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## Doles release files on blind trust

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

WASHINGTON—Elizabeth Hanford Dole's trust gained \$63,000 in 1986 in a business transaction with a former aide to her husband, Sen. Bob Dole, after the senator helped the aide obtain a no-bid Army contract worth more than \$25 million, according to documents released Saturday by the senator's presidential campaign.

Mrs. Dole's trust and the aide's company share the ownership of a \$1.6 million building in a Kansas

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City suburb which now houses the headquarters in Kansas for the Bob Dole for President campaign.

The trust was set up to be "blind" to protect Mrs. Dole, then secretary of transportation, from knowing what her investments were so she could avoid conflicts of interest or the appearance of conflicts of interest.

But the trust bought the Kansas building on the advice of David Owen, a longtime friend of Dole's

and, until last Thursday, the chief fundraiser for his presidential campaign. Owen arranged financing for the transaction from an insurance company where he is a member of the board of directors, and he received a \$131,000 commission on the sale.

The trust then sold a half interest in the building to EDP Enterprises Inc., a firm headed by John Palmer, a former Kansas field representative for Sen. Dole. A few months earlier,

Palmer had received the first of three Army contracts to provide food services at Ft. Leonard Wood, Mo.

In a statement Saturday, Mrs. Dole said that both she and her husband knew nothing about the investments and other financial activities of the blind trust, or of Owen's decisions. She said she first learned about the contents of the trust when she requested that it be "de-blinded" last week.

She said she still regarded Owen as a "good friend."

"I do not know why investments See Dole, pg. 16

## Dole

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were made, since I had no knowledge of the contents of the trust. Those actions were taken by the investment adviser to the trust [Owen]," she said.

In a separate statement released Saturday along with his tax returns and details of his wife's trust, Sen. Dole acknowledged that for "more than a year" his office tried to assist Palmer, who is black, obtain a contract under a Small Business Administration program designed for "socially and financially disadvantaged" business people.

"A review of the John Palmer file shows that, while we did help him establish contact with the SBA, as we would do for any constituent, he later secured the contract through his own efforts as a subcontractor," a Dole campaign statement said.

According to Leroy Tombs, the man who held the Ft. Leonard Wood contract before Palmer received it, Palmer was unable to raise the funds necessary to take over the contract in late 1985.

It was Owen, who is white and could not qualify under the SBA program, who arranged financing so Palmer's firm could get the SBA-Army contracts. Owen's lawyer, Elliot Kaplan, who is also white, is the secretary of EDP. One of EDP's two other board members is Owen's assistant, Sara Cedarholm.

Owen said in an interview Friday that he received a consultant fee from Palmer for helping him get the contract, but he declined to disclose the amount. He acknowledged that after he helped Palmer win the contract, he set up a business, Eagle Distributing Co., which sells about \$480,000 a year in food service supplies to Palmer's EDP firm.

For nearly two weeks, Dole has been trying to untangle his presidential campaign from questions about his wife's finances and the activities of Owen, a friend of two decades who resigned Thursday from the campaign in the furor.

On Saturday, Dole made public a stack of tax returns and trust documents nearly four inches thick in an effort to stem the questions.

Owen, who has raised \$14 million for the Dole campaign, said Friday that he doesn't plan to rejoin the campaign and that he thinks the investigations into his finances won't end "any time soon."

The Office of Government Ethics has said it will examine whether the blind trust set up to manage Mrs. Dole's holdings has been properly supervised.



David Owen

In addition, a congressional subcommittee and the Small Business Administration have announced inquiries to examine whether the more than \$25 million in federal contracts issued to Palmer met the standards of the program.

Media attention to the Dole finances was sparked early this month when Vice President George Bush's presidential campaign staff distributed clippings from the Hutchinson News, a small Kansas paper that had been examining the trust's transactions.

No one has accused the 64-year-old senator or his wife of wrongdoing, and Owen has said that investigations will find his actions above reproach.

But an examination of the Dole trust documents and tax returns suggests that Owen's business ventures are deeply mingled with Mrs. Dole's trust, and that he has received hundreds of thousands of dollars from federal contracts awarded to his business associates.

Owen, 49, served as lieutenant governor of Kansas from 1972 to 1974, managed Dole's 1974 senatorial campaign, was a member of the staff for the Ford-Dole presidential ticket in 1976, and has been a fundraiser for several subsequent campaigns.

A bank he was president of in Stanley, Kan., loaned Mrs. Dole \$50,000, which she in turn loaned to Sen. Dole's unsuccessful 1980 presidential campaign. The Federal Election Commission found no wrongdoing after investigating whether her loan violated limits on family contributions to a political campaign.

Three years later, Owen handled a \$170,000 investment in a real estate tax shelter for Mrs. Dole called the Altamir Associates, a limited partnership that owns buildings in Tennessee. This occurred only several weeks after Sen. Dole, preparing tax legislation in his role as chairman of the Senate Finance Committee, announced he had no income from tax shelters.

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The following year, on Feb. 21, 1984 according to trust records, Mrs. Dole loaned \$250,000 to a company called GolfFun Productions Inc., which Owen and his wife had set up to make movies. The loan was repaid only several days ago.

