did not know that it was arranged by the Democratic National Committee and that Comptroller of the Currency Eugene Ludwig was on the guest list.

Yet Herman's strongest supporters describe her as highly organized, a master of detail.

``Alexis is a very strong manager,'' said Mark Steitz, who was communications director of the DNC when Herman was executive director and Tully was running the political division.

``The skill of knowing how to understand people, understand situations and manage them, those were the things that allowed her to be the tough cop to Ron Brown's always smiley, funny cop,'' said Steitz. Brown, who later became Clinton's commerce secretary, was party chairman and Herman's political patron.

When Clinton took office in 1993, Herman was named director of the White House Office of Public Liaison.

Clinton has described Herman as one of Brown's closest advisers. When the commerce secretary was killed in a plane crash in the Balkans last April, Herman played the lead role in making arrangements for his funeral.

Herman's White House job involves building coalitions around issues and working with constituency groups, especially when they are unhappy. Her ability to mingle and sooth ruffled feelings earned her the sobriquet ``Queen of Schmooze.''

``I feel like I've known Alexis forever,'' said Bill Lynch, who was a deputy mayor of New York during the administration of David Dinkins. Lynch worked with Herman and Brown when they joined the Jesse Jackson presidential campaign just before the 1988 Democratic National Convention.

``She has this kind of genteel facade,'' said Lynch. ``But she's tough as nails inside and takes no prisoners.''

The 49-year-old Herman was born into politics in Mobile, Ala. Her father sued the state Democratic Party to force it to give blacks the vote. He later became the first black ward leader in the state.

President Carter named her director of the Women's Bureau in the Labor

Department. When she left government service, Herman formed a company to help recruit black women for corporations.

The Rev. Calvin Harper worked with Herman in the mid 1980s when he was in charge of recruiting for the research and development division of Procter & Gamble Co.

Herman was hired to help employees ``develop the skills to help them function in the corporate environment.''

Harper cited the case of a black woman with a doctorate in biochemistry who was having difficulty fitting in at Procter & Gamble.

``A good scientist but having trouble working into the system,'' he said. Herman pointed out the need to get the woman plugged into the informal company network that involved socializing over lunch or at the company fitness club.

``Alexis was able to make that kind of thing happen and this young lady now is probably at the associate director level,'' said Harper.

EDITOR'S NOTE: Donald M. Rothberg has covered politics and national affairs in Washington for The Associated Press since 1966.

**** filed by:APE-(--) on 02/24/97 at 01:28EST ****
**** printed by:WHPR(JMAS) on 02/24/97 at 08:34EST ****

The New York Times
WEDNESDAY, MARCH 12, 1997

Friends Helped Labor Nominee Move Up, Then Almost Brought Her Down

By MICHAEL WINES

WASHINGTON, March 11 — Nobody doesn't like Alexis Herman.

Ask childhood friends about President Clinton's choice to be the next Secretary of Labor, and they recall how the tough-minded black youngster from Mobile, Ala., faced down a Catholic prelate over racial discrimination. An admirer remembers when she lent her good dresses in the 1970's to black women interviewing for office jobs. Democrats marvel over her management of the party's 1992 convention, the one that helped pump up Bill Clinton's support in polls by 20 percentage points.

She has been known to give presents to co-workers after tough workweeks. One man says she briefly considered becoming a nun.

"People who like her really like her," says Lamond Godwin, who grew up across the street from Ms. Herman in the 1950's. "Most of the people she meets who become her friends remain her friends forever."

Which, lately, is her biggest problem.

The Senate Labor Committee investigated Ms. Herman for two and a half months before scheduling a hearing on her nomination for next Tuesday. The delay had less to do with her résumé, a Horatio Alger story of pluck and hard work, than with the friends — powerful, sometimes controversial Democrats — she made on the way up.

Ms. Herman's confirmation now seems likely, but questions about those relationships had threatened her nomination and angered her supporters.

"Alexis is not somebody who's along for the ride," said Ricki Seidman, a White House aide during Ms. Herman's recent tenure as the Presidential liaison to business and the public. "She's a highly principled person."

Few dispute that. But the story of Ms. Herman's rise to influence, so intertwined with powerful friends, suggests how delicate the balance between politics and principle can be.

The White House declined to make Ms. Herman, 49, available for an interview, citing her upcoming confirmation hearing. But associates describe a woman who learned early that skin color does not determine success.

Religion and Politics Side by Side

Ms. Herman grew up in Mobile when white resistance to integration was peaking and Southern blacks were awakening to their political power. Her mother was a reading teacher. Her father, a mortician, was one of the first blacks elected to Alabama's Democratic Party organization. Friends recall watching national political conventions in the Herman living room, her father providing commentary.

Religion most shaped Ms. Herman's youth. Her Catholic parents shunned segregated state education and enrolled her in parochial schools — still segregated, but employing white priests and nuns whose tutoring was colorblind.

"The nuns and the priests kept us from becoming racists," Mr. Godwin said. "The best people we knew were white — people we spent the whole day with, who were the best examples of moral behavior. We had the Klan bombing churches, but we had these people on our side. It made it easy to understand that the problem was not us; the problem was the Klan."

It also enabled Ms. Herman to challenge racism. She once sneaked away from classmates at a school event, the annual Christ the King parade, to demand that a church official explain why black students never performed the celebration's symbolic highlight, crowning the Virgin Mary.

Ms. Herman's father once took her high school class on an unusual field trip: to a meeting of the Alabama Citizens Council, the front for the Ku Klux Klan.

"They started throwing things at us," said Paulette Lewis, a classmate and still a close friend. "Popcorn boxes, cans, whatever. This is the kind of upbringing we had."

Forging Friendships With the Influential

Most Pure Heart of Mary High School, where Ms. Herman was a class officer, produced extraordinary alumni in Ms. Herman's era: a Marine general and ambassador; an adviser to President Ronald Reagan; doctors; investment bankers like Mr. Godwin, a managing director of Smith Barney Inc.

Ms. Herman graduated from a Catholic university — Xavier University of Louisiana, in New Orleans — and returned to Mobile. She joined Catholic Charities in nearby Pascagoula, Miss., lobbying the city shipyard to give apprenticeships to unskilled black laborers.

She was good at it, blessed with self-confidence and an ability to bridge gaps between blacks and whites. Mr. Godwin, then working on minority-employment programs for the Southern Regional Council, touted her to Ray Marshall, a member of the council's executive committee. Mr. Marshall brought her to Atlanta to work on a project to persuade corporations to hire college-educated black women for office jobs that had been filled exclusively by whites.

"I was amazed," Mr. Marshall said recently. "She did a better job than I would have."

Using a Federal grant, Mr. Marshall expanded Ms. Herman's project and merged it with a New York City nonprofit group, the Recruitment and Training Program. Working there was another Southerner, who had impressed Mr. Marshall on a project to integrate the construction industry. His name was Ernest G. Green.

Mr. Green was already well known. When Federal troops forcibly integrated schools in Little Rock, Ark., in 1957, Mr. Green was among the first black students escorted into Central High. His coolness had made him something of a civil rights icon. He and Ms. Herman became fast friends.

Mr. Marshall and Mr. Godwin, meanwhile, had moved on to run a task force on the rural South whose directors included Georgia's Governor, Jimmy Carter. "We were having dinner at the initial meeting of the task force," Mr. Godwin said, "and Governor Carter said he was thinking about running for President. This was 1974. At the time, we all thought it was far-fetched."

But President Carter chose Mr. Marshall as his Secretary of Labor. Mr. Marshall named Mr. Green an assistant secretary, Mr. Godwin his head of national employment programs and Ms. Herman director of the women's bureau.

1/2

According to Mr. Godwin, who sketched out Ms. Herman's life in politics, the three administered billions of dollars in grants much like those they had once received, and although Ms. Herman did not dispense money, she became a top adviser to Mr. Green and Mr. Marshall.

They also became political figures, if minor ones. Ms. Herman had worked on the Atlanta mayoral campaigns of Maynard H. Jackson and Andrew Young. She was also an early supporter of Marion S. Barry Jr., and got to know Ronald H. Brown, a National Urban League executive and Democratic Party figure.

At a 1980 testimonial dinner in Mobile, she met another rising political figure: the Rev. Jesse Jackson, then the head of Operation PUSH, the group that targeted companies with poor minority-employment practices.

After Mr. Carter lost the 1980 election, Mr. Green and Mr. Herman formed a firm that advised businesses on marketing and minority-hiring issues.

Within months, Republican critics accused Mr. Green of shoveling almost 300 Federal contracts and grants to cronies in the last months of Mr. Carter's term, including contracts to the Recruitment and Training Program and Operation PUSH. They also accused Green-Herman & Associates, the new consulting firm, of cashing in by obtaining subcontracts from some of those same cronies.

The Labor Department, the Senate and a United State Attorney's office all investigated. Though some Federal employees testified to irregularities, others called the complaints trumped up. No charges were filed. Mr. Godwin and Mr. Marshall, who now holds an endowed chair in economics and public affairs at the University of Texas, call the affair a political smear.

In fact, friends of Ms. Herman and Mr. Green now say, Green-Herman & Associates did benefit later from Mr. Jackson, who sometimes recommended their consulting firm to companies targeted by Operation PUSH. But that, they say, reflected not favor-trading but Mr. Jackson's growing friendship with the two and his confidence in their firm.

Building a Machine As Fortunes Rise

Ms. Herman's political and financial fortunes rose in tandem. In 1982, she supported Mr. Barry's re-election campaign for Mayor of Washington. In 1984, she worked for Mr. Jackson's Presidential campaign. About the same time, the developer of a Pennsylvania Avenue tract near the Capitol made Ms. Herman a partner, giving her 3.3 percent of an office-and-condominium complex for little or no money.

Then and now, such sweetheart deals are a common way of satisfying the affirmative-action demands of government boards that hand out lucrative contracts. Ms. Herman later sold part of her share and recently valued the remainder at $500,000 to $1 million.

Mr. Green sold his interest in the consulting firm to Ms. Herman in the mid-1980's and entered investment banking. In 1988, Ms. Herman joined Mr. Jackson's second Presidential campaign and found herself working with Mr. Brown, by now a prominent lawyer and lobbyist who was organizing Mr. Jackson's convention.

George Bush's triumph in 1988 left the Democratic alliance in tatters. Mr. Brown sought the chairmanship of the Democratic National Committee, and won. Ms. Herman became his deputy and, in 1992, the organizer of the party's national convention.

Together, they built an impressive financial and political machine. Just as in Pascagoula and Atlanta, Ms. Herman's deftness at organizing blacks, whites, rich and poor around a common purpose stood out.

She and Mr. Brown also came under attack for what U.S. News and World Report called the lavish use of perks like limousines, private jets and a Central Park apartment rented during planning for the 1992 convention, which was held in New York City.

To some others' dismay, Ms. Herman continued to run her consulting firm while running Democratic politics. In one case, her firm was paid $600,000 to advise the winning bidder for a $750 million Federal office project near the White House, a plum fought over at both ends of Pennsylvania Avenue. Critics later complained that she acted as a political fixer in the competition, an accusation the White House has denied.

When Mr. Clinton became President, Mr. Brown became Commerce Secretary. Ms. Herman went to the White House as head of the office of public liaison — in effect, the grass-roots organizer of support for Administration policies.

The job was ostensibly nonpolitical, but by its nature, it has almost inevitably taken on a political cast. This time, that was doubly true: the office helped draft Mr. Clinton's plans to win over ethnic groups in his 1996 campaign. Ms. Herman's deputy ran a group that targeted Asian-Americans. Another aide worked on wooing the Jewish vote.

Among other campaign duties, Ms. Herman supervised the strategy to win black voters. Her second in command was an old friend, Mr. Green, who by then was a friend of the President's, too — and one of the Democratic Party's biggest soft-money fund-raisers. He also promoted business deals, including ventures with another Arkansan and Presidential friend, Yah Ling (Charlie) Trie.

All those roles converged in the 1996 campaign. Mr. Green appeared at some of the now-infamous White House coffees with major party donors. In February 1996, he and Mr. Trie arrange for attendance at one coffee by one of their business prospects, Wan Jung, an executive in an arms-export business identified as a weapons smuggling front for the Chinese military.

Ms. Herman also attended some coffees; her office invited a Federal banking regulator to one such session, attended by big donors from the banking industry.

Ms. Herman has insisted that she played no part in that invitation, and that her work for Mr. Clinton's re-election was properly performed on personal time.

Senate investigators have since scrubbed that and the rest of Ms. Herman's past. After long thought, they seem agreed that nothing there bars her confirmation.

The New York Times WEDNESDAY, MARCH 12, 1997

2/2

BLACK LEADERSHIP FORUM, INC.

**ALEXIS HERMAN, LABOR SECRETARY-DESIGNATE, TREATED UNFAIRLY:
BLACK LEADERS CALL FOR PROMPTLY SCHEDULED HEARINGS**

**Contact: Dr. Yvonne Scruggs
202:789-3506**

FOR IMMEDIATE RELEASE

Washington, D.C. - February 20, 1997

Following numerous letters, telephone calls and telefaxes to all members of the Senate Labor and Human Resources Committee, insisting that a confirmation hearing for Secretary of Labor-Designate Alexis M. Herman be scheduled without further delay, the Black Leadership Forum, Inc. (BLF) today issued an urgent call for action. BLF charged that Herman, the single African American woman nominated by President Clinton to a cabinet position, is being unfairly tried in a media-driven kangaroo court. Because no hearing date has yet been set for her to appear before the Senate Committee to present her substantial credentials and defend her nomination, unfounded rumors and other irrelevant allegations about her are permitted to go unchallenged, the BLF members stated.

