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Chicago Tribune, Wednesday, February 3, 1988 Section 1 5

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 millions of dollars in government contracts through the federal Small Business Administration.

Rep. John LaFalce (D., N.Y.), head of the House Small Business Committee, said he has referred evidence developed by committee investigators to the Justice Department, the Federal Bureau of Investigation and the inspector general of the SBA for further action.

"Simply stated, the committee file is replete with appearances of improper activities to direct the award of that contract," LaFalce said. He charged that the "pattern of common associations and financial interests" between the company that received the contract under a special program for minority groups and David Owen, a longtime associate of Dole's, "suggest[s] that a 'front company' affiliation may have been involved in this whole affair 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 senator'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 government 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 Republican Party and I know Sen. Dole is supportive of his endeavors," the letter said. The committee noted it is a federal crime for anyone directly or indirectly to promise a federal contract or any special consideration in obtaining a contract as a reward for



Bob Dole

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 Palmer 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 without bid to take over the largest food-service contract in the SBA program, worth more than \$30 million over three years."

The report said Palmer, who is black, appeared to receive preferential treatment in being selected for the minority business program and for the Department of Army contract 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 Spyrison, who was special assistant to the SBA administrator, as saying that Pettit was persistent in his efforts to find out whether the federal agency had found a contract for Palmer's firm. The report said Pettit contacted SBA officials at all levels.

Pettit said Tuesday that nothing was done for Palmer's contract that would not have been done for any other constituent and that in the six years he worked for Dole, "this

matter, might have consumed 1.5 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 consulting.

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 government contractors to give full and truthful information on federal applications.

Owen and firms he controlled received \$50,000 from EDP in 1986 in consulting fees, supply contracts 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 Elliot Kaplan.

Palmer, Owen and Kaplan all declined 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 Palmer was approved as a small business enterprise eligible for special contracts after his application for the program had been rejected 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 Pettit, Dole's administrative aide at the time, and Owen, then the chairman 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.

Pettit made several calls to SBA officials requesting progress reports on the EDP application before it was approved and Palmer once rejected the award of a \$760,000 alternate contract "because it was too small," the chronology said.

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The Wichita Eagle
Established 1872

The Wichita Eagle-Beacon

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Dole's character

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.

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 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. And until someone can show there is something beneath the surface, they

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 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 one more reason this man, this Kansan, 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 campaign 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 heat."

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 fighting was shrill and unusual for Republican primary campaigners, it was clear that both sides were pursuing strategies aimed at strengthening their positions in Iowa, 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 campaigning 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 authorized 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 operations, trying to impugn my integrity. I told him he owed Elizabeth (Dole) an apology. . . . If I were going to make a very personal attack on a candidate and his wife, I would want to read it and not let some state chairman issue it and say later, 'Well, I'm on the high road, I haven't read it but I authorized 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 getting some of the lowest blows you can imagine in the past few days," Dole said. "People say Bob Dole is 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."



Bush

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 select 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 nature 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 rough campaigning.

Thursday's Dole-Bush duel was

an extension of the battle over the news release Wednesday from Bush's Iowa chairman, George Wittgraf.

The release focused on an influence-peddling investigation into Dole staff members who are believed to have been involved in a \$30 million no-bid contract in Kansas 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 Watergate Hotel in Washington and had a condominium in Florida, all items aimed at eroding Dole's "I'm one of you" campaign theme in Iowa. And it said Dole was a "mean-spirited" campaigner who nearly wrecked the Republican Party when he ran for vice president in 1976.

Bush made no mention of these matters during his campaigning in Iowa on the day of the release. Instead, he spoke of the need for ethics in government, comments clearly aimed at Dole and the Kansas 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 I 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

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 crowded over Wednesday's narrow House defeat of aid to the Nicaraguan rebels.

Republican candidate Pat Robertson looked to score a victory in Ha-

waii's rescheduled GOP caucuses and straw vote Thursday night. The Bush and Dole campaigns acknowledged that Robertson — who nearly doubled GOP membership in that state since December — had the numbers to win.

Dole, the Republican leader of the Senate, handed the vice president a copy of a statement by Bush's Iowa chairman.

"I wanted the vice president to tell me man-to-man that he had authorized it," Dole said. "He said he had authorized it but hadn't read it. So I handed him a copy."

Dole's effort to help ex-aide not improper, panel chairman says. Page 21.

Bush, the president of the Senate, was presiding during a procedural vote on aid to the Nicaraguan Contras.

Bush and Dole both broke off campaigning four days before Iowa's crucial caucuses to return to Washington where Senate Republicans hoped to breathe life back into President Reagan's Contra aid proposal.

"I know a bush set-up when I see 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 candidate and his wife, I would want to read it and not let some state chairman issue it and say later, 'Well I'm on the high road, I haven't read it but I authorized it.'"

"He ought to get back in charge" — Only hours earlier, Dole and Bush

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