Trust records show that an insurance company, American Investors Life Insurance Co. of Topeka, Kan., which Owen serves as a member of the board of directors, holds the mortgage on a \$153,500 rental apartment the Doles own on Capitol Hill in Washington.

They also reveal that Mrs. Dole's trust owns 120 acres of land in Johnson County, Kan. That land, valued at \$270,000, was sold to her by Owen.

Mrs. Dole's total worth appears to be between \$2 million and \$3 million.

On Jan. 1, 1985, she placed in the blind trust about \$1,241,453 of those holdings that could raise conflicts of interest questions.

Mark McConaghy, who had served for several years on the Joint Committee on Taxation when Dole was chairman, was appointed as trustee. He, in turn, selected Owen to advise on investments.

In the last three years, the net value of Mrs. Dole's trust has risen from \$1.2 million to \$1.6 million, an increase of 33 percent, under the direction of McConaghy and the advice of Owen.

Included in the increase was the December, 1986, transaction in which Mrs. Dole's trust sold a half interest in the Kansas City office building to EDP for \$804,000, or \$63,182 more than the half interest cost the trust in January of the same year. Other expenses incurred by the trust offset a loss for the building on its 1986 tax return.

McConaghy said last week that he removed Owen as adviser when the Kansas became active in the presidential campaign.

Owen told the Kansas City Star this week that in 1986 he contacted Dole's office for help in another Army contract matter. Darol Rodrock, a former business partner of Owen's, was faced with the loss of a \$14 million annual contract to provide housing for Army officers at his apartments in Ft. Leavenworth, Kan.

Owen also went with Rodrock to meet with Army procurement officers and, in the end, Rodrock's efforts were successful. He retained the contract, and, Owen acknowledged, Rodrock pays him \$7,000 a month in "consultant fees."

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## Campaign '88

## Dole finally takes off his political gloves

Sharp barbs sting Bush in debate

By Philip Lentz  
and Dorothy Collin  
Chicago Tribune

HANOVER, N.H.—The real Bob Dole finally showed up Saturday at a Republican presidential debate here.

After giving cautious performances in several previous debates, this time the senatorial leader used his acerbic wit to cut at his rivals, to the delight of the audience at Dartmouth College.

Asked about the 1982 Social Security bailout, Dole said, "I thought I fixed Social Security, but George Bush says he fixed it in his circles. I don't recall his being in the loop then either. He didn't attend a single meeting."

Bush was unusually subdued during most of the two-hour session after coming under attack early in the debate for the recently signed arms treaty with the Soviet Union and his role in the Iran-contra scandal.

The vice president finally shut off discussion of the Iran affair by angrily telling moderator John Chancellor:

"You and the media have a fascination with Iran that I don't think the American people are interested in that much. Nobody here is doing anything but tear down the President, tear down the party and further adding to the Democratic fuel by continuing to debate this. The questions have been answered."

Bush's remark prompted audible booing in the audience.

After the debate, Dole aides said the senator believed he had been too laid-back in previous GOP encounters.

"It has been his feeling and our feeling he should get in there more. It's getting close to decision time in the early states," one aide said.

Bill Brock, Dole's campaign chairman, said he told the candidate, "Be yourself."

The downside of Dole's perform-

ance is that it could allow his opponents to remind voters of his image as a political hatchet man when he ran for vice president in 1976.

"It was closer to the 1976 Walter Mondale debate performance," said Bush campaign manager Lee Atwater, recalling the Dole-Mondale debate in which Dole blamed Democrats for all 20th Century wars.

But Dole's campaign theme is leadership and he apparently decided to risk coming across as too combative in order to show contrast with Bush's more restrained style.

This last GOP debate before the Feb. 8 Iowa caucuses often took on a chaotic atmosphere as Chancellor, an NBC-TV commentator, allowed the six candidates to engage in free-form argument.

The best line of the day came from long-shot candidate Al Haig during a discussion of former Delaware Gov. Pete du Pont's plan to take away drivers' licenses from students caught with drugs.

"I'm worried about the druggie stealing my car," Haig said, as the audience roared. "He doesn't care about a license."

The debate started with several candidates ganging up on Bush. Former television evangelist Pat Robertson charged Bush had misstated the content of the intermediate arms treaty with the Soviets by saying nuclear warheads would be destroyed when in fact only missile launchers would be eliminated.

"When the vice president doesn't know the difference between a missile and a nuclear warhead, we're in trouble," Robertson said.

A short time later, a student questioner reminded Bush of his description of supply-side economics during the 1980 campaign as "voodoo economics."

"That's the only memorable thing I've ever said—voodoo economics," Bush lamented.

After these exchanges, the vice president seemed to almost disappear from the debate, avoiding direct confrontation.

That gave Dole his opening.



Sen. Bob Dole (right) answers a question while Haig listen during a heated Republican presidential debate Saturday in Hanover, N.H.

He began by announcing that, as demanded by Bush, he was releasing his tax returns from the last 21 years.