> "We call for the Chairman and the members of this august committee to intervene in the public feeding frenzy, which is occurring largely because there is no indication from the Senate when Ms. Herman will be given a fair and impartial hearing at which to present her strong qualifications to be Secretary of Labor. She is the only African American woman nominated by President Clinton to his Cabinet. She remains the only unconfirmed nominee whose hearing before the confirmation committee has not yet been scheduled. The appearances of partiality and injustice toward Ms. Herman grow with each day that a hearing date is not set. The Committee, therefore, is inviting the *'stabbing with a thousand rumors'* to which Ms. Herman's nomination now is being subjected."

- more -

1090 Vermont Avenue, NW, Suite 1100, Washington, D.C. 20005-4961, (202) 789-1940, Fax (202) 789-6390

BLF leaders stressed that Herman's qualifications for the position of Secretary of the U.S. Department of Labor are impeccable and peerless. "No other potential candidates, and few other prominent executives in the labor field, offer the rich credentials and tenured experience with workers' issues and needs, and with the management of large systems, which she offers," the Forum asserted. "The Senate Committee is urged to gain answers through the hearing process to any questions which remain unresolved, and to put a stop to the extraneous and rampant speculations which continue to undermine the official confirmation process for this eminently qualified African American woman, Alexis Herman."

The Forum's leaders point to the important work awaiting direction by the currently leaderless Department of Labor.

> "Given the major deficiencies still unaddressed by Welfare Reform, the Department of Labor assumes added significance in the lives of the under- and unemployed, untrained, job-unready and ejects from newly reformed welfare programs. A person with Ms. Herman's expertise should be permitted to answer her accusers and then get on with the important work of leading the Department of Labor at this crucial time," the BLF statement indicated.

The Black Leadership Forum is a 19-year old Washington D.C. - based confederation of the country's largest and most powerful civil rights and service organizations. BLF's officers include

- more -

Chairman, Dr. Joseph E. Lowery, President, Southern Christian Leadership Conference; Vice-Chairman Eddie N. Williams, President, Joint Center for Political and Economic Studies; Secretary Hugh B. Price, President, National Urban League and Treasurer Ramona H. Edelin, President, National Urban Coalition.

\- 30 -

Black Leadership Forum, Inc.

OFFICERS

Chairman	Southern Christian Leadership Conference, *Dr. Joseph E. Lowery, President*
Vice Chairman	Joint Center for Political and Economic Studies, *Eddie N. Williams, President*
Secretary	National Urban League, *Hugh B. Price, President*
Treasurer	National Urban Coalition, *Dr. Ramona H. Edelin, President*

BOARD MEMBERS

A. Philip Randolph Institute, *Norman Hill, President*

Blacks In Government, *Oscar Eason, Jr., President and CEO*

Coalition of Black Trade Unionists, *William Lucy, President*

Congress of National Black Churches, *Bishop Roy L.H. Winbush, Chairman*

Congressional Black Caucus, *The Honorable Maxine Waters, Chair*

Martin Luther King Center for Nonviolent Social Change, *Dexter King, President and CEO*

NAACP, *Kweisi Mfume, President and CEO*

NAACP Legal Defense & Educational Fund, Inc., *Elaine Jones, Esq., Director-Counsel*

National Black Caucus of Local Elected Officials, *The Honorable Mary Pinkett*

National Black Caucus of State Legislators, *The Honorable Lois DeBerry, President*

National Conference of Black Mayors, *The Honorable Emanuel Cleaver II, President*

National Council of Negro Women, Inc., *Dr. Dorothy I. Height, President*

National Newspaper Publishers Association, *Dorothy R. Leavell, President*

National Pan-Hellenic Council, *Daisy M. Wood, President*

OIC's of America, Inc., *Herman Art Taylor, President and CEO*

Rainbow / PUSH Coalition, *Reverend Jesse L. Jackson, President and CEO*

Executive Director, *Dr. Yvonne Scruggs*

1090 Vermont Avenue, NW, Suite 1100, Washington, D.C. 20005-4961, (202) 789-1940, Fax (202) 789-6390
Chairman: 334 Auburn Avenue, NE, Atlanta, Georgia 30312, (404) 522-1420, Fax (404) 659-7390

AFL-CIO Executive Council
February 17, 1997
Statement

Secretary of Labor designate Alexis Herman knows and understands the concerns of working families. When she was nominated, the AFL-CIO said, "At a time when so many working men and women are struggling against declining pay and growing disrespect from corporate America, we believe Alexis' experience --- growing up in the rural South, advancing the interests of working women and minorities, and dealing with the issues of a changing workforce --- will be a tremendous asset."

In the intervening months, we have become even more impressed by Ms. Herman's commitment to a working families agenda and her superb ability to advance such an agenda.

Judging from the opposition her nomination has generated, it seems others have likewise noted her abilities and commitment to working men and women and she is now under the kind of fire normally reserved for labor unions and our members.

The AFL-CIO calls for immediate hearings on the nomination of this African-American woman who will bring multiple special dimensions to her job and who will help implement the promises Vice President Gore so eloquently made to the AFL-CIO yesterday. We also ask each national and local union in the AFL-CIO to make its outrage known to the members of the United States Congress who are responsible for this delay.

It is unfair to working families to have the principal federal department responsible for worker protections to be singled out and held hostage.

It is time for Alexis Herman to be able to stand in an open forum and have her nomination considered by the United States Senate. When she has that opportunity, America's working families and their unions will be standing right beside her.

###

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interviews with guests who slept in the White House leave little doubt that the "second-floor experience," as administration officia refer to it, had a powerful effect.

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

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

The parade of overnight guests far exceeded the number during Bush and Reagan administrations, according to former White Hou officials. They said the Lincoln Bedroom was used only sporadica for family members and close friends of the Republican presidents

Clinton White House officials stressed that many of the first fam guests were relatives and friends. Although the names of those wh stayed overnight during the recent campaign was not available, a partial list of 73 couples who stayed at the White House during th first two years of the administration was obtained by the Times. A least 27 of the 73 donated more than $3 million to the Democratic Party in the 1992 and 1996 campaigns, records show.

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

Voter Group Says Herman Aides Organized Donor Dinner (Washn) By David Willman (c) 1997, Los Angeles Times 2/1-/97

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

The chairman of the group, Vote Now '96, said Herman's Office Public Liaison helped arrange the intimate banquet for about 40 m donors. The president and first lady Hillary Rodham Clinton hoste the dinner in the White House Blue Room, and the president was t evening's only formal speaker.

Herman's nomination is teetering in the Senate because of questi about whether she mixed partisan politics with her government du There may be new questions about this event and the relationship this nonpartisan group, the White House and the Democratic Party

Hugh A. Westbrook, a Democratic Party stalwart and the chairm of Vote Now '96, said in an interview that he went "through the Alexis Herman office, (the) Public Liaison office. I know the reque went in there." Westbrook said he subsequently spoke to others at White House to win support for the dinner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bush said the treaty ``should be beyond partisanship."

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

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

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

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

`Cosby' Outstanding Comedy S
Image Awards (Pasadena) By A
Mack Reed (c) 1997, Los Angel

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

The local chapter Friday led three blac
such as ``Martin," ``Homeboys in Outer
Brothers" for furthering negative images

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

The awards feted performers and role m
Rep. Maxine Waters, D-Calif., to the Art
Prince.

Aretha Franklin and George Clinton we
Awards Hall of Fame.

``Cosby" was named outstanding comed
creator/star Bill Cosby was not present to
Phylicia Rashad won warm applause as s
for naming her Outstanding Actress in a C

``I thank Mr. Cosby for giving me the o
Rashad said of her role, the second time s
partner.

Other awards went to Denzel Washingt
Year, Babyface for Outstanding Male Art
Outstanding Female Artist, and the sound
Preacher's Wife, which was named Outst

Kweisi Mfume, president and CEO of t
criticism of the local chapter's statements
violation of ... procedures and policy" of t
was ``no prior consultation or discussion

Election Is an Exercise in Cynici
Vanora Bennett (c) 1997, Los A

TULA, Russia Cynical voters in central
Sundayfor a democratic election, ruthless
eyes firmly on the bottom line, their pock
campaign-time freebies and a rogues' gall
candidates to choose from.

``Who cares who wins?" said Alexande
local newspaper Tulskiye Izvestiya. ``Peo
as if they were betting on a horse at the ra
win?' and `what can I get out of it?' And t
a reflection of the cynicism with which th
them."

Candidates for the parliamentary seat va
Alexander I. Lebed when he was elevate
N. Yeltsin to run the nation's security mac
from Moscow whom few locals believe w

But the candidates are ready to make up
on getting votes in Tula, two hours' drive
this depressed military-industrial town, w

1ST STORY of Level 1 printed in FULL format.

Chicago Sun-Times

February 2, 1997, SUNDAY, Late Sports Final Edition

SECTION: EDT; Pg. 37

LENGTH: 545 words

HEADLINE: GOP living dangerously with attacks on Herman

BYLINE: By Carl Rowan

BODY:

Since the November elections, this question has been raised often and in many circles: "Why is the Republican Party losing women voters, and why can't it make any headway with blacks?"

The answer is obvious in the way the GOP seeks to exploit the mistakes and stupidities of Democratic fund-raisers. There are male villains of many stripes that the Republicans could humiliate in hearings, or push toward criminal prosecution, but they choose first to try to make a black woman the fall guy.

I refer to Alexis M. Herman, President Clinton's nominee to be secretary of labor, who has been director of the White House's Office of Public Liaison. Ignoring the fact that she is immensely popular among the hundreds of groups that have found her helpful during many years of public service, and the apparent fact that she is only marginally touched by the fund-raising scandals, Republican senators have decided to let Herman sweat in embarrassment while they hold up her confirmation hearings. The telephone calls that I'm getting suggest that the GOP will pay dearly for dumping on the 49-year-old Herman in their attempts to embarrass Clinton.

Republicans have said they want to know if Herman violated the Hatch Act -- a rule that limits political activities of some government employees -- when she advised Clinton on how to bolster support among black voters.

Republican senators know, though, that all senior White House employees, Democrat or Republican, work to get their president re-elected, and that the Hatch Act has never deterred any of them. Republican presidents have not had many blacks as top White House aides, but the few I've known worked aggressively to win black voters for their leader.

Furthermore, the Office of Public Liaison is inherently political, because it was created on the assumption that any president benefits when public groups and constituencies are informed and happy. Herman's success in the liaison job has left some Republicans eager to get her.

Senate Republicans made a knee-jerk judgment that Herman would be an easy target. She was until 1993 a chief of staff, vice chairman and deputy chairman of the Democratic National Committee. This DNC is accused of fund-raising abuses, including 103 coffees with the president for groups of potential donors.

While the White House claims that Herman was circumspect, and not involved in the coffees, it acknowledges that she unwittingly was party to the major error of inviting Comptroller of the Currency Eugene A. Ludwig to a White House coffee klatch for 17 major bankers for whom he is chief regulator.

The White House says that neither Herman nor the Public Liaison aide who invited Ludwig was aware that the DNC had set up the party, and that Herman stayed away once she became aware of the political implications. But no one told Ludwig.

Nevertheless, Herman is close enough to what Clinton concedes were "mistakes" for Republicans to see political advantage in letting her twist in the wind, wondering if she will be confirmed.

But the people calling me are threatening to make the GOP senators pay dearly if they deny Herman a Cabinet post on the basis of "nothing evidence."

Carl Rowan is a nationally syndicated columnist of the Chicago Sun-Times.

LANGUAGE: English

LOAD-DATE: February 3, 1997

JIM
JEFFORDS

UNITED STATES SENATOR • VERMONT

For Immediate Release
February 20, 1997

Contact: Joe Karpinski
(202) 224-6770

STATEMENT OF SENATOR JAMES M. JEFFORDS ON THE NOMINATION OF ALEXIS HERMAN TO BE SECRETARY OF LABOR

"The Labor Committee has been working with the White House on questions concerning the Administration's nominee to be Secretary of Labor. Since early December, the White House has known there would be such questions. In fairness to the nominee, and the Committee, it is better to try to resolve many of these issues before a hearing is scheduled.

"The White House also knows there has been no desire on the part of the Committee to unnecessarily delay a hearing. Unfortunately, the timing has been affected by continuing revelations of activities of the White House itself that may have a bearing on the nomination.

"I have said I want to conduct a fair and thorough review of this nominee. I intend to do that."

\- 30 -

Washington, D.C. (202) 224-5141 • Burlington (802) 658-6001 • Montpelier (802) 223-5273 • Rutland (802) 773-3875
Toll Free 1-800-835-5500

Pessimism Is Increasing Over Labor Nominee's Prospects for Confirmation

By JOHN M. BRODER

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

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

Ms. Herman, director of the White House Office of Public Liaison, is under scrutiny by the Senate Labor and Human Resources Committee, which is investigating her political and business background. The panel's chairman, Senator James M. Jeffords, Republican of Vermont, has not scheduled a hearing on the nomination or issued any estimate of when the inquiry would be completed.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The New York Times

WEDNESDAY, FEBRUARY 19, 1997

The Washington Times
TUESDAY, FEBRUARY 18, 1997

Herman firm tied to grants she OK'd

Labor nominee questioned in '81

By Brian Blomquist
THE WASHINGTON TIMES

A1

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

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

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

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

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

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

see HERMAN, page A8

HERMAN

From page A1

the Clinton campaign.

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

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

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

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

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

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

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

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

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

As a result of Mr. Jackson's threats, Miss Herman's firm, which became A.M. Herman and Associates after Mr. Green left in the late 1980s, won the rights to monitor affirmative-action "covenants" between PUSH and such companies as Coca-Cola, Burger King and Southland Corp., the parent of the 7-Eleven chain.

She consulted for other companies on minority hiring.

