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**Subject:** Attorney General's News Briefing 7/23/03  
**Received(Date):** Wed, 23 Jul 2003 07:36:19 -0500  
[MDDOJMaster.doc](#)  
[agnb030723.pdf](#)

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# THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

**TO:** THE ATTORNEY GENERAL AND SENIOR STAFF

**DATE:** WEDNESDAY, JULY 23, 2003, 7:45 AM EDT

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## **TERRORISM NEWS:**

### **Judge Dismisses Two Terror Charges Against Civil Rights Lawyer.**

The [Wall Street Journal/AP](#) (7/23) reports, "A judge dismissed the two main terror counts against a civil rights lawyer and her co-defendants Tuesday, saying charges they conspired to support a terrorism organization were unconstitutionally vague. US District Judge John G. Koeltl left intact charges that attorney Lynne Stewart and the others conspired to defraud the US and that Ms. Stewart made false statements. 'It certainly is a great relief,' Ms. Stewart said of the ruling. 'It's also wonderful to know that the case maybe has opened a way for the use of this law to be circumscribed, curtailed a little bit.' US Attorney James B. Comey said in a statement that he still believes the 1996 law prohibiting material support for terrorism is constitutional, and that an appeal is possible. Ms. Stewart, who hasn't been jailed, was charged last year with helping deliver messages from her client, Sheik Omar Abdel-Rahman, who is serving a life sentence for conspiring to blow up New York City landmarks and assassinate Egyptian President Hosni Mubarak. Prosecutors say she and co-defendants Mohammed Yousry, an Arabic translator, and Ahmed Abdel Sattar, a US postal worker, helped relay messages from the blind Egyptian cleric to the Islamic Group, a radical terrorist group based in Egypt. According to an indictment, they conspired to provide communications equipment, personnel, currency, financial securities and financial services to the Islamic Group. All three pleaded innocent. The judge didn't attempt to strike down the 1996 anti-terrorism law, but said the defendants were correct to argue against a prosecution based on the mere use of telephones and other means of communication."

The [Washington Post](#) (7/23, A9, Powell. Haughney) reports, "A federal judge tossed out two major terrorism charges today against a prominent attorney for radicals, saying the charges were unconstitutionally vague and 'reveal a lack of prosecutorial standards.' ... Koeltl wrote that prosecutors had taken too expansive a reading of federal laws that prohibit conspiring to provide material support to a foreign terrorist organization, adding that the indictment in this case threatened to criminalize the 'mere use' of telephones. He wrote that the government appeared to define defense lawyers in this case as 'quasi employees' of their clients and therefore subject to criminal prosecution. ... It was unclear how far Koeltl's ruling goes, in challenging the material support law or in giving defense lawyers a foothold to attack

the law elsewhere. Koeltl found the material support law unconstitutional as prosecutors applied it. But he also wrote that the law had 'plainly legitimate applications,' such as prohibiting people from providing false documents, money and explosives to a terrorist organization. Mark Corallo, a Justice Department spokesman, said last night that lawyers are still reviewing the ruling. He said they believe the judge has not thrown out the material support statute altogether, but instead has simply ruled that its application in this case is unconstitutional."

The [AP](#) (7/22, Neumeister) reports, "A judge dismissed the two main terror counts against a civil rights lawyer and a translator Tuesday, saying charges they conspired to support a terrorism organization were unconstitutionally vague." The AP continues, "U.S. District Judge John G. Koeltl left intact charges that attorney Lynne Stewart and two others conspired to defraud the United States and that Stewart made false statements. ... 'I'm relieved and elated,' Stewart said. She declined to comment further until she had read the decision." The AP adds, "Stewart was charged last year with helping deliver messages from her client, Sheik Omar Abdel-Rahman, who is serving a life sentence for conspiring to blow up New York City landmarks and assassinate Egyptian President Hosni Mubarak." The AP notes, "When Attorney General John Ashcroft announced the indictment last year, he said Stewart illegally aided Abdel-Rahman, during a visit with him at the federal prison in Rochester, Minn., in May 2000. Abdel-Rahman has since been transferred from the prison hospital."