"I've done that today, George, not just for 10 years, but for 21 so I challenge you and I raise you," Dole said.

Dole came under attack from Rep. Jack Kemp of New York and du Pont for supporting an oil im-

posed House. Dole retorted in a reference to du Pont's moderate record when he was a congressman.

The debate was the second encounter of presidential candidates this weekend. The seven Democrats faced off in Des Moines Friday night, with none emerging as a clear winner.

In his first public encounter with the rest of the field since re-entering

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port fee and the 1982 tax bill. Both are sensitive issues in New Hampshire, where low taxes are a tradition and where much of the fuel used is imported.

"Bob voted for a \$98 million tax increase in '82, a \$50 billion one in '84—you voted for it Bob—and now you're for an oil import fee to solve the problems of the oil industry by raising taxes again," du Pont said.

"You know, Pete's a great conservative now. You should have known him when he was in the

Democratic race last month. Gary Hart failed to stand out and may have sacrificed the aura of excitement that has accompanied him since his return.

The expectation that he might show up the often-drag Democratic field seemed to end with the realization that he could be at least as drab as the others.

Early on, Hart answered the question, then blended in with his six Democratic challengers with few distinguishing flourishes or

proposals.

Hart was asked by James Gannon, editor of the Des Moines Register, the paper sponsoring the debate, how a candidate who admits he is an adulterer can gain the trust and confidence of voters.

"We have never expected perfection from our leaders... and I don't think we should start now," Hart said. He emphasized that he was a religious person with a graduate divinity degree and a belief that he is more a "sinner" than an adulterer.

"In the past people who have not led perfect private lives have been among our best leaders," he said.

The debate, at which Illinois Governor James Thompson also posed questions for the candidates, had few fights and more than a few good lines.

Sen. Albert Gore of Tennessee bore the brunt of several jokes for coming back to debate in a state where he has virtually abandoned his campaign.

"Al, it's good to see you back," former Arizona Gov. Bruce Babbitt said to Gore. "You know, I thought they might start putting your picture on milk cartons."

That joke might fall flat in Iowa where milk cartons were used as part of a nationwide attempt to find missing Register newspaper boy Johnny Gosch of West Des Moines.

## Iowa poll gives Dole wider lead over Bush

By Jon Margolis  
Chicago Tribune

DES MOINES—Any doubts that Vice President George Bush is in trouble in Iowa vanished Sunday with the publication of a new poll showing Bush trailing Sen. Bob Dole of Kansas by 41 percent to 26 percent.

The Iowa Poll taken by the Des Moines Register was the first survey done after the only televised debate among the six Republican candidates, which was held Jan. 8.

Most postdebate analysis, including the results of a focus group of randomly selected voters, indicated that Bush had helped himself during the debate, especially when he criticized the Register for questioning his role in the arms sales to Iran.

But the new poll indicated that even if Republican voters liked Bush's performance, few of them switched to his side.

On the contrary, the poll showed that Dole's lead was growing. In the last Iowa Poll, published Dec. 27, Bush led Dole by a narrow 37 percent to 33 percent.

Making matters worse for Bush, the poll showed that by 43 percent to 36 percent Republicans think it would be proper for Bush to tell the public what he told President Reagan about the Iranian arms sales, something Bush has steadfastly refused to do.

The poll found that 44 percent of the Republicans who said they were likely to attend the Feb. 8 precinct caucuses had seen the debate.

Among the 409 Republicans sampled, former television evangelist Pat Robertson was third with 11 percent. Rep. Jack Kemp of New York had 8 percent, former Delaware Gov. Pete du Pont had 4 percent and former Secretary of State Alexander Haig was last with 1 percent. The poll had a margin of error of plus or minus 4.8 percentage points.

At best, a poll is a snapshot of

the electorate on the days it was taken, in this case Jan. 9 through 14. But with all the attention being paid to the Iowa caucuses, poll results themselves have an impact on voters.

Though results of private polls have not been released, indications are that the Bush campaign's own polls also show him trailing in Iowa.

Increasingly, Bush campaign aides have talked about "rebounding" from Iowa in the New Hampshire primary eight days later, and about Bush's "safety net" in the South, where his superior organization and his advantage in campaign funds would help him.

But some polls in New Hampshire indicate that Dole's biggest problem there is that "he is not perceived as a winner," in the words of pollster Dick Bennett.

A victory here in Iowa, then, might put Dole in position to overcome Bush's lead in New Hampshire, and two straight wins would have a powerful impact in the South.

The latest Iowa Poll also seemed to offer little opportunity for Bush to overtake Dole in Iowa. Only a handful of Iowa Republicans dislike Dole, so a television advertising campaign criticizing him might be counterproductive.

Furthermore, the poll showed that only 9 percent of the Republicans remain undecided, and that more than half of the respondents are not likely to change their minds before the caucuses.

What the poll did not measure was the possible impact on Dole of recent questions raised about his wife's blind trust and some of his political associates, and of his personal financial disclosure showing that he and his wife made \$508,000 last year. Disclosure that Dole is a wealthy man could undercut that theme, though Dole's aides insist that Iowans will not resent Dole's financial success.