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

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

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

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

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

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

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

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

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

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

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

GOP tactic: 'Death by a thousand cuts'

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

By DeWayne Wickham

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

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

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

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

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

By Paul T. Whyte, USA TODAY

"It is very important when someone is nominated for a position and there is public controversy and public comment that that individual have his or her day in court."

— Sen. Arlen Specter, R-Pa.

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

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

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

So what's going on here?

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

Two weeks ago the issue was her role in a White House coffee klatch that inappropriately brought together prominent bankers and the top federal banking regulator. As it turns out, she neither attended nor had a significant role in organizing that gathering.

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

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

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

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

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

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

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

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

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

USA TODAY
TUESDAY, FEBRUARY 18, 1997

ONE OF TWO BY FAX

To: Todd Stern
From: Howard Paster
Suibject: Attached letter from Hugh Westbrook to the LA Times
Date: February 14, 1997

The attached is for your information, and to be used however you deem appropriate.

Hugh A. Westbrook
Post Office Box 113440
Miami, Florida 33111
305/374-4143 Fax 305/577-1089

February 13, 1997

VIA FAX AND OVERNIGHT DELIVERY

Letters to the Editor
L.A. Times
The Times Mirror Company
Times Mirror Square
Los Angeles, California 90053

Dear Editor:

I wish to correct a misconception in the Sunday, February 9, 1997 article by David Willman regarding Labor Secretary nominee Alexis Herman and a dinner hosted by President and Mrs. Clinton for Vote Now '96, in recognition of community-based programs supporting an effort to increase non-partisan voter participation in our electoral process.

In the course of my conversation with the reporter, I confused the dinner about which he wrote with another, unrelated dinner regarding the United Way about which I did speak to Ms. Herman. Put simply, I did not discuss with Ms. Herman or her staff any aspect of the Vote Now '96 dinner.

I welcome this opportunity to correct the record.

Sincerely,

HUGH A. WESTBROOK

Washington Outlook

EDITED BY DOUGLAS HARBRECHT

ALEXIS HERMAN: THE TRAIL OF QUESTIONS GETS LONGER

When President Clinton nominated Alexis M. Herman as his new Labor Secretary, little did he realize that her impressive political connections would become a liability. The 49-year-old Alabama native has emerged as a central figure in the latest flap over Clinton's questionable fusion of governing and fund-raising. The White House is accused of becoming a neighborhood Starbucks where donors sipped coffee and discussed issues with the President. Now the Senate is investigating whether Herman, who as head of the Office of Public Liaison helped arrange a controversial meeting of bankers, violated federal rules barring campaign activities in the White House. If Herman is rejected, Republicans could be emboldened to try to inflict further damage over Democratic fund-raising.

The tempest isn't the first in Herman's 20-year Washington career. Hill Republicans are finding she has long been a strong civil-rights advocate and innovative bureaucrat—but no saint. Senators are looking into her tenure at the Labor Dept. in the 1970s and what BUSINESS WEEK has learned are possible conflicts of interest involving a company she formed after leaving government. Former Democratic National Committee staffers claim that her liberal use of DNC expense accounts from 1988-92 make her unfit to lead an agency with 16,000 employees and a $35 billion budget. While no one is accusing her of illegality, her conduct over the years is raising questions about her judgment.

HASTY APPROVALS. Herman built a reputation in her 20s as a minority-rights pioneer. She ran local, federally funded programs that helped integrate Mississippi's shipyards. She also helped persuade such large corporations as Delta Air Lines Inc. and Coca-Cola Co. to hire their first black women professionals. In 1977, the 29-year-old Herman became the youngest person ever to head the Labor Dept.'s Women's Bureau, a unit that aided disadvantaged women.

HERMAN: *Labor Secretary nominee*

But at the end of her tenure there, controversy erupted when Labor officials hastily O.K.'d millions in job-training grants to keep the incoming Reagan Administration from axing them. Some went to groups under Herman's aegis, but most went to programs overseen by Ernest G. Green, head of Labor's Employment & Training Administration. Green, one of nine black students who desegregated Little Rock High School in 1957, was later cleared of wrongdoing in the so-called "midnight" contracts scandal.

The largest of these last-minute awards went to New York-based Recruitment & Training Program Inc., where both Green and Herman had worked, and to a youth training program run by civil-rights leader Jesse Jackson. When negotiating remedies with businesses he had criticized for failing to hire minorities, Jackson often recommended a consulting firm Herman and Green formed after they left Labor. Green, now a managing director of the Washington office of Lehman Brothers Inc., says he did nothing improper. Herman says through a White House spokesman that she played no role in the controversy.

Critics also charge that she benefited from rules, which she helped to write as a Labor official, requiring federal contractors to comply with goals and timetables for hiring minorities. One such contract, for example, paid her $500,000 over four years—all of it from taxpayer dollars—to monitor minority hiring by contractors erecting the soon-to-open Ronald Reagan Building. Herman says she did nothing improper.

SOUR GRAPES? In the mid-1980s, Herman bought out Green's share of their partnership and continued to run the firm even after taking on a full-time job as chief of staff to DNC Chairman Ronald H. Brown. Although Brown relied on her organizational skills, ex-DNC staffers say her brusque manner offended many colleagues. Her spending habits especially irked DNC aides, one of whom recalls that Herman often rode in chauffeured cars and flew first-class at a time when the party was in a cash crunch. "Blue-haired ladies donated funds to elect Democrats, but Alexis used that money to live like the queen of Egypt," says an ex-DNCer. Through a spokesman Herman says the complaints are sour grapes and that her expenses were appropriate.

But it's Herman's White House tenure that is now her biggest problem. At issue: A May, 1996, DNC kaffeeklatsch she helped organize at which 17 top U.S. bankers met with the President, Treasury Secretary Robert E. Rubin, and Eugene A. Ludwig, Comptroller of the Currency. Ludwig was considering regulatory issues important to the bankers at the time. Clinton and Ludwig now say the meeting was inappropriate, and Herman says she was unaware that it was a DNC event. On Feb. 4, the White House gave the Senate documents it contends support Herman's version.

Nonetheless, the bankers and their political action committees collectively gave Democratic candidates $558,000 toward their 1996 elections, with 80% of that coming in after the coffee. "You bet she had a conflict of interest," says Ellen Miller of Public Campaign, which promotes campaign-finance reform.

No stranger to overcoming tough hurdles, Herman is in the fight of her career to prove the claims wrong—and convince the Senate she didn't bend any rules on her way to the top.

By Paula Dwyer

JOE MARQUETTE/AP/WIDE WORLD

Up Front

EDITED BY LARRY LIGHT

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

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

NEWMAN: *$2,000 to see José*

BACK-SCRATCHING

A DANGEROUS LIAISON IN BANKING

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

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

Subcommittee Chairman Spencer Bachus III (R-Ala.) wants to know if Newman solicited some of the $446,000 in bankers' donations the DNC got after the coffee; $75,000 of it came from BT. Newman declines to comment.

Ludwig says their talks were mainly social or on general banking topics. Last week, he repaid Newman $2,000 for the concert tickets. While Bankers Trust as a state-chartered bank isn't regulated by the Comptroller, he is a major voice in legislation potentially affecting BT. *Paula Dwyer*

BILL'S BUNCH

DID HERMAN WRITE HER OWN TICKET?

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

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

NOMINATED *but under fire*

WHEELER-DEALERS

HIGH NOON IN BIG D

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

ARENA FOES: *Hicks, Perot*

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

Right now, though, th[e] are far apart. Hicks [...] a more modest plan: bu[...] a $180 million arena w[...] pricey luxury boxes in [...] two years. T[...] trouble [...] since the N[...] tional Hock[...] League does[...] have a nati[...] al TV contr[...] to subsid[...] the Stars, b[...] less Reunion[...] no bonanza [...] Hicks. And Perot, ai[...] by the NBA's juicy televis[...] contract, is in no hurry. Pe[...] wants a $1 billion megaco[...] plex, also featuring hot[...] offices, condominiums, [...] shopping. And while Hi[...] seeks a 50-50 arena own[...] ship split, Perot is push[...] for 51% for himself.

Stephanie Anderson Fo[...]

FAT WALLETS

AN INSURER'S 3% SOLUTION

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

But these lush bonuses (atop a flat $250,000 yearly salary), which would make him among the best-compensated U.S. executives, draw fire from corporate-governance watchdogs. They believe Hilbert, who founded the company in 1979, owes his good fortune in part to a mom-and-pop board str[uc]ture. Company officers h[ave] held five of its nine seats.

The board, if not his [...] package, is changing. On [...] 19, the company replaced [an] insider with an outsider, [giv]ing nonmanagement direc[tors] a 5-4 majority. Hilbert is [un]apologetic about his pay, [not]ing that Conseco stock soared 148% over the [...] year. He says: "It's [the] American way." *Greg B[...]*

HILBERT: *A friendly boa[rd]*

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

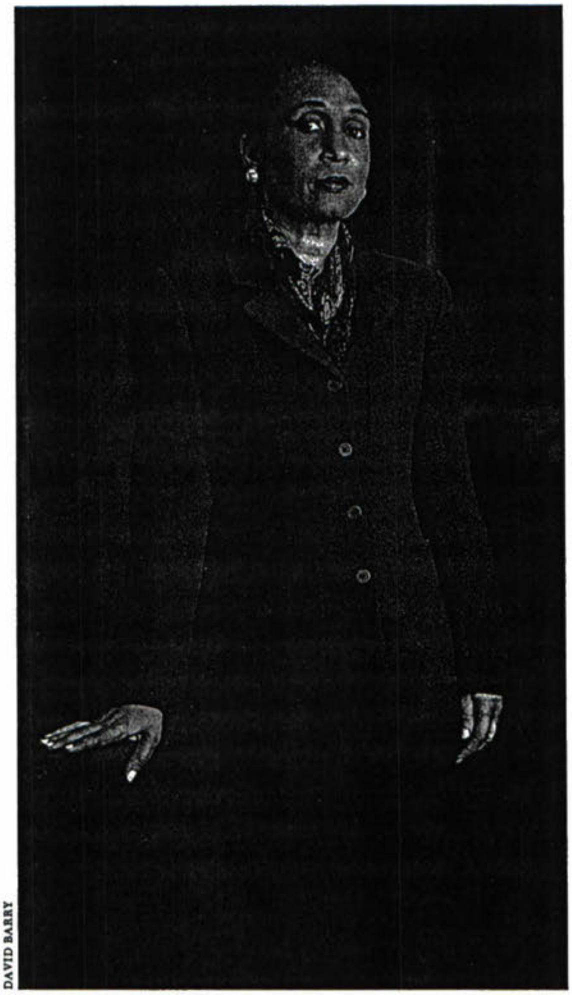
POLITICS

A Very Tempting Target

Alexis Herman rose in Ron Brown's freewheeling world—and that has the GOP asking questions

BY KAREN BRESLAU

RON BROWN NEEDED help. It was July 1988, and the Democrats were about to convene in Atlanta, where Jesse Jackson was threatening to spoil Michael Dukakis's moment. While Brown, a lawyer-lobbyist, undertook the delicate task of weaving Jackson's agenda into the party platform, he brought along his friend Alexis Herman to organize convention logistics for the haphazard Jackson operation. After that Herman rarely left Brown's side. When he became party chairman a year later, Herman helped him transform the sleepy Democratic National Committee bureaucracy into a machine capable of electing a president. When he went to Commerce under Bill Clinton, intermingling politics and business, Herman was in the White House, serving as gatekeeper to special interests eager for Clinton's time. And when Brown's plane crashed in Croatia, Herman planned his elegant state funeral.


DAVID BARRY

A dramatic rise: *Herman, Clinton's nominee for Labor secretary, is a shrewd behind-the-scenes operator*

Now both Herman and her world are on trial. As Clinton's nominee to head the Department of Labor, the once obscure 49-year-old White House aide, former business consultant and Democratic activist would become the highest ranking African-American woman in the administration. Herman must first convince a GOP Senate that she didn't go too far mixing partisan politics and official business—and given the questions about Democratic fund raising, she is a very tempting target. Is Alexis Herman the superachieving civil-rights pioneer the White House says she is, or is Herman—as her critics suggest—a Clintonite who shamelessly traded access for political and personal favors?

Her rise is undeniably dramatic. The daughter of a Mobile, Ala., teacher and a politically active father who was the first black wardsman elected in the state since Reconstruction, Herman attended segregated parochial schools. A deeply religious child, she absorbed the social teachings of the Roman Catholic Church. After earning a degree in sociology from Xavier University in New Orleans, she compiled an impressive do-good résumé: Catholic Services social worker and board member of the National Council of Negro Women. At the age of 29 she was a top official in Jimmy Carter's Labor Department. Herman is a label-defying Democrat: she worked closely with Jesse Jackson in the 1980s, yet during the pro-business Clinton 1990s she maintained such close ties to corporate interests that organized labor was initially reluctant to support her nomination.

During the Reagan years Herman became a management consultant. She profited from some of the same job-training grants she had been involved in awarding when she worked for the government. Herman ran a lucrative consulting practice, advising major corporations how to implement affirmative-action guidelines. Critics charge that many of her clients were coerced into hiring her by Jackson's Operation Push, which boycotted companies that failed to diversify their work forces. (Herman's supporters claim her clients were happy with her work, and some have in fact written letters of recommendation to the Senate Labor Committee.) The White House has promised that Herman will answer all questions about her business and White House conduct in her confirmation hearing.

Senate investigators would also like to know how Herman earned a $500,000 profit from a share of a Washington development project she received for providing minority-contracting advice, without making any initial investment. Meanwhile, they are also looking into allegations that Herman misused her expense account to support first-class travel, deluxe accommodations and personal entertainment while serving as Democratic National Committee staff director under Brown. Some of the DNC habits proved hard to break. When Herman joined the Clinton White House in 1993, she complained that as an assistant to the president, she was entitled to a car and driver. She wasn't: Clinton had eliminated the perk.