Reuters (7/22, Thomasch) reports, "The U.S. attorney's office has accused her of helping Abdel-Rahman communicate from prison with an organization the U.S. government deems a terrorist group, the Egyptian-based Islamic Group." Reuters continues, "Stewart has denied wrongdoing, and the case has drawn widespread attention from other defense attorneys who fear it could pose a threat to lawyers who represent unpopular clients." Reuters adds, "The ruling by Judge Koeltl throws out the first two counts of the indictment against Stewart, both of which center on providing, or conspiring to provide, material support to a foreign terrorist organization. ... Those charges were also dismissed against other defendants in the case, including Ahmed Abdel Sattar, a top aide to Abdel-Rahman, and Mohammed Yousry, an Arabic interpreter, and Yassir Al-Sirri, who did not participate in the motion. ... The U.S. attorney's office said it is reviewing its appellate options "

The [New York Law Journal](#) (7/23, Hamblett) reports, "The indictment accused her and co-defendants Ahmed Abdel Sattar, Yassir Al-Sirri and Mohammed Yousry with staffing a 'communications pipeline' between the sheikh and the Islamic Group, an organization that had claimed credit for

the massacre of 62 people at an archeological site in Luxor, Egypt, in 1997. The Islamic Group had a tentative cease-fire with the Egyptian government in which it was refraining from terrorist attacks, and Stewart and her co-defendants were accused of communicating Sheikh Abdel Rahman's withdrawal of support for the truce." The Journal continues, "On the material support for terrorism, Stewart was accused of providing "communications equipment" and "personnel" to the Islamic Group in violation of §2339B. ... However, Stewart's lawyer Michael Tigar and Kenneth Paul, the lawyer for Sattar, argued that the law criminalized innocent behavior. ... 'The defendants are correct and by criminalizing the mere use of phones and other means of communication the statute provides neither notice nor standards for its application such that it is unconstitutionally vague as applied,' Koeltl said. 'A criminal defendant simply could not be expected to know that the conduct alleged was prohibited by the statute.' ... Tigar also argued that it put Stewart in an untenable position as a lawyer for Sheikh Abdel Rahman, an opinion Koeltl appeared to embrace. 'The Government accuses Stewart of providing personnel, including herself, to [the Islamic Group],' Koeltl said. 'In so doing, however, the Government fails to explain how a lawyer, acting as an agent of her client, an alleged leader of an FTO [foreign terrorist organization], could avoid being subject to the criminal prosecution as a "quasi-employee" allegedly covered by the statute.'"

**FBI May Extradite Radical Muslim Cleric.** The [Washington Times](#) (7/23, Doyle) reports, "The FBI is examining evidence from a sting operation mounted against the radical Muslim cleric Abu Hamza al-Masri in Britain to determine whether it bolsters the case for his extradition to the United States on terrorism-related charges. A cache of secret video and audiotapes was given by al-Masri to a researcher, who infiltrated his group based at the Finsbury Park mosque in London. One of the tapes includes a documentary in Arabic detailing the engineering methods used in building the World Trade Center's Twin Towers. Recorded before the September 11 terrorist attacks, the tape also details the construction of the Petronas Twin Towers in Kuala Lumpur, Malaysia, currently the world's tallest structures. In footage of a meeting of militant Islamists on one of the tapes, a voice can be heard repeatedly shouting in the background: 'Brother Atta.' Mohamed Atta was the lead hijacker in the September 11 terrorist attacks. ... Other material on the tapes shows al-Masri talking at a private meeting about so-called suicide bombers and three Britons being interviewed about their experiences fighting jihad in Bosnia-Herzegovina. Another of the videos shows him holding a meeting with James Ujaama, who used to oversee al-Masri's Web site in London and has been convicted in the United States of aiding the Taliban. Ujaama, 37, pleaded guilty in April to conspiring to provide cash, computers and

services to the Taliban, the radical Muslim sect that ruled Afghanistan until being ousted by a U.S.-led coalition after the September 11 attacks."

### **US Rules Out Death Penalty For British Detainees.**

The [New York Times](#) (7/23, Lyall) reports, "The Bush administration has assured the British government that it will not seek the death penalty for two Britons being held as terrorist suspects at the American naval base in Guantánamo Bay, Cuba, British and American officials said today. In a statement released in Washington, where he had just concluded several days of discussions about the fate of the two men, Feroz Abbasi and Moazzam Begg, the British attorney general, Lord Goldsmith, said he had made significant progress in efforts to ensure that they be tried fairly. Mr. Begg, 35, from Birmingham, England, and Mr. Abbasi, 23, from London, were on a list of six detainees identified by President Bush earlier this month as likely to be tried by military tribunals at Guantánamo Bay. The news immediately raised protests in Britain, America's staunchest ally in the war against Iraq, with politicians, civil rights groups and editorial writers accusing the government of Prime Minister Tony Blair of failing to ensure the civil rights of British citizens in the face of American legal proceedings. Among other things, Lord Goldsmith said today, the Americans have promised that, should the tribunals proceed, the Britons' conversations with their defense lawyers would not be monitored or reviewed by American authorities. In addition, he said, the trials would be open to reporters and subject to security restrictions, and the two men would be allowed to consult British lawyers, even though they would be officially represented by American lawyers. Lord Goldsmith's statement only referred to the two men, although seven other Britons being held at Guantánamo Bay have been included in his negotiations. ... In Washington, government officials said the death penalty had never been seriously considered in the cases of the two Britons."

