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Chicago Tribune, Wednesday, February 3, 1988 Section 1

Panel reports on Dole associates

House committee hints firm got contracts improperly

By James O'Shea and Nicholas M. Horrock Chicago Tribune

WASHINGTON—The chairman of a congressional committee said Tuesday that an investigation by his staff showed "criminal laws may have been violated" by associates of Senate Minority Leader Bob Dole (R., Kan.) in the acquisition of mil-lions of dollars in government con-tracts through the federal Small Business Administration. **Business** Admin Rep. John LaFalce (D., N.Y.),

Kep. John Laraice (D., N.Y.), head of the House Small Business Committee, said he has referred evi-dence developed by committee in-vestigators to the Justice Depart-ment, the Federal Bureau of Investigation and the inspector gen-cral of the SBA for further action.

"Simply stated, the committee file is replete with appearances of im-Bob Dole proper activities to direct the award of that contract," LaFalce said. He charged that the "pattern of com-mon associations and financial interests" between the company that received the contract under a special program for minority groups and David Owen, a longtime asso-ciate of Dole's, "suggest[s] that a 'front company' affiliation may have been involved in this whole af-

fair from the beginning." Owen until recently was national campaign finance chairman for Dole's bid for the Republican nomination for president.

LaFalce said the inquiry "found nothing that suggests Bob Dole was personally involved," but the report he issued showed that Owen had used the influence of the Kansas se-nator's office to assist in getting the lucrative government contracts.

On Oct. 3, 1984, for instance, Owen wrote James Sanders, who was then administrator of the SBA, on the stationery of the Republican Party of Kansas in his efforts to get support for John Palmer, a former aide to Dole, who was seeking govcrnment contracts.

"I would appreciate anything you can do to help this situation along and to obtain the contract for John. He can be a real asset to the Re-publican Party and I know Sen. Dole is supportive of his endeavors," the letter said.

matter might have consumed 1.5 hours."

hours." • EDP, Palmer's firm, received its financing through Owen; that Owen's lawyer and secretary were EDP's only officers, outside of Palmer; that EDP had headquarters in office space with several other firms owned or run by Owen; and that Owen's firms provided EDP with supplies and management conwith supplies and management con

The report said that many details of Owen's relationship with Palmer were withheld from the SBA and, that there might be violations of federal statutes requiring govern-ment contractors to give full and truthful information on federal applications.

• Owen and firms he controlled received \$550,000 from EDP in 1986 in consulting fees, supply con-tracts and loans, including a deal in which EDP bought from Owen one-half interest in an airplane. EDP also loaned \$14,000 to the secretary of the company, identified elsewhere as Kansas City attorney

Palmer, Owen and Kaplan all de-clined to return phone calls or to comment on the report through spokesmen. Kaplan has resigned from the corporation.

A chronology released along with the House committee's report said Pal ner was approved as a small Paimer was approved as a small business enterprise eligible for special contracts after his applica-tion for the program had been re-jected twice and SBA officials were notified there was a "special Senate interest" in the application.

The interested senator was not named, but the committee said Pet-tit, Dole's administrative aide at the time, and Owen, then the chairman of the Kansas Republican Party,

of the Kansas Republican Party, had attended an SBA meeting about the company six months earlier. According to the chronology, Palmer became involved in the Ft. Leonard Wood food service when he assumed the contract in August, 1985, from LeRoy Tombs, another Kansas black businessman who is active in Republican politics and a staunch supporter of Dole. Petiti made several calls to SBA

Pettit made several calls to SBA officials requesting progress report on the EDP application before on the ED



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GEORGE NEAVOLL Editorial Page Editor

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Executive Edu

The Wichita Beacon Established 1872

Put to the test, it reveals much

THE mark of a person's character is not necessarily made in the good times; it is in the bad times - the times of adversity and challenge - that one's character is built or destroyed. Sen. Bob Dole, R-Kan., recently went through some bad times. It was revealed that his presidential campaign finance chairman and trusted lieutenant, Dave Owen, may have been involved in questionable business and political dealings directly affecting Mr. Dole.

THE WICHITA EAGLE-BEACON

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KEITH MURRAY

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Some candidates may have attempted to shrug off such unwelcome exposure; some may have denied all and stuck by their friend; some may have blamed the media for blowing things out of proportion, suggesting there was nothing to worry about.