Republicans are most intrigued by Herman's role in organizing "coffees" between Clinton and Democratic donors. The White House has acknowledged that Herman's office of public liaison helped to arrange at least 15 coffees, including one last May at which bankers met with the federal officer charged with regulating their industry—a session the White House later admitted was inappropriate. Herman says a deputy had prepared the guest list and that she herself had not attended the meeting.

Worried by rumors that the administration was going soft on Herman's nomination, chief of staff Erskine Bowles invited 100 representatives from women's, labor and civil-rights groups to the White House to announce a "full-throttle effort" on her behalf. This week Senate Labor Committee chairman James Jeffords will finally schedule Herman's hearing. "If anybody wants to vote against her, for whatever reason, they're plainly free to do that," Clinton says. "But she deserves a hearing, and if she gets a hearing, she's going to be confirmed." That is by no means guaranteed—as Herman, a student of political hardball, no doubt knows.

With MARK HOSENBALL

THE WHITE HOUSE

WASHINGTON

February 24, 1997

Karen Breslau
Newsweek
1750 Pennsylvania Ave., N.W. #1220
Washington, D.C. 20006

Dear Ms. Breslau:

I am extremely disturbed by your inaccurate and unfair piece on Alexis Herman in the March 3 issue of *Newsweek*. It contains major factual errors in regard to which *Newsweek* owes Ms. Herman a correction. In addition, it repeats the kind of utterly unsupported allegations that are the stock and trade of the sorriest kind of scandal sheets. *Newsweek* owes its readers more.

First, you assert, "[t]he White House has acknowledged that Herman's office of public liaison helped to arrange at least 15 coffees [between Clinton and Democratic donors] including one last May with the federal officer charged with regulating their industry -- a session the White House later admitted was inappropriate." This is just false. I have written two publicly released letters to Senator Jeffords making emphatically clear that out of the 103 coffees, the only one that the Office of Public Liaison helped to arrange was the so-called bankers coffee, and the OPL staff did that believing it was to be an official, non-political White House event (letters attached). Senator Lott publicly accepted this explanation [*Washington Times*, 2-8-97] and no one has challenged it. My January 30 letter to Senator Jeffords noted that OPL staff were asked, on occasion, to suggest names of possible guests for the *non-donor related* coffees (designated as being for "Political and Community Leaders"), but suggesting names is hardly "arranging" and, in any event, OPL did not even suggest names for the donor-related coffees referenced in your article.

Second, you say that "Herman...profited from some of the same job-training grants she had been involved in awarding when she worked for the government." But there is no evidence of that. So far as we are aware, the only organization for whom Ms. Herman so much as advocated a grant and subsequently received any business was the National Council of Negro Women, which paid Green-Herman the nominal sum of $2,000 to help organize a training seminar.

Third, you state that "Herman earned a $500,000 profit from a share of a Washington development project...without making any initial investment." That isn't so. Ms. Herman has listed her share of the Market Square development on a government financial disclosure form as being worth that much, but this is a very far cry from saying she has *earned* that amount. Her one percent share of Market Square is not only completely illiquid, it might well not earn her a penny given the very large amount of debt on the project. She correctly listed this asset at a high potential dollar value on her disclosure form because it is always prudent in preparing such forms to err on the high side so as to avoid an accusation that one is understating his assets. At some point in the future, *if* the persons who control Market Square decide to sell and *if* the real estate market is strong, Ms. Herman may earn a significant return. But she has most certainly *not* earned $500,000 yet and she may very well never see anything near that from Market Square.

Finally, you write that Senate investigators "are also looking into allegations that Herman misused her expense account to support first-class travel, deluxe accommodations and personal entertainment while serving at the Democratic National Committee." You then effectively endorse those allegations by saying in the very next sentence: "Some of the DNC habits proved hard to break." And you top this off by recounting a story of how she supposedly complained in 1993 about not having portal to portal service at the White House. Don't you think you owe it to your readers, not to mention Ms. Herman, to have inquired into the facts before repeating and all but endorsing these allegations? And didn't you think you owed it to the White House, which spent significant time working with you on this story, to give us the opportunity to respond to these allegations of misused expense accounts and a 1993 complaint about cars?

This is inaccurate, unfair, and highly prejudicial reporting. *Newsweek* should know better. It has an obligation, at the very least, to correct its mistakes.

Sincerely,

Todd Stern
Assistant to the President and Staff Secretary

cc: Ann McDaniel
Washington Bureau Chief
Mark Hosenball

klayman-wh-database sked
STAKEOUT REMARKS WITH
LARRY KLAYMAN OF JUDICIAL WATCH
AFTER U.S. DISTRICT COURT HEARING
TOPIC: WHITE HOUSE COMPUTER DATABASE
USDC,
3RD AND CONSTITUTION AVENUE NW
WASHINGTON, DC
12:20 P.M. EST
MONDAY, FEBRUARY 3, 1997

'97 FEB 4 PM 7:16

TRANSCRIPT BY: FEDERAL NEWS SERVICE
620 NATIONAL PRESS BUILDING
WASHINGTON, DC 20045

THIS IS A RUSH TRANSCRIPT. ------------------------

(NOTE: There were severe technical problems in stakeout reception.)

MR. KLAYMAN: Good afternoon.

This morning, my group, Judicial Watch, which was the group which uncovered the Clinton finance scandal -- going back two and a half years, came to a head last fall with the discovery of John Huang's involvement -- went into court because we are at the point in our case where discovery has revealed a very disturbing pattern of what we

believe strongly is obstruction of justice. We have uncovered that key documents were not produced -- hidden, in fact, in other locations, such as the Small Business Administration -- that documents were shredded; that false declarations were provided to the court, attesting to full document production; that individuals involved in fact did other various types of activities to prevent the court from getting all the information about this fund-raising scandal.

And we tried to impress upon the court our appreciation for the fact that it has been a non-political entity. We have Congress, of course, mired with its own political questions. We have the Justice Department, who's been looking into the scandals -- so it claims, but we haven't heard of anything they've done, other than seeing their fruits of some press releases, saying that they've sent out subpoenas. We told the court that this court is the best means, as an independent, Article 3 court, to get to the bottom (of what's in fact at issue here, perhaps the major scandal of the 20th century, involving selling government services for cash ?) -- (audio break).

We presented to the court a rundown of everything that has occurred to date. The court has taken under advisement what, (if any, initial discovery will allow us to take ?). But what we have asked for at this ?? point is the following:

First and foremost, because we've received very few documents from the Democratic National Committee and from the White House concerning (the functions in ?) the Commerce Department, its trade missions, and other aspects (of what we know ?) -- what was going on there, we've asked the court to allow us to depose Alexis Herman and others in the White House who (would ?) have knowledge as to the interaction between the White House and the Democratic National Committee and the Commerce Department under Ron Brown, with regard to these (illegal ?) activities.

As many of you probably know, about a week and a half ago, we took the deposition of Ron Brown's personal (assistant, James Hackney ?), revealed that the point person at the White House, in terms of arranging the trade mission briefing sessions -- briefing sessions very similar to the coffee klatches ?). The Washington Times has confirmed that many of the individuals in these briefing sessions for trade missions also (were also at ?) the coffee klatches. That person was Alexis Herman. (It is therefore important that we be able to take ?) her deposition (and get all relevant documentation ?), particularly given the fact that Ms. Herman has been nominated for secretary of labor.

We've also asked for documents relating to the White House computer -- (audio break) -- big brother, (WHOBB ?). That computer, according to reports from various sources, including Time magazine, related last week, contains information about the donors (who went on trade missions -- these same donors most likely ?) also being the ones who appeared at coffee klatches -- the ones who in fact (were making ?) donations (for ?) government influence. This is obviously an important piece of information.

We've also asked to take testimony from the Democratic National Committee, who thus far has been stonewalling our efforts and stonewalling the efforts of Congress -- Chairman Solomon of the House Rules Committee noted that -- (audio break) -- obstruction of justice -- to provide documents -- which must exist -- of communications between Ron Brown's Commerce Department and the DNC. We know, for instance, that Alexis Herman was the chief of staff at the DNC. We know that Mr. Brown himself was chairman at that time of the DNC. We know that Melissa Moss was the chief fund-raiser. She's the one who chose trade mission participants along with the others, including Mr. Brown, at the DOC, at the Commerce Department.

MORE

****   filed by:FN-F(--)   on 02/03/97 at 13:19EST ****
**** printed by:WHPR(BTOI) on 02/03/97 at 13:25EST ****

x x x Department. We know that Mr. Kearney (sp) was a close aide to President Clinton, and his family works for President Clinton in Arkansas and here. We know that Mr. Hackney, Brown's counselor, is someone who had Democratic Party connections. All of this points out -- one very simple conclusion is that the Democratic National Committee, the Commerce Department and the White House were all working together to perpetrate these illegal activities, which span beyond just these three agencies. But this is obviously at the core of it. So we've asked for discovery from these entities, including to take the depositions of Mr. Don Fowler and Christopher Dodd at the DNC.

All of this thing being said, it's important that Judicial Watch be able to uncover, in the name of the public interest, what has occurred at the White House, at the Commerce Department and at the Democratic National Committee because we are at a crossroads in our history. This is not the America that we knew back in 1973 with the Watergate scandal. This is one which has become insensitive to our continual slide towards what is in effect the type of lawless and unethical behavior by some of our government's representatives; not just President Clinton, but it's becoming endemic government-wide.

So, therefore, we asked the court -- as what lawyers call an Article 3 courts, that is an independent court that owes no allegiance to any political party, owes no allegiance to any other entity -- to allow us to continue discovery because, without that discovery, we would not have uncovered this scandal. We would not know what we do today. But frankly, we think we have just scratched the tip of the iceberg.

Thank you.

Q Following up on the tip of the iceberg, you said that in court, but you also said that this would be the greatest scandal of the last 100 years. Could elaborate on --

MR. KLAYMAN: It is perhaps the biggest scandal in the last hundred years because what we're talking here is something which is so fundamental; it's called respecting the integrity of our governmental system. It's not to sell taxpayer-financed services for campaign contributions and perhaps for personal enrichment.

MORE

**** filed by:FN-F(--) on 02/03/97 at 13:19EST ****
**** printed by:WHPR(BTOI) on 02/03/97 at 13:25EST ****

x x x enrichment. We're talking about the core of governmental integrity. And whether it's overnight stays in the Lincoln bedroom for $100,000, whether it's special treatment with regard to banking regulation, whether it's what we know of today reported in Newsweek magazine, that the president is slipped a business card, promised millions of dollars, whether it's any of these various activities, we're talking about the core of our integrity. And we are only 220 years old. If we're going to exist at least for another 220 years we have to hold ourselves up to a higher standard. So that's why this is perhaps the largest scandal ever to hit Washington DC, certainly for the last hundred years.

Q (Off mike.)

MR. KLAYMAN: What we said to the court was is that there appears to have been spawned at the Commerce Department through Ron Brown, who, of course, was the all-time Democratic party fund raiser, previous chairman of the Democratic Party, in conjunction with individuals in the White House, in conjunction with individuals at the Democratic National Committee a civilization of deceit, a civilization of illicit campaign finance activities. This is what has spawned this government-wide investigation because the Commerce Department was at the core of this illegal activity. And now we, of course, are finding out that it goes into other agencies such as the Export-Import Bank, such as the Treasury Department and other areas. But we believe that where the cradle of illicit fund raising activities began was at the Commerce Department. And it spread to other areas of government.

Q You spoke of shredding documents, government documents. How widespread is that that you've been able to uncover?

MR. KLAYMAN: Well, we've only taken thus far 17 depositions, which is frankly not a lot of depositions given the nature of this government-wide scandal and the Commerce Department's activities. But what we found out so far is that documents in Secretary Brown's office were shredded, taken by two of his personal assistants, one of which worked at the Democratic National Committee with him, the other at his law firm before he joined the DNC. They, of course, became his assistants at Commerce. And they shredded these documents. They claim that these documents were grand jury documents concerning when the Secretary was investigated for illegal activities as alleged with a company called First International.

MORE

**** filed by:FN-F(--) on 02/03/97 at 13:19EST ****
**** printed by:WHPR(BTOI) on 02/03/97 at 13:25EST ****

x x x International.

We also have learned of wholesale shredding of documents in the International Trade Administration. An ex-Commerce Department employee had the courage to step forward and give an affidavit, that is sworn testimony, of wholesale shredding of Democratic National Committee documents and White House documents in this office of the Commerce Department.

We've also learned that documents were taken out of the Commerce Department and hidden surreptitiously at the Small Business Administration -- classified documents. We've learned that no one ever searched the secretary's inner office for documentation. That's a little bit like the monkeys who see no evil, hear no evil and do no evil; obviously, they didn't want to find anything in his office because he obviously was at the core -- Secretary Brown -- of the illicit activities.

And we found that documents were in fact destroyed by Melinda Yee (sp), a close confident of John Huang, an individual who is reported by the Wall Street Journal, and as confirmed in Department of Congress documents, was a note-taker on department trade missions. Despite a court order requiring the production of those documents, she admits to having destroyed them.

All of these things taken together -- and I'm just explaining a few of the pieces of conduct which, in our view, rise to the level of an obstruction of justice -- all of these things taken together strongly suggest that there was an intentional effort to prevent the American people from getting all the information which it deserves. And that's why we've asked this court, which in our view has been a protector of this public interest, to allow us to continue to take depositions, because as the court noted, with each deposition we learned something new about the conduct of the Commerce Department, the White House, the Democratic National Committee and the Clinton administration in general.

Q Can you specify what government services were actually for sale?

Q Could you detail a little bit the Alexis Herman -- (word inaudible) -- sessions?