The [Washington Post](#) (7/23, A18, Graham, Branigan) reports, "The United States assured Britain yesterday that US prosecutors will not seek the death penalty against two British citizens facing possible trial on terrorism charges before military tribunals. ... Blair's government has sought the repatriation of the Britons and, failing that, assurances of fair trials free of the prospect of the death sentence, which is outlawed in Britain. Expressions of concern in Britain rose to new levels this month after President Bush listed Britons Feroz Abbasi, 23, and Moazzam Begg, 35, among the first six prisoners eligible for military trial as early as this summer. Pressed personally by Blair, who was in Washington last week, Bush announced that his administration would reconsider whether and under what circumstances to bring before American military tribunals Britons and at least one Australian captured in the Afghanistan war. But the move

opens the president to criticism that he is showing favoritism to his allies and not dispensing justice equally in the war on terrorism.”

[Reuters](#) (7/22) reports, “The United States has told Britain that it will not seek the death penalty in the case of two Britons held at Guantanamo Bay in Cuba, British Attorney General Lord Goldsmith said in a statement on Tuesday.” Reuters continues, “At the request of British Prime Minister Tony Blair, the United States last week suspended military court proceedings against the two Britons -- Moazzam Begg, 35, and Feroz Abbasi, 23, who were among suspected al Qaeda members detained in Afghanistan or Pakistan and moved to the U.S. base in Cuba.” Reuters adds, “Goldsmith’s statement, released by the British Embassy in Washington, said the prosecutions of Begg and Abbasi remained suspended but implied that they were expected to resume. ... ‘The prosecution will not seek the death penalty in the cases of Feroz Abbasi and Moazzam Begg,’ it said. ... ‘Begg and Abbasi will be able to be represented by an appropriately qualified U.S. civilian lawyer of their own choosing, subject to security clearance,’ it added.” Reuters notes, “The men’s families and other campaigners want much more from the United States, including the repatriation of the detainees for trial in Britain. ... Their cases have become one test for what Blair is able to obtain from the United States as a reward for his strong support for the U.S. invasion and occupation of Iraq. ... Goldsmith visited Washington on Monday and Tuesday to follow up on Blair’s visit last week. He had talks with senior U.S. officials in the Defense Department, State Department, Justice Department and the White House.”

## **HOMELAND RESPONSE:**

**Ashcroft Praises Anti-Terror Efforts On Northwest Swing.** The [Seattle Post-Intelligencer](#) (7/23, Shukovsky) reports, “U.S. Attorney General John Ashcroft traveled to Seattle yesterday to praise and encourage regional leaders in the war on terrorism.” The P-I continues, “In early-morning meetings with federal, state and local law enforcement chiefs from around the state, Ashcroft gave what U.S. Attorney John McKay of Seattle called a ‘strong pep talk that was well-received.’” The P-I adds, “McKay said the attorney general did not carry news of any new federal dollars for people or equipment for the agencies that Ashcroft praised in a news conference yesterday at Coast Guard headquarters. ... ‘American citizens are safer, and our liberties are more secure,’ Ashcroft said in lauding the work of the state anti-terrorism task force. ... But McKay said that having Ashcroft meet reporters on an Elliott Bay dock ‘was eye-opening for him to see the port and its vulnerability.’” The P-I notes, “However, Ashcroft did not answer when he was asked about the growing budget deficit’s effect on funding

internal security measures such as bringing the number of FBI agents in Washington up to the per-capita average of other states. ... Rather, he spoke in general terms about what he characterized as the administration’s successes in the war on terrorism. He congratulated local agents and prosecutors for their work in convicting accused al-Qaida terror-camp manager James Ujaama. Ujaama recently pleaded guilty to reduced charges in return for his providing testimony and cooperation to the government in other terrorism-related cases. ... About 45 demonstrators gathered in front of the Coast Guard’s Pier 36 headquarters on Alaskan Way South as a woman bearing a bullhorn proclaimed: ‘Before he (Ashcroft) became attorney general, he ran for office against a dead man and lost,’ in apparent reference to Ashcroft’s candidacy for the U.S. Senate from Missouri. ... The demonstrators carried signs such as one reading: ‘Defend civil liberties, repeal the Patriot Act.’”