Mr. Dole did none of these things. He set the tone for what was to follow by severing his relationship with Mr. Owen immediately. He not only released his recent income tax returns, as we and others had urged, but released them for the past 21 years. The Elizabeth Dole blind trust, established when the senator's wife was secretary of transportation, was dissolved. Its transactions, which had reveal much about the character of Bob Dole. Or, as a Washington Post editorial recently put it, "if anyone wants to charge wrongdoing, he should be prepared to charge that the Doles are lying about the blindness of the (Elizabeth Dole) trust. We haven't heard anyone charge that." Now there are allegations that the 1986 Dole Senate campaign received several thousand dollars in illegal campaign contributions from executives of a company headed by an associate of Mr. Owen's. Again, Mr. Dole hasn't attempted to bash the media or to issue blind denials, but has met the charges head on. He says neither he nor his current staff is aware of such contributions, but he doesn't say it couldn't have happened. He has asked the Federal Election Commission, instead, to look into the matter.

And he has done more. He has written Mr. Owen's attorney and told him that if there's anything more to be revealed, it should be revealed right now. The letter asks that Mr. Owen "disclose fully any and all information" that might bear on Mr. Dole's presidential campaign or on



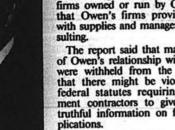
political activity. Walt Riker, a spokesman for Dole, said Tuesday he did not think "there's anything new" in the House report and that Dole was not aware of what Owen and Palm-er did on the contract. "We'd like to find out," he said.

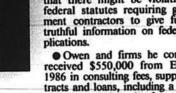
The report also said: · Palmer, who had no experience in food service management, was unemployed and was selected with-out bid to take over the largest food-service contract in the SBA program, worth more than \$30 mil-

on over three years. The report said Palmer, who is black, appeared to receive preferen-tial treatment in being selected for

the minority business program and for the Department of Army con-tract he finally received. • In addition to Owen's letter, Owen and Michael Pettit, who was Dole's administrative assistant at the time, accompanied Palmer at a meeting with top SBA officials in Washington in 1983.

The report quoted Barbara Spy-ridon, who was special assistant to the SBA administrator, as saying that Pettit was persistent in his ef-forts to find out whether the federal agency had found a contract for Palmer's firm. The report said Pet-tit contacted SBA officials at all





Elliot Kaplan.

eral crime for anyone directly or in-directly to promise a federal con-tract or any special consideration in obtaining a contract as a reward for The committee noted it is a fed-Pettit said Tuesday that no was approved and Palmer once re-jected the award of a \$760,000 alternate contract "because it was too small," the chronology said.

been managed by Mr. Owen, were laid open for all to see.

These are not the actions of a dishonest politician, or of someone with something to hide. On the surface, at least, they are the actions of an honest man trying to answer legitimate questions about his public service. one more reason this man, this Kan-And until someone can show there is something beneath the surface, they

any of his previous campaigns. Character. It is essential to any person aspiring to become the leader of the free world. Bob Dole's character has been tested in the troublesome events of the past few weeks and it has withstood that test. It is san, is so superbly qualified to be the next president of the United States.

6 Section 1 Chicago Tribune, Friday, February 5, 1988

Bush-Dole feud intensifies

'Meanness' issue carried onto Senate floor

Chicago Tribune Vice President George Bush and Senate Minority Leader Bob Dole carried their Republican presidential campaign spat over the "meanness" issue to the floor of the U.S. Senate Thursday, sending from Washington

a message aimed at voters in Iowa. Dole repeated his demand that Bush apologize for a highly critical news release issued in Iowa on Wednesday, accusing the Bush cam-paign of "desperation" tactics. Bush's aides accused Dole of overreacting to the release, implying that Dole's response shows the Kansas Republican can't take "the

The "meanness" debate was the latest development in a contest that has seen Bush and Dole picking at each other over issues including Bush's leadership abilities and role in the Iran-contra matter and Dole's personal wealth and how it was obtained.

Although the infighting was shrill and unusual for Republican primary campaigners, it was clear that both sides were pursuing strategies aimed at strengthening their positions in lowa, where Dole is believed to have an advantage going into Monday's caucuses. Dole confronted Bush Thursday

on the floor of the Senate, where the two had returned from cam-paigning in Iowa to participate in a vote on President Reagan's request for aid to the Nicaraguan contras.