MR. KLAYMAN: Let me take this one first.

The Alexis Herman story is an important story, not just because she's the designate to be labor secretary, but because Alexis Herman

is one of the very oldest and closest friends of past-Secretary Ron Brown. She's also the person who hired Melissa Moss, who also was a Democratic National Committee fund-raiser, and who later became the assistant to Ron Brown at the Commerce Department choosing individuals on trade missions. Thirdly, she was a close confident of James Hackney, who was Secretary Brown's close adviser at the Commerce Department, and who also participated in the trade missions.

MORE

x x x missions.

Ms. Herman has also been linked recently -- allegations which she does not deny -- that her office at the White House helped set off coffee klatches where many donors were invited, along with Democratic National Committee officials, to raise money for the Clinton-Gore campaign. We found out in our case recently, through deposing Mr. Hackney, Brown's closest advisor, that Ms. Herman was setting up briefing sessions at the White House for the donors who went on these trade missions. Some of them were donors, some of them were others, but they had briefing sessions that were very similar to the coffee klatches.

And this obviously causes us great concern that what was being done with regard to coffee klatches was also being done with regard to trade missions, that is selling off government-assisted services for large campaign contributions to the Democratic Party. And we have asked to take her deposition. We are pleased that Congress has slowed down her nomination process because, if it is confirmed -- and we believe it will be -- that she had a very close connection with Secretary Brown, participated on trade missions, and in fact was the point person at the White House, arranging for these trade missions, she obviously should not be confirmed as Labor secretary.

Q It's a stupid question, but I'd like to ask -- (inaudible) --

MR. KLAYMAN: We obviously are primarily interested in finding out whether or not she knows of documentation that was in fact circulated by the Commerce Department at these briefing sessions. Judicial Watch has been produced no such documentation. We're interested in asking her exactly what was the interaction between Secretary Brown, herself and others in the White House, including the President and Mrs. Clinton, concerning these trade missions, and whether there was a conscious effort to sell trade missions for campaign contributions. We, of course, know this to be true, but we want to have it confirmed that the White House was part of that. And to the extent that there was documentation created -- this is our goal -- to learn of that documentation and have it produced to the American people.

In that regard, we know of this Big Brother computer at the White House. And we know that on that computer is a listing of donors who went on trade missions. We want to get more information about that White House computer. And for that reason, we have asked the court to allow us to take discovery of relevant records dealing with trade missions concerning that White House computer.

MORE

**** filed by:FN-F(--) on 02/03/97 at 13:20EST ****
**** printed by:WHPR(BTOI) on 02/03/97 at 13:26EST ****

x x x computer.

Q Larry, what do you expect that computer to show you?

MR. KLAYMAN: That computer was prepared for an amount close to $2 million. We're not talking about small change, we're talking about taxpayer monies -- my money, your money -- that went to prepare a White House computer that by all accounts was being used not just to track people who went to White House dinners, but in fact, documentation and information was being provided to help the Democratic National Committee and the Clinton-Gore campaign raise campaign contributions. We want to find out whether that computer also helped coordinate trade missions of Secretary Brown and the Clinton administration and to get any such documentation concerning that coordination, because from that documentation we're probably going to be able to trace this government-wide activity of selling off services and government commodities for large campaign contributions to the Clinton-Gore campaign.

Q On that note, do you any -- (off mike) -- on the Ickes story in Newsweek?

MR. KLAYMAN: I've heard of that story. Apparently what's been reported in Newsweek is that the president was slipped a card by a large donor in south Florida promising several million dollars, that the card was apparently provided to Harold Ickes, obviously a high level White House official at the time. Mr. Ickes then contacted that potential donor to be able to reap the rewards of his promise -- that is, campaign contributions. And when Mr. Ickes apparently ``learned'' of the illegality -- and I put ``learned'' in quotes, because it probably is more that someone called his attention to the fact that he might be caught -- contact that donor and told him to destroy documentation of their communications.

If this is true, this type of destruction of key documentation is very similar to what we have encountered in our case with regard to the Commerce Department, the Clinton White House, and the DNC. We're rising to a level now that perhaps will dwarf even Watergate in terms of potential obstruction of justice charges. Watergate, as we know, started with a small break-in at the Democratic National Committee and spread to other areas. But what we're now seeing is the systematic government-wide effort to sell off anything the Clinton administration could get its hands on for, in fact, campaign contributions. And we've also seen signs throughout the reports that close Clinton confidants were also profiting personally from some of these activities.

Q The government attorney mentioned that you would probably like to depose or at least take a statement from the president, and the judge laughed and said, ``I'll bet he would.''

MR. KLAYMAN: (Laughs.)

Q Are you prepared to go that far?

MR. KLAYMAN: Well, we're going to see where the evidence leads us. And wherever it leads us, obviously we'll want to know whether any documents were produced. But what we do know so far is that the Commerce Department, despite all the documents that we fought so hard to get in the last two and a half years, has still not produced several thousand documents.

MORE

x x x documents.

When the court took a snapshot review of that in confidence -- in chambers, as we call it -- the court found that about half of the documents were improperly classified as exempt. Some of those documents were communications between the Commerce Department and President Clinton himself and Anthony Lake and others. The document concerning President Clinton the court ultimately ruled was properly exempt, but there are other documents with Anthony Lake and others which, it would appear, were not exempt.

If the paper trail leads us to President Clinton, if he created documentation over these matters or if his assistants created documentation, we would want to pursue all leads. And certainly the President of the United States is not above the law, whatever he might like you to think.

Q Last week you called on the White House to withdraw Ms. Herman's nomination. This is before you had a chance to depose her. What do you know now that justifies calling for her nomination to be --

MR. KLAYMAN: Well, what -- what we know is is that Ms. Herman participated in these coffee klatches. Ms. Herman is one of the most sophisticated political operatives in the Clinton White House: close friend of Ron Brown, close friend of a variety of other people in this administration and outside of the administration, including Jesse Jackson.

Ms. Herman has denied that she attended this meeting with banking regulators. However, it was her office that set up that meeting with banking regulators where the Comptroller of the Currency attended. That is clearly illegal. You cannot mix politics with government.

Now, Ms. Herman is responsible. No one else is responsible. And perhaps other White House officials are responsible. And whether she attended the meeting or not is irrelevant. It happened through her office. She knew of it, and didn't come forward with this information until it hit the press through some other means. Consequently, she's not fit to be cabinet secretary.

This is a high post. It should not go to someone who has admittedly violated the law or participated in that violation and who only when caught says, ``Oh, okay, I didn't go.'' That's not a convincing excuse. We need cabinet secretaries who are beyond reproach. We need cabinet secretaries who obey the letter of the law

and abide by the ethical standards of our government without having to resort to nonsensical excuses.

MORE

x x x excuses.

Q Have any of the congressional committees contacted you about any of the evidence?

MR. KLAYMAN: We have provided a copy of the videotape of the Hackney deposition to the Senate Labor Committee. We are cooperating with anyone who wishes to participate in the documentation that we have and the knowledge that we've had.

I might even add, I was contacted by a minority staff member on the House side to get a copy of the John Huang tape. It's curious that they didn't have a copy of the tape; had to contact us. But we were happy to make a copy for them as well. So we'll cooperate with anyone who wants to get to the truth.

The one person -- the one entity that has not contacted us is the Justice Department. Now, how is that possible? Here you have an entity which is trying to stave off an independent counsel by saying they're doing a thorough investigation, which sends out press releases about all the hard work they're doing on this case, which through the DNC leaks that the DNC has gotten subpoenas -- I might add very narrow subpoenas; yet they don't have the time contact an ex-Justice Department lawyer like myself, who has 85,000 documents and a wealth of information, to conduct their investigation. You can only come to the conclusion that the investigation of the Justice Department is an absolute joke, that it's being conducted just simply as a camouflage for Attorney General Reno not to have to appoint an independent counsel.

Q Just clarifying one little point. You said you had 17 depositions so far. How many more are you seeking?

MR. KLAYMAN: We're seeking approximately 30-some depositions.

Q Thirty-seven or --

MR. KLAYMAN: It's in the 30s; I haven't counted. We laid it out in very specific detail.

Q Thirty-some more?

MR. KLAYMAN: Thirty-some more depositions at this time. And we don't know where this is going to lead us. Our case is now 2-1/2 years old. Our case came to a head last fall with John Huang and his flight from justice when we sought to depose him. Seventeen

depositions and 30-some more are not a lot of depositions for a scandal that goes government-wide. We're doing the best we can. We're a volunteer organization. And, obviously, we hope that these depositions continue to uncover at each turn some of the conduct which has led to this scandal.

Q Any indication when you'll get a ruling?

MR. KLAYMAN: The judge said he would rule as promptly as possible. This judge has been extremely diligent in ruling promptly. He does, however, have before him several hundred pages of legal briefs and documentation supporting everything that we've said, and we're hopeful that he'll get to it when his schedule permits. He's been in trial for the last several weeks. So we, frankly, don't know when he'll be able to get to it, but know that he will do so promptly.

MORE

x x x promptly.

Q You used words like the other side was abusive, improper conduct; repeat some of those words you talked about from the other side.

MR. KLAYMAN: Well, we have raised throughout these depositions that the Commerce Department, represented by the Clinton Justice Department, has not always allowed us to get at the truth. We've had a series of declarations that were put forward that were inaccurate or false. We've had documents that have been hidden that have not been produced unless we learned of them.

And during depositions in particular -- that's when you take testimony -- we had situations where frequently the Department of Justice would not allow for the production of documents, would not allow witnesses to respond fully to questions; where the Department of Justice would raise objections which would in fact tip the deponent --that's the person who's giving the testimony -- off as to the questions; and where they would also engage in other conduct by calling me names. I mean, I've even been called a McCarthyite at some point.

Q During a deposition?

MR. KLAYMAN: During a deposition, not the Justice Department. This was another lawyer who at the time represented Miss Melinda Yee (sp). Another Melinda Yee (sp) lawyer called me a sexist. Obviously, these kinds of names, which we recently found out were orchestrated --this type of thing -- out of the Democratic National Committee -- they wanted to brand everyone who was involved racist, in fact, are a type of way to deflect against getting at the truth.

And what the court raised this morning was just some conduct in terms of how questions are being responded to -- the depositions. It did not address all of this. But this kind of behavior -- dreaming up
a scheme at the Democratic National Committee to brand anyone who sought to get at the truth racist, including the press, obviously is despicable. This type of conduct, to brand people McCarthyites or sexist, is obviously despicable. Even the president himself at various news conferences has called individuals -- or suggested that individuals involved in the truth-finding process, including members of the press, to be, in fact, racist.

This is not what we're up against. Anybody that knows Judicial Watch or Larry Klayman knows that I've fought very hard for the rights

of Asian Americans. I have represented them in my private practice. That we're talking about
a very hard-working, decent community that usually doesn't even like to be involved in politics. But it's this kind of tactic, pulling out any stop to allow people to get at the truth, including the government-wide discussion by the Clinton administration of whether we should reform the campaign finance laws, is obviously a diversionary tactic.

MORE

x x x tactic. And that type of diversionary tactic in many forms manifested itself during these depositions by not allowing deponents to simply answer questions.

Q (Inaudible.)

MR. KLAYMAN: At the outset of the deposition, I asked Ms. Fredericks whether she had searched her files to produce documents that were required to be produced by virtue of a subpoena that had been served upon her and she refused to answer that question. She gave me the run around with everything but a ``yes'' or a ``no.'' And it was at that point that the government attorney interjected several times, said she had already answered it, when in fact in our view she had not.

I'm not going to speak for the court and what the court found objectionable. But what I find objectionable is a conscious effort to prevent the flow of information to the American public. How is it that the Clinton Justice Department, a Justice Department which is supposed to be independent, has itself tried to inhibit the flow of information to the public. I was a Justice Department lawyer and I was taught when I was there in 1979 to '81 that I represented not just the government of the United States but the people who were sitting across the table from me, my adversaries because I was representing the American people. And we, frankly, do not see that in the current Justice Department which in our view has become so highly politicized that it calls into question the very integrity of the institution.

Q How do you know the DNC is behind the dirty pool during the depositions? How do you know the DNC -- (inaudible).

MR. KLAYMAN: Well, we know back in the fall of this year, fall of last year, we know back in the fall of last year, we know back in the fall of last year that when we deposed or sought to depose John Huang that the court made an effort to try to find him and serve him with a subpoena when the Clinton Justice Department would not voluntarily help us find him and get him served. At that point in time, the Democratic National Committee was asked to give certain representations in court as to where Mr. Huang was. And it claimed that it didn't know. And then when we took Mr. Huang's deposition, in fact we found out that he was in contact with the Democratic National Committee and of course we learned that he was being represented by a lawyer of the Democratic National Committee. It's this kind of conduct which leads you to believe that the Democratic National

Committee has been coordinating the defense of this case through the Clinton Justice Department and through the Commerce Department. There's no other logical conclusion.

Q Can you comment on -- (inaudible) -- do you know how much money he's raised?

MR. KLAYMAN: George go on.

George?

Q The judge was pretty rough on the assistant U.S. attorney in there and this is the second time in a court status hearing that he chastised the assistant U.S. attorney for improper conduct.

MORE

x x x conduct. Are you going to challenge the continued role of Mr. Holder's deputy in defending this case?

MR. KLAYMAN: Well, this is regrettable, obviously, when an attorney of the U.S. Department of Justice on a prior occasion was sanctioned for misconduct, it's regrettable -- as an attorney, I don't like to sit there and see that type of thing happen, but the judge was correct in his criticisms of this Justice Department lawyer.

It is obviously for the Justice Department to decide who represents it. But we will be challenging the overall conduct of the Clinton Justice Department, Department of Commerce, and the interference by the Democratic National Committee.

