

Bob Dole



NEWS

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FROM:

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CONTACT: CLARKSON HINE
(202) 224-5358

ALTMAN CONFLICT

Altman's Whitewater-Madison Revelation Underscores Need for Congressional Hearings

Imagine this: Ronald Reagan, as Governor of California, becomes a 50-50 partner in a real estate deal with the owner of a California savings and loan. The S&L goes under, is seized by federal regulators, and a series of criminal and civil investigations are initiated by federal regulators.

Governor Reagan becomes President Reagan. He appoints a close personal friend and top campaign official, Jim Baker, to head the independent agency charged with overseeing the S&L industry and with bringing civil and criminal actions against S&L wrongdoers.

Press reports suggest that the President may be indirectly implicated in a civil suit brought against the California S&L by the supposedly independent federal agency. As the expiration date for the civil statute of limitations approaches, Mr. Baker meets at the White House with Ed Meese, Mike Deaver, and other White House political officials to discuss "the status" of the agency's investigation. The White House meeting is shrouded in secrecy, only to be revealed weeks later because of congressional prodding.

Of course, this is all fiction. But, it's fair to say that if these events had indeed occurred during the Reagan administration, the expressions of outrage in the press, and the clamor for congressional hearings, would have shot off the political Richter scale.

The Altman Conflict & Belated Recusal

Last Thursday, Roger Altman, a college classmate of President Clinton and the acting C.E.O of the supposedly independent Resolution Trust Corporation, revealed for the first time that he sought out a meeting with White House officials, allegedly to offer a "heads up" on the so-called Madison Guaranty statute of limitations issue. According to Mr. Altman's own account, he didn't even seek a meeting with David Kendall, President Clinton's personal attorney, but rather with White House "political" officials--Bernard Nussbaum, Harold Ickes, and Margaret Williams, the Chief of Staff for the First Lady.

With the exception of the New York Times and the Washington Times, and today the Washington Post, the press reaction to the Altman revelation--and the glaring conflict of interest it describes--has been muted at best. In fact,

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USA Today reported that the Altman meeting was "minor" and there was probably "nothing improper" about it. Apparently, Mr. Altman didn't buy into this benign description, since he finally recused himself from the Madison matter last Friday.

Need for Hearings

Mr. Altman's shocking revelation underscores the need for full congressional hearings on the Madison-Whitewater affair. As the New York Times editorialized yesterday: "Senator Donald Riegle, the Chairman of the Senate Banking Committee, needs to step up his Committee's oversight activities....Opposition leaders are right when they say that a Republican White House that so recklessly meddled in the Justice Department, the R.T.C. and other agencies would be shelled with endless congressional investigations." Unquote.

The bottom line is: the American people now know about Mr. Altman's unseemly meeting with White House officials precisely because Banking Committee Republicans used the opportunity of an R.T.C. oversight hearing to ask Madison-related questions. If there had been no hearing, it's unlikely this information would have surfaced anytime soon. And it's clear that Mr. Altman recused himself only because of the negative publicity his meeting inspired.

Other Questions

The Altman revelation also raises other important questions: did Mr. Altman have any contacts with the FDIC while the FDIC's legal division was preparing its "conflicts-of-interest" opinion regarding the Rose law firm? If so, what were the nature of these contacts? Has Mr. Altman had any discussions with Webster Hubbell, a former partner of the Rose law firm and now Associate Attorney General, regarding the RTC's criminal referrals on Madison and the RTC's pending civil investigation? And has Mr. Hubbell himself had any contacts with officials at the FDIC, the RTC, or the White House about any element of the Madison-Whitewater affair?

Why did White House Counsel Bernard Nussbaum meet with Mr. Altman in the first place? Surely, he was aware of the impropriety of such a meeting. Has Mr. Nussbaum been in touch with the RTC, the FDIC, or the Justice Department about Madison-Whitewater?

You know you're heading in the right direction when tough questions are responded to not with substantive answers, but with personal attacks. Unfortunately, David Wilhelm, the Chairman of the Democratic National Committee, took this low-road approach when he fired off a letter last Friday personally attacking the integrity of Senator D'Amato, the ranking member of the Senate Banking Committee.

If Mr. Wilhelm believes these bullying tactics will somehow intimidate congressional Republicans, I have some bad news for him: they won't. We will continue to ask the tough questions until the American people get the full accounting of Whitewater that they deserve.

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