The [Seattle Times/AP](#) (7/22) reports, “Attorney General John Ashcroft praised Northwest law enforcement agencies in a visit today to Seattle. ... He spoke at a Coast Guard pier with a cutter and gunboat in the background.” The AP continues, “In his speech, Ashcroft defended the (USA Patriot Act) for ‘taking down the wall’ between intelligence gatherers and law enforcement agencies to improve security.” The AP adds, “Ashcroft also mentioned a couple of anti-terrorism successes in Washington: The arrest of ‘millennium bomber’ Ahmed Ressam, who was apprehended by Customs officials in Port Angeles while trying to enter from Canada in a car full of explosives in December 1999, and the plea bargain in which James Ujaama pleaded guilty in Seattle to conspiring to help the Taliban and agreed to testify against others.”

The [Tacoma \(WA\) News Tribune](#) (7/23, Hagey) reports, “U.S. Attorney General John Ashcroft delivered an upbeat progress report Tuesday on the fight against terrorism during a stop in Seattle to meet with members of Washington’s antiterrorism task force.” The News Tribune continues, “Since the Sept. 11, 2001, attacks, law enforcement agencies have dramatically improved communication with each other, Ashcroft said during a press conference at a Coast Guard pier along the Seattle waterfront.” The Tribune adds, “The result, he said, is the dismantling of terrorist cells worldwide, the seizure of millions of dollars worth of assets and hundreds of arrests.... Terrorists, he said, ‘have heard and felt the united power of American justice.’ ... But law enforcement officers still need more tools, Ashcroft said, including some of the same subpoena powers already available in the war on drugs. And Washington state, with its international border and vast coastline, remains particularly vulnerable. ... ‘It’s important that we do well here,’ he said.” The News Tribune notes, “Outside the Coast Guard building, about two dozen demonstrators carried signs saying ‘Ashcroft Sabotages Rights’ and ‘Civil Liberties, Bring ‘em On.’ ... The protesters

said they object to the USA Patriot Act, the federal law passed in the wake of the terrorist attacks that expanded the government's surveillance and detention powers. ... Elizabeth Simmons-O'Neill of Lake Forest Park brought her children to the protest. 'I feel like he is trampling on the Bill of Rights, the Constitution and some of the things that make America great,' she said of Ashcroft. ... The crowd was smaller than one that protested Ashcroft's visit to Portland on Friday, where an estimated 200 to 250 carried signs and chanted."

The [Anchorage \(AK\) Daily News](#) (7/22, Pesznecker, Tsong) reports, "United States Attorney General John Ashcroft told federal and local officials Monday the USA Patriot Act should be expanded, not softened, even as protesters gathered nearby and the Anchorage Assembly and state Legislature have passed resolutions protesting the national anti-terrorism law." The News continues, "Ashcroft charged critics with misconstruing a law that he said broadens the government's ability to nab terrorists. He would like to amplify those powers, he said. ... 'This is not something novel or new or different,' Ashcroft said. 'The Patriot Act is simply a way to extend a robust set of tools.'" The News adds, "Ashcroft addressed Alaska's Anti-Terrorism Task Force, which includes representatives from 60 federal, state and local agencies. It's one of 93 such task forces around the United States; Ashcroft said he has personally visited about 40 of them. ... The attorney general said that in the pursuit of terrorists it's critical that federal and local governments work together. Without the Patriot Act, Ashcroft said, these efforts would be 'difficult if not impossible.'"