We've not only been awarded attorney's fees and sanctions on a prior occasion, but we will be moving for very severe sanctions at the close of this case, including but not limited to, paying all of our attorney's fees and costs. And we also honestly believe that there has been an effort to obstruct justice. Now, whether the Justice Department has been involved in that, I'll let the facts speak for themselves. But we're going to be seeking to uncover whether or not there was an involvement through the Justice Department.

Q Well, how can an attorney for the -- which is part of the Criminal Division of the Justice Department -- I know they have a Civil Branch in the U.S. Attorneys Office -- but isn't this a conflict for a lawyer in the U.S. Attorney's Office, which is supposed to be investigating one aspect of this, to be defending this case? I mean, why isn't this being handled by the Civil Division at main Justice ?

MR. KLAYMAN: Well, one should perhaps ask the ultimate question: Why is the case being handled at all from the standpoint of an investigation by Justice itself? We now have allegations, substantiated through admissions of the White House, that individuals from the Office of the Comptroller of the Currency were present during fund-raising sessions with Democratic National Committee officials at the White House. That is illegal, plain and simple.

Attorney General Reno should not have hesitated one second to appoint an independent counsel after those admissions were made. Therefore, the Justice Department should not be involved in any way in investigating this fund-raising scandal.

The Justice Department may, if it does so properly, defend the Commerce Department in our case, but it must do it properly. It must

not try to obstruct the flow of information to the public, and it must not in fact do other types of things which are not in the interests of justice. And this is why as a practical matter, as things currently stand, it's a huge conflict of interest for Attorney General Reno to have professed to be conducting an independent investigation of this government-wide campaign finance scandal, while at the same time having her attorneys come into court and claiming that Judicial Watch and its case is frivolous, it hasn't uncovered anything, and is in fact on a goose chase. This obviously shows you not just the integrity, or lack thereof, of what's occurring with regard to the Department of Justice and its investigation, but it shows you why we need an independent counsel.

Q Larry, could you comment on the coffee klatches? Do you know how much was raised?

MR. KLAYMAN: What we know of so far is that a minimum of $27 million was raised at these coffee klatches, and that's not counting what was raised through the Department of Commerce. Many more millions of dollars were raised there.

Judicial Watch has called for the impounding of that $27 million. Perhaps it shouldn't be returned to the donors, but in fact deposited in the U.S. Treasury because it does in fact represent a rip-off of the American taxpayer. That money belongs to the American taxpayer.

Q But you don't know how much money, if any, came out of the trade missions?

MR. KLAYMAN: Thus far, we don't know the numbers. We know it's in the millions of dollars, and that's why we're fighting so hard to take discovery and why we are welcoming the participation of the court in allowing us to take that discovery. And we would very much like to see the appointment of an independent counsel who wasn't driven by a political appointee with a political agenda at the Justice Department.

Q Thank you.

MR. KLAYMAN: Thank you.

Q How do you know about the $27 million? Was that based on anything that you got out of depositions?

MR. KLAYMAN: That was counted up by the Washington Times.

Q They did a little --

MR. KLAYMAN: There was an article in Inside Magazine last week where they tracked it.

Q Can you clarify what the next step for the court will be; what is it you want next from the court?

MR. KLAYMAN: We want to be able to take further discovery, and in particular, take discovery of individuals at the White House, including Alexis Herman, at the Democratic National Committee, that know of the scope of this government-wide conspiracy. And we would also like to follow up with the Commerce Department to follow the leads that we have so far to track down all the documents which we think have been hidden or destroyed, because at the end of the day, this case is probably as much about obstruction of justice as it is about a campaign finance scandal.

END

later convicted on
l cocaine distribu-

s not directly ad-
egation. It says
to the agency but
ment and was not
with CIA." Barry
CIA, but only for
his plane was be-
DEA's Sandinista
s it found no evi-
arlier money-laun-
several Arkansas
ged.
IA say about Mr.
ctivities at Mena?
room that parses
t that "they didn't
response to Mr.
whether informa-
ansas officials in
es that "interface
handled by the
olved in the joint
ping the issue of

use has gone to
the Mena story.
us White House
s denounced by
ge-control coun-
darkest backwa-
racy theories."
ismiss Mena as
critics. But in
s more vicious.
ving long ago
a investigators
State Police in-
nd former IRS
ripped of their
ack away from
report provides
o Arkansans.
is not likely to
surrounding
important de-
y" and related
eanwhile, the
owing leads in
probe involv-
ths" case and
l drug drops.
estion is what
arry Seal op-
me by follow-
smaller ques-
CIA contracts
" went to one
Mena. But in
e U.S. intelli-
already has
ice: He's de-
ng happened

ditorial page

The Case for Confirming Anthony Lake

By Robert M. Gates

I am barely acquainted with Tony Lake, the president's national security adviser and nominee to become CIA director. But I have read about his views on foreign policy for years and disagree with him on a number of important issues. I think that the administration's foreign policy, which he has helped shape, has been erratically interventionist, excessively tactical, insufficiently supportive of resources for defense and intelligence, and lacking in strategic priorities, coherence and consistency. Even so, I believe Mr. Lake should be confirmed.

An ideal nominee for CIA director would have universally recognized integrity, expertise in foreign affairs (but with no controversies), experience managing large enterprises, savvy in intelligence operations (with no failures), analytical insight (with no mistakes), political skill, the confidence of and ready access to the president, and a winning personality. None of the 17 men who have been CIA director have had that combination of credentials. Mr. Lake has three of the most important, however.

First, he is broadly recognized as a man of integrity and principle—and as a man with the courage to stand up for what he believes is right. This offers reassurance that he will be independent of the White House in which he served and will be directed by a moral grounding most Americans would find admirable. Second, whether or not one agrees with him on the issues, he is thoroughly knowledgeable about foreign affairs. Moreover, as national security adviser, he is clearly familiar with current intelligence operations and analysis, and will be able to improve both. Third, he has the confidence of the president and knows well the rest of the president's national security team, two assets without which a CIA director is deeply, if not fatally, weakened.

Mr. Lake does have deficiencies. He has no relevant intelligence background, but then neither did 13 of his 17 predecessors. He has not managed a large (and difficult) organization, but his power of appointment (and the incumbent deputy) can compensate for that. As for a winning personality, I am in no position to judge.

There are contentious issues surrounding Mr. Lake that will doubtless be important in his confirmation hearings before the Senate Select Committee on Intelligence. Most significantly, the administration's failure to tell Congress about its actions in at least tacitly encouraging Iran to arm Bosnia was, at minimum, a serious mistake. Mr. Lake should say so, and the committee should extract appropriate pledges from him about keeping Congress informed—and his willingness to resign if ordered by the president to keep lawmakers in the dark, a pledge I made prior to my confirmation in 1991. At the same time, primary responsibility for this mistake in Bosnia rests more heavily with the president and the then-secretary of state, and Mr. Lake should not be disqualified as CIA director simply because others senior to him are beyond the reach of the Senate.

Other issues that have been raised in connection with his nomination are not, in my view, disqualifying. He obviously must satisfactorily explain his tardy disposal of stock after entering public office. But the charge that Mr. Lake was once equivocal as to the guilt of Alger Hiss and allegations of other manifestations of "left-leaning" views years ago strike me—someone who was attacked in my own confirmation hearings as too much of a Cold War hawk—as wholly irrelevant and silly in 1997, even if true.


Anthony Lake

The committee must satisfy itself on Iran-Bosnia and Mr. Lake's commitment to congressional oversight, as well as other issues, such as the stock sale. But these should be resolvable. Then perhaps the hearings can serve a positive function by eliciting Mr. Lake's thinking on continued reform and restructuring of U.S. intelligence, his views of its strengths and weaknesses and the adequacy of resources in light of the tasks assigned by the president and Congress. The answers to these tough questions could prove illuminating, not to mention highly relevant to his confirmation.

The bipartisan nature of the Senate intelligence committee since its early days under the leadership of Daniel Inouye and Barry Goldwater has been one of its greatest assets, and a source of its credibility. As Congress becomes more polarized and partisan, it would be a tragedy if the Republican and Democratic leadership of this very sensitive committee were to allow its special nonpartisan character to be weakened. I was nominated to be CIA director by President Reagan in 1987 and again by President Bush in 1991, and despite the struggles I went through in a Democratic-controlled Senate, I never felt the disputes were partisan.

Mr. Lake's confirmation ought not become a matter of partisan conflict, an opportunity to attack the administration's foreign policy. There are other, more appropriate forums for that, even in Congress—the Senate's Foreign Relations and Armed Services committees, and the House's equivalent committees. Republicans should not use hearings for CIA director—a position that should be outside of politics—to make Mr. Lake the designated partisan target.

Tony Lake isn't perfect for CIA director, but he is a capable senior official of integrity who is the choice of the president to head the U.S. intelligence community. As the last CIA director nominated by a Republican president and confirmed by a Democratic-controlled Senate, I strongly believe that hard questions should be asked of Mr. Lake, and then he should be confirmed expeditiously with broad bipartisan support. This would be in the best interests of the country and of the intelligence community.

Mr. Gates was CIA director under President Bush.

THE WALL STREET JOURNAL.

Peter R. Kann *Chairman & Publisher* — **Kenneth L. Burenga** *President*

Paul E. Steiger *Managing Editor* — **Robert L. Bartley** *Editor*

Byron E. Calame, **Daniel Hertzberg** *Deputy Managing Editors* — **Daniel Henninger** *Deputy Editor, Editorial Page*

Vice Presidents

Danforth W. Austin *General Manager*
Paul C. Atkinson *Advertising*
William E. Casey Jr. *Circulation*
Michael F. Sheehan *Production*
Charles F. Russell *Technology*
F. Thomas Kull Jr. *Operations*

Published since 1889 by
DOW JONES & COMPANY

Peter R. Kann, **Chairman & Chief Executive Officer**; Kenneth L. Burenga, **President & Chief Operating Officer**; CEO, *Dow Jones Telerate*.

Senior Vice Presidents: James H. Ottaway Jr., Chairman, *Ottaway Newspapers*, President, *Magazines*; Peter G. Skinner, General Counsel, President, *Television*; Carl M. Valenti, *Technology & Affiliates*, President/Publisher, *News Services*.

Vice Presidents/Operating Groups: Karen Elliott House, President, *International*; Richard Myers, President, *Ottaway Newspapers*; Dorothea Coccoli Palsho, President, *Business Information Services*; Julian B. Childs, **Executive** Vice President, *Dow Jones Telerate*.

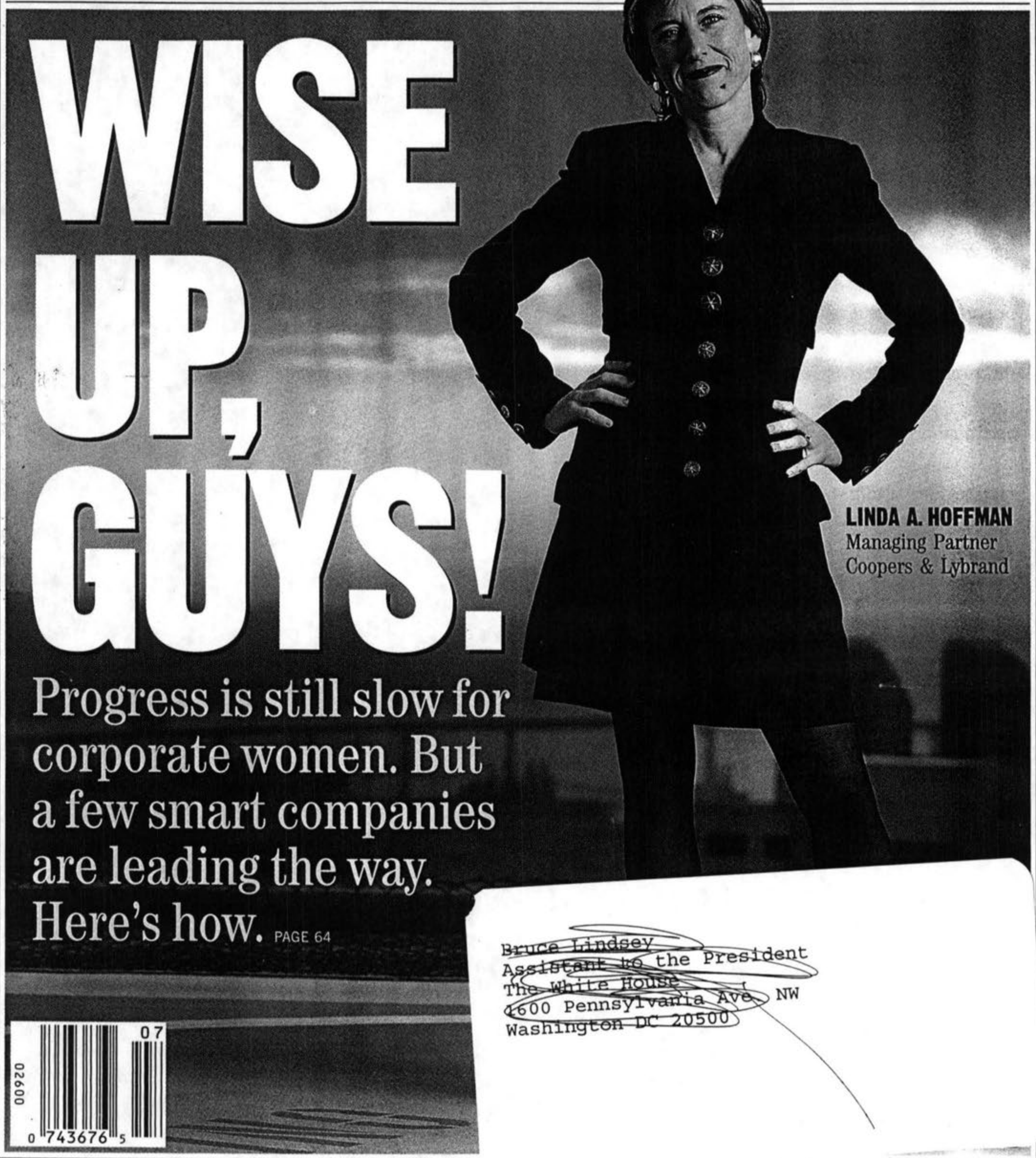
Vice Presidents: Kevin J. Roche, *Chief Financial Officer*; Bernard T. Flanagan, *Marketing*; Paul J. Ingrassia, Richard J. Levine, *News Services*; James A. Scaduto, *Employee Relations*; David E. Moran, *Law*.