There was a discussion, with Dole gesturing, after which Dole said he put a copy of the news release on Bush's Senate desk. Bush is president of the Senate. "I wanted the vice president to tell me man-to-man that he had au-

thorized it," Dole said of the release. "He said he had authorized it but hadn't read it. So I handed him a copy. "I know a Bush setup when I see it and this is Bush-league opera-

Bush

tions, trying to impugn my integri-tions, trying to impugn my integri-ty. I told him he owed Elizabeth [Dole] an apology. ... If I were going to make a very personal at-tack on a candidate and his wife, I would want to read it and not let some state chairman issue it and some state chairman issue it and say later, 'Well, I'm on the high road, I haven't read it but I autho-rized it." "He ought to get back in charge,"

Dole said. At a campaign appearance in

Iowa earlier in the day, Dole tried to turn the "meanness" issue back on Bush. "Here we are running for the highest office in the land and get-ting some of the lowest blows you can imagine in the past few days," Dole said. "People say Bob Dole is truck Well. Use truck all cickt

tough. Well, I'm tough all right.... I don't let people walk over me. I'm a pretty calm fellow. I don't lose my cool."



Dole

Bush aides agreed that one intent of the news release had been to draw a strong reaction from Dole. "That's Bob Dole. He overreacted to a statement by a staffer," said Bush aide Peter Teeley in Iowa. Teeley maintained the release was well within the bounds of campaign

fair play. An unidentified Bush campaign official told Knight-Ridder reporters that Dole's "inability to control his dark side is a major minus for him. The American people don't want a president to go bonkers every time he takes a little heat. Dole has long had a reputation

for his caustic wit and aggressive-ness as a campaigner. But he has tried to tone down his tactics in Iowa, where voters are often said to be put off by personal assaults and Thursday's Dole-Bush duel was

news release Wednesday from Bush's Iowa chairman. George Wittgraf. The release focused on an influ ence-peddling investigation into Dole staff members who are bclieved to have been involved in a \$30 million no-bid contract in Kan-

an extension of the battle over the

sas City. The release accused Dole

of "cronyism." It also said Dole and his wife, Elizabeth, were wealthy, that she had a trust fund, lived in the Watera condominium in Florida, all items aimed at croding Dole's "I'm one of you" campaign theme in Iowa. And it said Dole was a "mean-spirited" campaigner who nearly wreck-ed the Republican Party when he ran for vice president in 1976.

Bush made no mention of these matters during his campaigning in lowa on the day of the release. In-stead, he spoke of the need for ethics in government, comments clearly aimed at Dole and the Kapsas City problem

On Thursday, Bush told reporters in Iowa "I don't disavow" Wittgraf's attack on Dole, "nor do I confirm it. That's a staff matter and if 1 responded to every staff attack from Bob Dole, it just wouldn't be worth it. I'm just going to try to stay above the fray as best I can."

Dole confronts Bush about flier

says. Page 21.

tell me man-to-man that he had au-

numbers to win.

chairman

By the Associated Press

Sen. Bob Dole confronted chief opponent George Bush on Thursday, accusing the vice president of a campaign designed "to impugn my integrity" and demanding to know whether Bush authorized an aide's harsh statement.

The two met face-to-face on the Senate floor in a moment orchestrated by Dole following escalating tensions between their two presidential

campaigns. Enjoying the GOP brawl, Democrat Bruce Babbitt ridiculed Dole from afar for leaving his vision of the future "locked in a blind trust." Locked in their own tight race in Iowa, the Democratic presidential candidates crowed over Wednesday's narrow House defeat of aid to the Nicaraguan rebels.

thorized it," Dole said. "He said he Republican candidate Pat Roberthad authorized it but hadn't read it. son looked to score a victory in Ha-So I handed him a copy.

waii's rescheduled GOP caucuses Bush, the president of the Senate, and straw vote Thursday night. The was presiding during a procedural Bush and Dole campaigns acknowl- vote on aid to the Nicaraguan Conedged that Robertson - who nearly tras. doubled GOP membership in that

Bush and Dole both broke off camstate since December - had the paigning four days before Iowa's crucial caucuses to return to Washington where Senate Republicans Dole's effort to help hoped to breathe life back into Presex-aide not impropident Reagan's Contra aid proposal. "I know a bush set-up when I see er, panel chairman it, and this is bush-league operations, trying to impugn my integrity." Dole said. "I told him he owed Elizabeth an apology. ... If I were going to make a very personal attack on a Dole, the Republican leader of the candidate and his wife. I would want Senate, handed the vice president a to read it and not let some state copy of a statement by Bush's Iowa chairman issue it and say later.

Well I'm on the high road, I haven't "I wanted the vice president to read it but I authorized it." "He ought to get back in charge."

Only hours earlier. Dole and Bush

Continued on page 21, column