**Ashcroft's Visit Meets With Minor Protests, Few Middle Easterners.** The [Seattle Times](#) (7/23, Rivera) reports, "U.S. Attorney General John Ashcroft encountered minor protests during his brief stop in Seattle yesterday, as he has in most places he visits these days. ... But notably absent among his sign-waving detractors were immigrants from Middle Eastern and Muslim nations." The Times continues, "Some fear being tagged anti-American. Others worry that being spotted at a protest — much less arrested — could spell trouble when they try to renew their visas or obtain permanent residency. ... 'I've had clients who have been terrified by what's happening,' said Bob Free, an immigration lawyer with MacDonald, Hoague and Bayless in Seattle. 'I've urged some to go to the press and make complaints and vocalize what's happening to them, and they won't because they don't trust America at this point.'" The Times adds, "Ashcroft's visit, part of a three-state swing through the Northwest, drew about two dozen protesters to the U.S. Coast Guard station at Pier 36, where Ashcroft was meeting with local and federal anti-terrorism officials. ... Some of the protesters waved signs espousing socialism, some called for anarchy, and a few attacked the Patriot Act and Ashcroft's record on civil rights. ... 'I think that's what the Bush

administration has done, try to foster fear,' said protester Margaret Viggiani." The Times notes, "Foreign nationals had once been a common sight outside federal buildings in Seattle and across the country protesting the treatment of immigrants after the terrorist attacks of Sept. 11, 2001. ... But the arrest and detention late last year of hundreds of Middle Eastern men and teenagers — mostly in Southern California — who voluntarily complied with a new federal immigrant fingerprinting and registration program sparked fears already dwelling in many immigrants."

**Columnist Blasts Ashcroft For Ignoring Ujaama.** In a column in the [Seattle Post-Intelligencer](#) (7/23), Robert L. Jamieson, Jr., writes, "John Ashcroft's 'Bustin' Bad Boyz' Tour rolled through Seattle yesterday. The nation's band leader of anti-terror was crooning his greatest hits. ... Had Ashcroft been inclined, he could have moseyed down 10 miles south of his news conference at Pier 36 and held a jam session with a prize catch few people even knew was back in town: James Ujaama." Jamieson continues, "Ring a bell? ... Ujaama is our very own Seattle Taliban, the local guy with Afghan ties. ... He pleaded guilty and was quietly whisked far away this spring to Homeland Security's Never Never Land. ... But he returned to Seattle more than a week ago. Ujaama reportedly had been in New York to testify before a grand jury investigating a London cleric suspected of recruiting for al-Qaida." Jamieson adds, "Given the history between John (the law) and James (the lawbreaker), one would have thought this terror-twined duo would be up for a reunion. ... But Ashcroft didn't call. ... He didn't write. ... Just like a G-man!" Jamieson notes, "If Attorney General Ashcroft had inquired, he would have discovered his homeboy is doing fine and has been quite busy since slipping from the headlines. ... Ujaama is being held at the federal detention center in SeaTac, where, in exchange for his cooperation, he is serving two years out of a possible 10-year-sentence.... He could be out of prison as early as April." Jamieson concludes, "Ashcroft is a busy man. He's on tour, rockin' and rollin' America as we know it, trampling our civil rights, shredding the Constitution, all in the name of the 'Patriot Act.' ... Is that really how a patriot acts?"

**House Votes To Roll Back "Sneak and Peek Provision In Patriot Act.** [Reuters](#) (7/22, Clark) reports, "The U.S. House of Representatives voted overwhelmingly on Tuesday to roll back a key provision, which allows the government to conduct secret 'sneak and peek' searches of private property, of a sweeping anti-terrorism law passed soon after the Sept. 11 attacks." Reuters continues, "The House voted 309-118 to attach the provision to a \$37.9 billion bill funding the departments of Commerce, State and Justice. It would be the first change in the controversial USA Patriot Act since the law was enacted in October, 2001." Reuters adds, "The move would block the

Justice Department from using any funds to take advantage of the section of the act that allows it to secretly search the homes of suspects and only inform them later that a warrant had been issued to do so." Reuters notes, "Supporters of the change say that violates both the U.S. Constitution and the long-standing common law 'knock and announce' principle -- which states the government cannot enter or search private property without first notifying the owner. ... 'Not only does this provision allow the seizure of personal and business records without notification, but it also opens the door to nationwide search warrants and allowing the CIA and NSA to operate domestically,' said the amendment's sponsor, Idaho Republican Rep. C.L. 'Butch' Otter. ... The Justice Department recently told Congress that it had already executed 47 'sneak and peek' searches and had sought to delay notification of search warrants in a total of 250 cases, said Ohio Democratic Rep. Dennis Kucinich. ... 'I would suggest to you that just one would constitute a threat to our Bill of Rights,' he said. ... U.S. Attorney General John Ashcroft -- who has become a lightning rod for concerns over the possible erosion of U.S. civil liberties -- defended the Patriot Act on Monday, saying criticism of it was based on exaggerations and falsehoods."