Editorial and Corporate Headquarters: 200 Liberty Street, New York, N.Y. 10281. Telephone (212) 416-2000.
Subscription Services: Call 1-800-JOURNAL, or see Directory of Services, Section B.

COMEBACK PLAN FUND STARS FREE-MARKET PUSH

BusinessWeek

FEBRUARY 17, 1997 A PUBLICATION OF THE McGRAW-HILL COMPANIES $3.50



WISE UP, GUYS!

Progress is still slow for corporate women. But a few smart companies are leading the way. Here's how. PAGE 64

LINDA A. HOFFMAN
Managing Partner
Coopers & Lybrand

~~Bruce Lindsey~~
~~Assistant to the President~~
~~The White House~~
~~1600 Pennsylvania Ave~~ NW
~~Washington DC 20500~~

0 743676 5 07 00920

BREAKING THROUGH

The floor plan of the Chicago hotel conference room provided a compelling metaphor for the problem at hand. Seated in rows were 80 women, all partners at Coopers & Lybrand. Before them, atop a stage-like platform, presided eight senior members of the management committee. All eight were men. All eight were white.

Didn't these guys get it? Chairman and Chief Executive Nicholas G. Moore and his seven colleagues were there because Coopers' women wanted to know why, after a decade of gender-neutral hiring at the firm, females still made up just 8% of the 1,300-person partnership. Why weren't women responsible for more of the firm's key clients? Why did they head just 3 of 70 regional offices?

Answers came quickly in the ensuing exchange. Some men believed female partners didn't want to travel. Astounded, the women countered that in fact they were eager to get out and meet clients. Even though men said they were open to lunching with female counterparts, women said they felt excluded from such informal gatherings. Opinions also diverged over whether the road to partnership favored men. "If you're in an environment mostly dominated by a male culture, many of the things you must do to succeed are more comfortable for men than women," says Linda A. Hoffman, a 39-year-old partner who co-chaired the gathering. Recalls Moore: "That surprised me. But there were enough women who said it that I believe it's an issue."

The watershed confrontation last April launched Coopers & Lybrand on a series of initiatives aimed at narrowing its gender gap. Two women now sit on the 14-person management committee, there's formal training and mentoring for up-and-comers, and a portion of partner bonuses is linked to performance on diversity issues. In a June 21 memo, Moore even proclaimed that 30% of new partners by the year 2000 would be women—up from 17% this year.

Cover Story

Women may be forgiven for asking: "So what?" They have, after all, heard such pronouncements from employers before. For all the bravado of the past decade, women in most organizations aren't much further along. The glass ceiling hasn't been shattered. Instead, throngs of women are abandoning Corporate America, pouring their energy and talent into smaller companies, self-employment, or families.

The failure is borne out in study after study. A report released last October by Catalyst, a nonprofit research group, found that only 10% of top jobs at the nation's 500 largest companies are held by women. When the field is narrowed to the elite tier of chairman, president, CEO, and executive vice-president, the portion drops to just 2.4%. Some 105 of these 500—companies as varied as Walt Disney, Whirlpool, and Exxon—have no women corporate officers at all. "This count documents that the view held in some quarters—that this is a 'been there, done that' issue—is not right," says Catalyst President Sheila Wellington.

TARNISHED IDEALS. The results reflect, in part, the deterioration of societal supports that once promised women progress in business. Attacks on affirmative action—most recently, California voters' approval of a referendum barring preferential state hiring—have lessened the pressure once firmly applied to business by government agencies or shareholder activists. So most simply haven't stuck to strong diversity goals. Of the 24 "Best Companies for Women" featured in BUSINESS WEEK's Cover Story of Aug. 6, 1990, just four—Merck, Avon, Gannett, and Pitney Bowes—have women in more than 25% of corporate officer's posts, according to Catalyst.

Amid the detritus of failed initiatives and abandoned ideals, however, a few companies are achieving success in the battle to get women into the executive suite. Swimming against the tide, they have backed sound strategies with effort, money, and long-term commitment. The results are compelling. Women now hold 5 of the top 11 jobs at Pitney Bowes Inc. Motorola Inc., thanks to zealous planning for succession, now boasts 38 female vice-presidents, up from just two in 1989. Avon Products Inc. has women in 44% of its most senior posts and in 4 of 13 board seats. "Women are in the pipeline in droves," says Avon Chairman and CEO James E. Preston.

These companies understand three crucial axioms. First, this isn't about morality, or even morale: Putting women in senior posts helps bring more talent in the door, a key to long-term profitability. Second, the best women will become harder to attract and retain, so companies that start now and stick to their plan will have an edge down the road. Lastly, more women at all levels means that businesses can serve their increasingly female customers better. "If we don't have people of diverse backgrounds in the back, how in the world can we satisfy the diversity of people coming in through the front door?" asks William R. Howell, who was J.C. Penney

(CLOCKWISE FROM TOP LEFT) DAVID FIELDS; MICHAEL L. ABRAMSON; ALAN LEVENSON; GERRY GROPP; WOLFGANG KNAPP/ARGENTUR THEMA; SANTA FABIO; RICHARD MORGENSTEIN

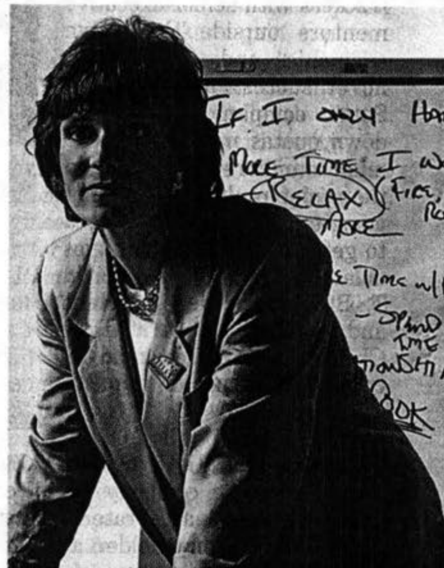
It's 1
wom
By a
be N
com
helpi
man

COLGATE-PALMOLIVE

MOTOROLA

COOPERS & LYBRAND

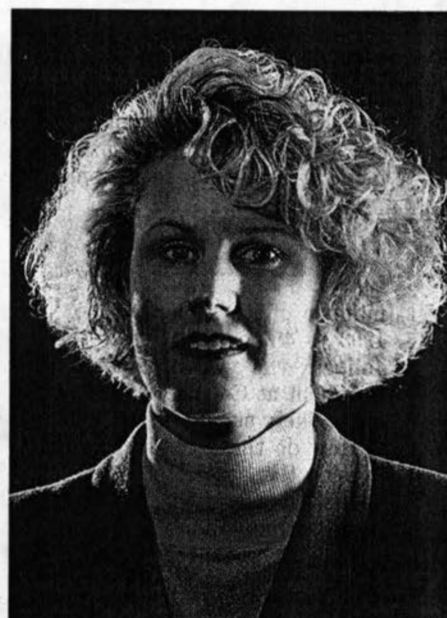
It's 1997. How much **PROGRESS** have women made in Corporate America? By any measure, the answer seems to be **NOT ENOUGH**. But a few enlightened companies are helping themselves by helping their best and brightest women managers reach their full **POTENTIAL**.



WOMEN UNLIMITED

PACIFIC TELESIS GROUP

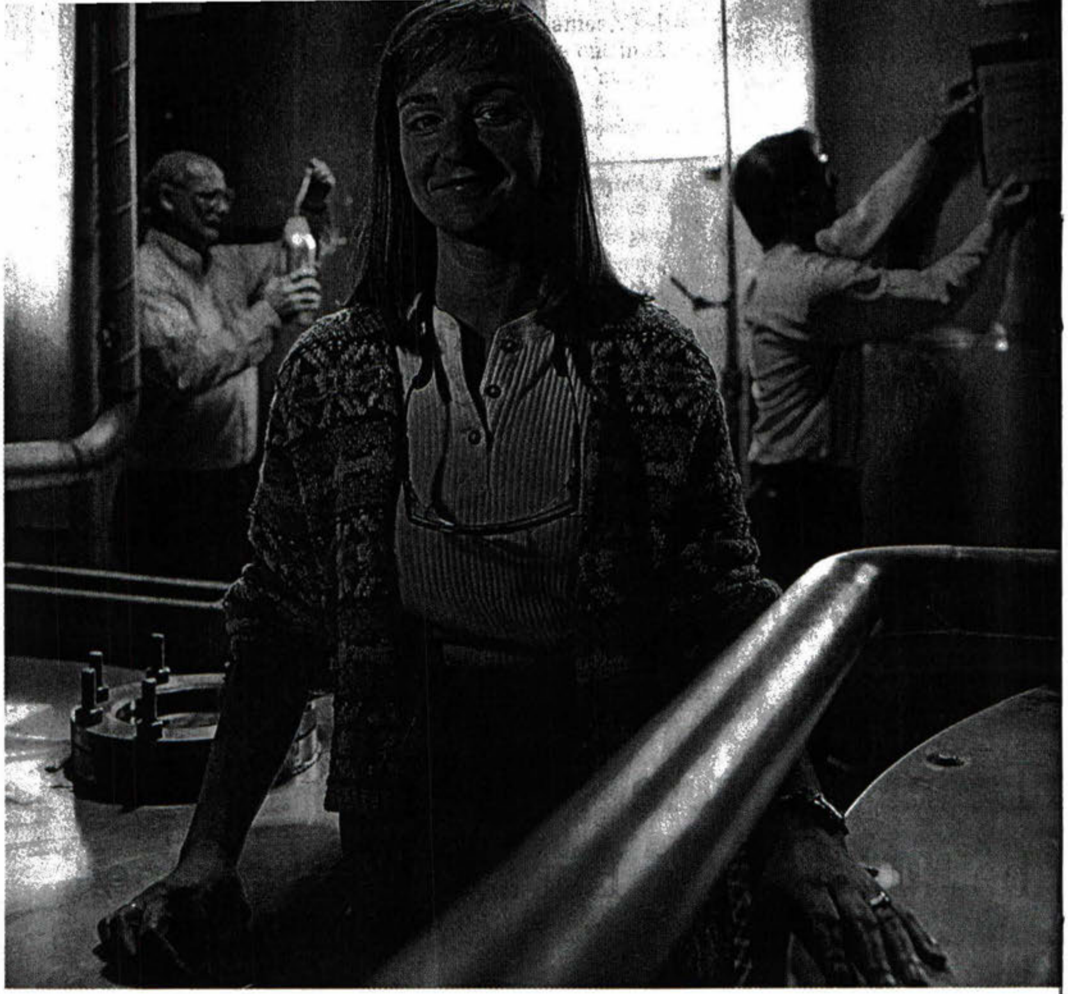
DOW CHEMICAL



HOECHST CELANESE

SYDNEY S. SHERRY
Plant Manager,
Colgate-Palmolive

"Colgate let me do things I had no business doing. [The company] bet on me and my abilities"



DAVID FIELDS

Co.'s chairman until this year.

That's why Penney, Motorola, Colgate-Palmolive, and Dow Chemical, among others, have committed serious resources and credibility to setting women on the right track. They are pairing female fast-trackers with senior-executive mentors outside their own companies and are devising novel succession strategies. Some companies even lay down quotas mandating minimum numbers of women in the senior ranks. "We are not going to get to where we need to get to with diversity issues unless we push it," says David T. Buzzelli, a vice-president and board member at Dow Chemical Co., who is an adviser to the company's women's network.

Women now fill 108 of Dow's top 1,205 U. S. jobs—a 145% increase from 1990, the year before the company began encouraging managers to promote women at a rate at least equal to that of men. When Julie Fasone Holder, a promising manager, resisted a promotion to district manager, Dow strongly urged her to reconsider. "My boss at the time said, 'We really need good women to be good district managers. And if you want to continue to move up, you have to do this job,'" she explains. Fasone Holder accepted—and since then has been given flexibility to meet family and community demands. Now a business director, she expresses no regrets.

Similarly, Hoechst Celanese Corp. has doubled the percentage of women in its most senior ranks since 1991. One tactic it used was setting numerical targets for its workforce. Colgate-Palmolive Co., which invests heavily in diversity training, has seen the number of its senior women executives climb from 27 in 1993 to 48 today. "This is the next generation," says Lois Juliber, who was promoted in January to executive vice-president at Colgate-Palmolive, where she is widely regarded as likely successor to Chairman and CEO Reuben Mark.

Cover Story

How do these companies do it when so many others are missing the boat? Motorola's initiative began in 1989 with a detailed look at census data. The company predicted what the future demographics would be for workers in such fields as electrical engineering and computer science. It then set targets: By 2000, it wants management to mirror the share of men, women, blacks, Asians, and other groups in these lines of work. It won't say how close it is to meeting that goal. But "we see the handwriting on the wall, and we have to get ready," explains Roberta W. Gutman, Motorola's vice-president and director of global diversity.