**CO Bookstores, Libraries, Urge McInnis To Oppose Patriot Act Provision.** The [Durango \(CO\) Herald](#) (7/22, Kostka) reports, "Three Durango bookstores and two libraries gave their petition opposing a section of the Patriot Act to U.S. Rep. Scott McInnis' local office Monday with hopes that its 1,179 signatures influence the congressman." The Herald continues, "Peter Schertz, owner of Maria's Bookshop, began a local petition drive six weeks ago to show support for the Freedom to Read Protection Act. The act seeks to overturn Section 215 of the Patriot Act, which allows federal investigators to obtain customer-purchase and library-usage records and monitor Internet traffic at public computer terminals without notification or court order." The Herald adds, "Maria's Bookshop, The Bookcase, Southwest Book Trader, the Durango Public Library and Reed Library at Fort Lewis College displayed the petition for people to sign. ... 'It's a logical cause for all of us,' Schertz said." The Herald notes, "Schertz decided to take the petition to McInnis' office two weeks earlier than planned because of an amendment to the 2004 Commerce, Justice, State and Judiciary Appropriations Bill that Congress may consider soon. The amendment would eliminate U.S. Justice Department funding for searches of bookstore and library records under the Patriot Act, according to the American Booksellers Foundation for Free Expression, an organization that supports causes for independent bookstores. Schertz learned about the amendment through the organization. ... McInnis, R-Colo., has said in the past that he would not support the Freedom to Read Protection Act because he does not want to take away tools from the people who are trying to protect U.S. citizens. Blair Jones,

McInnis' press secretary, said Monday that McInnis receives several petitions every month, and he will review this petition."

**National Review Editor Defends Ashcroft Against Patriot Act Criticism.** In an op-ed in the [Washington Times](#) (7/23), Jonah Goldberg, editor at large of National Review Online, writes, "My wife is an aide and senior speechwriter to Attorney General John Ashcroft. This can be a big drag. ... (O)n a day-to-day basis, the most annoying aspect is that whenever I mention John Ashcroft, I have to follow it up with ... 'full disclosure.' ... The fact that my wife works for the AG means that I'm automatically in the tank for him. ... What makes this so annoying is that I honestly don't understand what Ashcroft has done wrong." Goldberg continues, "According to a recent article by Adam Nagourney of The New York Times, there is no single figure more universally loathed by liberals, Democrats and - Nagourney seems to imply - all intelligent and decent carbon-based life forms. ... This is all nonsense on stilts - on top of a ladder, on the roof of a very tall building. First of all, someone needs to tell these people that America isn't populated entirely by irrational liberal Ashcroft-phobes." Goldberg adds, "A Harris Interactive poll last month found that 54 percent of respondents had a positive view of Ashcroft's job performance and only 32 percent had a negative view. This makes Ashcroft more popular than Al Gore, Ted Kennedy, Joe Lieberman, Hillary Clinton, Dick Gephardt or John Kerry. His positive rating is higher than the Congressional Democrats as a group and Congressional Republicans as a group. He is 20 points more popular than the avuncular Denny Hastert and a few points better than Dick Cheney. ... Now I don't put much stock in polls, and I'm sure other polls say different things, but only someone deeply enmeshed in groupthink could believe that Ashcroft is the most hated man in America. It reminds me of when Richard Nixon said that it's obvious the world's overpopulated since everywhere he goes he sees huge crowds." Goldberg notes, "The Ashcroft-haters also say that all clear-thinking, liberty-loving people know that Ashcroft's demon child - the Patriot Act - is a Great Evil. The problem is that 99 percent of these people don't know what they are talking about. When I ask people why they think my wife's boss is the devil or what's wrong with the Patriot Act, I get ill-informed mush or untrue propaganda. ... Just to be quick: Despite the ACLU's insistence that the Patriot Act gave the executive branch 'sweeping new powers that undermine the Bill of Rights,' all of the snooping, sneaking, spying and other prying powers allegedly granted to the Feds still have to be approved by judges, as always. ... Most of these powers already existed for criminal investigations, but the government thought it might be a good idea to use them against al-Qaida as well as the mob." Goldberg concludes, "I'm not saying a sane person cannot quibble with the Patriot Act or that you have to be crazy to dislike John Ashcroft. But the rhetoric is so far above the reality on both scores, it makes many people

and institutions look crazy. ... In fact, the Patriot Act is so reasonable it passed the Senate 98 to 1 and the House by 357 to 66. Indeed, with the exception of Dennis Kucinich, all of the senators and representatives currently running for president on John Ashcroft's back voted for it. ... So again, I ask, what in the world are these people talking about?"