Simply establishing objectives, however, wasn't enough. So Motorola revamped its succession planning—focusing first, unlike other companies, on its most senior staff. Top managers now must supply names of the three people most likely to replace them. The first is the manager who would fill the job in an emergency. The second slot is for someone who could be groomed for the job in three to five years. The new third spot is dedicated to the woman or minority closest to being qualified for the position. Managers are expected to give that third person opportunities to get the experience needed to merit the promotion. As a result, women have moved into the first or second slots for approximately 75 of the company's 300 most prized jobs.

The entire process is completely confidential. Not even the chosen few know who they are. The secrecy, says Motorola, relieves pressure and averts personnel conflicts. Now, Gutman is rolling out diversity strategies worldwide. "People will land at companies where they see visible evidence that people at the top look like them," she says.

SETTING TARGETS. Case in point: Karen J. Cassel considered five job offers before graduating in June from Stanford Graduate School of Business. The 30-year-old chose to join Pacific Telesis Group Inc., in part because she saw that 38% of the company's top 800 jobs were filled by women. "The company had more women at higher levels than anybody else," recalls Cassel. "They seemed to have all the respect and opportunities their male co-workers had."

Hoechst Celanese has a similar agenda. By 2001, it wants 34% of its managers to be women and minorities. Those groups now represent 20% of middle management and 14% of

LINDA J. WELTY
Global Business Director,
Hoechst Celanese

"My management was willing to take some calculated risks [on me]"

ROBERTA W. GUTMAN
Director of
Global Diversity,
Motorola

"We see the handwriting on the wall, and we have to get ready"

senior executives. To bridge the gap, Hoechst has started at the bottom, aiming to raise the proportion of women and minorities in entry-level management from the current 37% to 43%. Target levels came from the gender and ethnic breakdown of students graduating in engineering and other fields from which Hoechst recruits. "It's a bubble-up process," says Clyde Jones, director of equality.

In addition to its companywide diversity training, the chemical giant has formalized a mentoring program that pairs senior men with up-and-coming women and minorities. These young fast-trackers gain exposure to the company's decision makers, while the mentors learn to be more comfortable working outside all-male cliques. Managers have 25% of their bonuses tied to diversity performance. As a result, "my management was willing to take some calculated risks [on me]," says 41-year-old Linda J. Welty, who worked in engineering and sales before becoming a global business director for superabsorbent materials.

BROAD SKILLS. Colgate-Palmolive doesn't buy into quotas or even internal goals, but it's seeking the same result. For key female employees, it relies on initiatives such as cross-training—that is, exposure to different aspects of the business. Sydney S. Sherry, for example, began her career as an engineer. But the 32-year-old Harvard MBA has since acquired skills in manufacturing, marketing, and operations. Now, as manager of a 22-person plant making flavors and fragrances, she has done everything from configure budgets to drive forklifts. "Colgate let me do things I had no business doing," says Sherry. The company "bet on me and my abilities."

Such support is reinforced consistently by CEO Mark and other executives. Employees who are unable to at-

Where Diversity Gets Top Billing

Strategies of some employers seeking to attract and promote more women

AVON PRODUCTS The cosmetics maker set minimum quotas for hiring women and linked managers' pay to performance on diversity. Now, managers win awards for promoting women. Overseas, Avon identifies and grooms women for management.

COLGATE-PALMOLIVE Mandatory two-day diversity training for all employees includes role-playing and video presentations. High-potential women are cross-trained to gain broader experience in different roles.

COOPERS & LYBRAND The accounting firm wants women to account for 30% of new partners by 2000. To get there, it has created mentoring programs and sensitivity training and ties part of partners' bonuses to meeting diversity goals.

DOW CHEMICAL Senior management takes responsibility for diversity and wants women to account for at least as many promotions as men. Men participate in company-sponsored women's groups to understand gender issues.

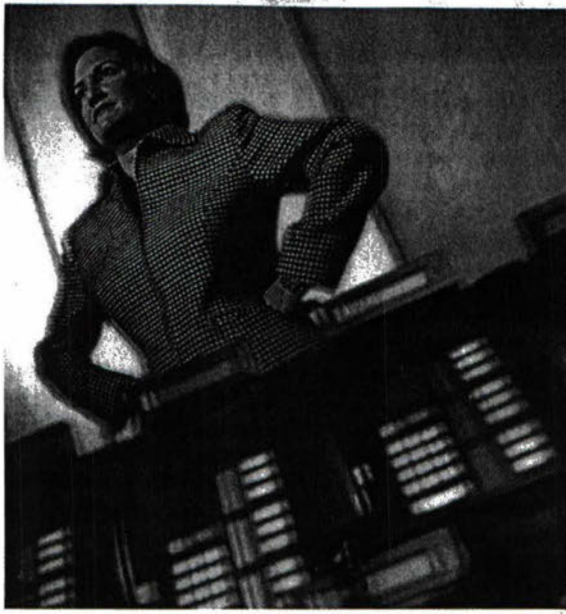
HOECHST CELANESE Hiring and promotion of women are expected to mirror the college recruiting pool by 2001. A quarter of managers' bonuses is tied to diversity progress; senior managers oversee the strategy and serve as mentors.

MOTOROLA Using census data, it has set goals for diversity in management that it aims to reach by 2000. Top execs are required to name the woman or minority best suited to succeed them. Those people are targeted for career development.

(TOP TO BOTTOM) PHOTOGRAPHS BY WOLFGANG KNAPP/ARGENTUR THEMA; MICHAEL L. ABRAMSON

KAREN J. CASSEL
Recent MBA hire, Pacific Telesis Group

"The company had more women at higher levels ...[with] all the respect and opportunities their male co-workers had"



JULIE FASONE HOLDER
Business Director, Dow Chemical

When a promotion was offered, "my boss said: 'We really need good women to be good district managers.'"

tend a mandatory two-day seminar on diversity, for example, must personally call Juliber, the executive vice-president, to explain their absence. Colgate also recently began spending $3,000 apiece to send selected women to WOMEN Unlimited, a New York outfit that teaches how to succeed in a male-dominated environment (page 70).

Such resources are crucial: Typically isolated in male cultures, many women have little grasp of the corporate "rules." Coopers & Lybrand's Hoffman says that once she became a managing partner, she noticed that men routinely asked for promotions and raises—far more often than women did. And men gave themselves higher evaluations than women did during reviews. "I started to see these subtle things that influence whether you succeed or you don't," she says.

TRANSFORMATION. With the firm's new formal mentoring program, Coopers partners are expected to shepherd women and minorities through career land mines—such as when to push for that promotion or how to get on key committees. Says Allison T. Levin, a part-time fast-tracker at Coopers & Lybrand: "My boss right now has been like a dog with a bone. He's watching me, monitoring me, and giving me the exposure that I need."

J. C. Penney has put in place similar supports as part of a companywide transformation. In 1988, when the retailer moved its headquarters from New York to Plano,

Cover Story

Tex., 1,000 management jobs suddenly opened up. At the same time, Penney was trying to turn itself from a mass merchandiser into a retailer more focused on women's fashion. Former Chairman Howell sensed the opportunity—and the need—for change. "I can pick out a competitive assortment of dresses," he says. "But a woman would do it more from her taste level and knowing what women want today."

Before implementing specific initiatives, Penney conducted 10 focus groups in 1990 to determine its employees' attitudes about gender. What it discovered was a litany of stereotyped perceptions: Women weren't serious about their careers, men said, because of family commitments. White males in upper management, women said, were uncomfortable socializing with women and minorities. And women thought they had to behave like men in order to advance.

BACKLASH THREATS. With these results in hand, Penney mounted its campaign. The company set numerical targets and created formal mentoring and networking programs. Women tapped as upper-management candidates regularly have lunches and roundtable discussions with senior managers. The results are striking: Women now represent 26.6% of middle and senior managers, up from 18.9% in 1990. Ultimately, management wants that number to hit 46%.

Not surprisingly, such gains can create tension. When one group is targeted for advancement, other groups gain ammunition for charges of favoritism or double standards. The threat of a white male backlash unnerves many employers. One successful female at Motorola, for instance, says she knows that some men wonder whether she truly earned her promotions. "If they [men] think you have your

LINDA A. HOFFMAN
Managing Partner, Coopers & Lybrand

"Many of the things you must do to succeed are more comfortable for men than women"

NICHOLAS G. MOORE
Chairman, Coopers & Lybrand

"That surprised me. But there were enough women who said it that I believe it's an issue"

(CLOCKWISE FROM TOP LEFT) RICHARD MORGENSTEIN; SANTA FABIO; ALAN LEVENSON; JOHN S. ABBOTT position for any reason other than merit, they'll sabotage you every time," she says.

Some companies counter the threat of antagonism by routinely opening up to all employees the networks or support groups aimed at specific factions. Silicon Graphics Inc., for example, encourages men to attend events put on by its women's-issues group; the U.S. Labor Dept. invites men to apply for the Women's Executive Leadership Program. One reason, observes Judy B. Rosener, professor of management at the University of California at Irvine, is that companies often believe specialized programs "cause more problems than they solve. This is a way to quiet things down."

Cover Story

More than that, though, such inclusion recognizes that men and women need to communicate better to work effectively together. Indeed, the ascent of women, where it occurs, is as much a result of changing men's psyches as those of women. Men are far more likely today to share duties at home, freeing up their wives to devote more time to their careers. With 60% of women in the workforce, moreover, men have acquired greater sympathy for the difficulties their wives and daughters have in juggling work and family and in climbing a male-built corporate ladder.

Despite such support, women's progress through Corporate America's labyrinth will undoubtedly remain incremental. Spooked by the demands of an ever-shifting business climate, some companies will abandon their commitment—particularly when sustained success stories are hard to find and a business payoff is tough to quantify.

At Corning Inc., for example, some ex-employees and outside diversity experts say the issue has lost prominence since former Chairman and CEO James R. Houghton began giving up control several years ago. Although women comprise more of Corning's top earners, diversity seminars are offered less often and management has been distracted by financial problems, they say. Corning strongly disagrees. U S West Inc., meanwhile, no longer specifically evaluates employees' performance on diversity matters. Its sensitivity training, once mandatory, is now optional, and its diversity training staff has been cut in half. U S West says the cutbacks don't reflect a decreased commitment: Women, it points out, constitute 29% of the top 1% of earners, up from 21% in 1990. Nonetheless, Chairman Richard McCormick admits, "we haven't made startling progress."

Such retreats bode ill for continued gains. With women fleeing big companies in search of flexibility and control, those left will be hard-pressed to achieve the critical mass to alter their companies markedly. "There are still mountains to climb," says Johnna G. Torsone, vice-president at Pitney Bowes. And most likely, true progress will take many more years. But in at least a few corners of the corporate world, change has started to arrive. Some guys, at least, are getting it.

By Linda Himelstein in San Francisco, with Stephanie Anderson Forest in Dallas and bureau reports

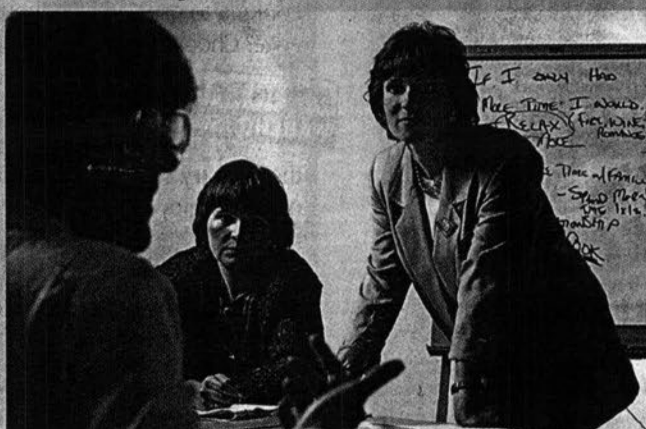
'HOW DO YOU GET THE BOYS TO PASS YOU THE BALL?'

Carla R. Alani had the right credentials—a graduate business degree and impressive experience. What Alani, an associate director of finance at Colgate-Palmolive Co.'s oral-care division, lacked was the confidence to toot her own horn. When opportunities arose, she hoped management would think of her. At meetings, she would fold her arms or slump into her seat. "That sends the message, 'Why should you listen to little ol' me?'" she says.

That was before Colgate spent $3,000 to send Alani to Women's Organization for Mentoring, Education & Networking (WOMEN) Unlimited Inc., which teaches women how to navigate male-dominated business waters. Instead of focusing on generic leadership and management skills, the yearlong, once-a-month program caters to women's specific needs, such as how to communicate in all-male situations or when to say no. "Women need to understand what men appreciate in leadership and then try to incorporate that into their particular styles," says Jean M. Otte, who founded the program in 1994. "It's like being the new kid on the block. How do you get the boys to pass you the ball?"

Otte's program hooks up participants with a senior male or female from outside their companies. Mentors point out students' weaknesses and address career issues. Cynthia Jones-Hundley, now at Andersen Consulting, learned that her aggressive nature might be turning off coworkers—a remark a less distant observer may not have had the nerve to make. "I don't get in people's faces as much anymore," says Jones-Hundley, adding that she also learned to interpret body language.

An analysis of the first graduates by Amy S. Gonzales, then a doctoral student and now a vice-president of WOMEN Unlimited, found that they were 37% more likely to get job promotions than women of comparable rank who were not in the workshops. Alani, for one, has been promoted twice since attending the program in 1994.



GERRY GROPP

AMY S. GONZALES
Vice-President, WOMEN Unlimited

Her analysis revealed that graduates of the program were 37% more likely than other women to get promoted

Now, Prudential Insurance, Novell, and Polaroid have enrolled their female fast-trackers. The appeal is simple: Participants become sharper managers, and employers win more astute and loyal employees. "I'm very impressed that my company would do this," says Sheila O. Clark, a participant from software maker Adaptec Inc. The rest is up to her.

By Linda Himelstein in San Francisco