**More Commentary.** The [Boulder \(CO\) Daily Camera](#) (7/23) editorializes, "Being John Ashcroft means never having to say you're sorry. When the U.S. Justice Department is indicted for civil-liberties abuses, Attorney General Ashcroft changes the subject. And demands more power." The Camera continues, "Last week, the Justice Department's Office of the Inspector General released its third regular report on the implementation of the USA PATRIOT Act. The report revealed dozens of 'credible allegations' of civil-rights and civil-liberties violations. ... The Justice Department downplayed the report. Spokeswoman Barbara Comstock said 'the small number of credible allegations will be thoroughly investigated.' ... Meanwhile, Ashcroft's reaction was incredible. This week, he said the USA PATRIOT Act (the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act) should be broadened, so the government would have greater powers of secret detention, warrantless search, and citizen surveillance." The Camera adds, "Ashcroft has used this diversionary tactic before. Last month, the inspector general released a 239-page report identifying 'significant problems' in the Justice Department's treatment of the 762 foreigners held after 9-11. The detainees, suspected of relatively trivial immigration offenses, were secretly held for long periods without charges, without access to attorneys, and often with physical or verbal abuse." The Camera concludes, "Ashcroft and his minions, downplaying allegations of invasive PATRIOT actions, note the relatively small number of credible complaints, as if 60 abuses a year were trivial. ... This week, Ashcroft dismissed any 'so-called invasion' of privacy as 'falsely reported and non-existent.' This comes from a man who seems profoundly averse to admit any error and deeply fond of government stealth. Should he get even more power to act secretly and unaccountably? Any answer but 'no' would be incredible."

The [Albany \(NY\) Times-Union](#) (7/22) editorializes, "For the second time in as many months, the Justice Department stands accused of trampling civil liberties in the name of fighting terrorism. That would be unsettling enough. What makes the latest warning even more alarming is that, once again, the accuser is none other than the department itself." The Times-Union continues, "When Mr. Fine's June report was issued, Justice Department officials were quick to promise that they would vigilantly protect civil rights and civil liberties. In one sense, the latest report is a sign that the department is indeed keeping watch to ensure that these rights are being upheld. But in another sense, the fact that

there are now back-to-back reports indicates that more vigilance is needed." The Times-Union adds, "The question is, how much more? And another question: Who will know when all the proper safeguards are in place? It will be hard to get the answers when the emphasis is on secrecy. It's past time for Congress to reform this legislation and make government more -- not less -- accountable for its actions."

The [Astoria \(OR\) Daily Astorian](#) (7/22) editorializes, "The USA Patriot Act helped unleash an ugly and disturbing period of racism among a few U.S. Justice Department employees, according to a new report by the department's inspector general." The Astorian continues, "In response to the report by Inspector General Glenn A. Fine, who is a semi-independent watchdog, a Justice Department spokeswoman said the department takes seriously its responsibilities. But as with an earlier report on Patriot Act abuses, she and the department as a whole prefer to minimize the issue, stressing 'the small number of credible allegations.' ... That thoroughly misses the point. While no one would suggest the Justice Department is dominated by racists or that the Patriot Act is uniformly rotten, there is no more important issue than rooting out anyone in federal law enforcement who would apply a racist jackboot to the backs of immigrants caught up in the post-9/11 furor." The Astorian concludes, "In wartime, it seems virtually inevitable that some citizens will improperly tar all members of certain racial and ethnic groups. In the wake of 9/11, the Justice Department has acted with commendable professionalism in dealing with examples of race crimes by private citizens against people of Middle Eastern origin. ... But in minimizing and downplaying abuses by federal employees, it seriously undercuts its own case for continuation of the broad powers granted by the Patriot Act. We have every right to insist that federal agents, guards and others act with scrupulous attention to due process and basic fairness. Anything less calls into question the legitimacy of our actions and our government. ... This is a time to nurture and protect Americans of Muslim and Arab origin, to make them proud and happy about their choice of a home. The Justice Department should be leading the way."

The [San Francisco Chronicle](#) (7/22) editorializes, "An unsettling report by the internal watchdog of the U.S. Justice Department serves as a reminder that use of the so-called Patriot Act to guard Americans from terrorism must not veer into abuse of innocent people's civil rights." The Chronicle continues, "The top leadership of the department under U.S. Attorney General John Ashcroft stood unapologetic on the ground of 'aggressively protecting innocent Americans from another terrorist attack.' But perhaps because of Ashcroft's desire for expanded powers under the Patriot Act, the department then embraced many of Fine's recommendations for deciding who should and should not be considered terrorist suspects, and how they should be treated." The Chronicle adds, "The case for respecting everyone's rights

under U.S. law requires no argument. But Inspector General Fine's scrutiny of the Justice Department's performance is sadly needed."

### **Congressional 9/11 Report Said To Omit Information On Saudis' Links To Terrorists.**

CBS (7/22, story 7, Rather) reports, "Congress is getting ready to release its official findings on one of the most painful questions surrounding 9/11. Could anything have been done to uncover and stop the terror plot on America?" CBS (Chen) adds, "A joint congressional inquiry has concluded there was no smoking gun, no single piece of information that could have prevented the attacks. But in an 800-plus page report due to be released this Thursday, the panel casts a critical eye on the nation's intelligence agencies. A congressional source says the report did find there were a number of missed opportunities, mishandled elements which could have helped investigators uncover and foil the plot. Among them: Contacts with two of the hijackers, who had lived with a paid FBI informant in San Diego. Though their connection to Osama bin Laden was known, US intelligence failed to put them on a watch list until they had already entered the US." Eleanor Hill, staff director, Joint Intelligence Inquiry: "If the FBI had had those names, and if they had acted on them, they might have had a break and then might have been able to find out what was going on." Chen: "But the FBI did know the first names of two of the Pentagon hijackers, thanks to the informant. Still, a spokesman insists that wasn't enough to conduct any further investigation. What may be more troubling: A section of the report which sources say shows widespread financial links between the Saudis and the terrorists has been taken out, reportedly for security reasons. But a key Senator says it's is for purely political reasons." Sen. Bob Graham: "It has more to do with protecting agencies from the spotlight of responsibility for their gaffes, gaps, and incompetence that contributed." Chen: "Other members are also grumbling about what was left out. Said one, 'We're right back where we started, there's just too much we don't know here.'"

The [Wall Street Journal](#) (7/23, ) reports, "The Central Intelligence Agency and the Federal Bureau of Investigation missed numerous clues in the months leading up to the Sept. 11, 2001, terror attacks, but correcting any of those lapses wouldn't have stopped the plot, according to a report of the House and Senate intelligence committees due out Wednesday -- 22 months after the attacks. 'This inquiry has uncovered no intelligence information in the possession of the intelligence community prior to the attacks of Sept. 11 that if fully considered would have provided specific advance warning of the details of those attacks,' the report states, according to two people with copies. Nonetheless, US authorities come in for heavy criticism for failing to communicate with one another and missing a series of clues,

people familiar with the report said. The report says, for instance, that President Bush was warned a month before the attacks that al Qaeda wanted to strike targets in the U.S., possibly with airplanes. That and other information in the report has been aired before."

The [Los Angeles Times](#) (7/23, Schmitt, Meyer) reports, "The 900-page report is to be released Thursday after months of haggling between congressional investigators and intelligence authorities over which portions of the hefty document should be declassified or remain top secret. A preliminary version detailing a summary of the concerns was published last winter. ... The congressional report provides new hues and shades to an already dim portrait of US preparedness before the attacks. Although the report's general outlines have been previously known, the timing of its release and the light it is expected to shed on what Bush administration officials knew in advance of the attacks comes at a politically sensitive time — as the administration attempts to fend off criticism that it relied on faulty intelligence about Iraqi plans to develop weapons of mass destruction before going to war."

The [AP](#) (7/23, Guggenheim) reports, "Sept. 11 hijackers lived freely in San Diego, even after they were linked to al-Qaida. Warnings that terrorist groups were training pilots were ignored. Intelligence officials were more focused on stopping attacks abroad than at home. A congressional investigation into the Sept. 11 attacks has already revealed major intelligence problems. On Thursday it will reveal more as its final report on the attacks is released, officials and congressional panel members say. ... 'When the story line comes out, it is explosive and riveting not so much that there is one single huge burst of information, but a host of new nuggets that kind of have a snowballing effect on the mountain that will hopefully rivet the American people's attention on the continuing problem of terrorism,' said former Rep. Tim Roemer, D-Ind., who served on the joint inquiry by the House and Senate Intelligence Committees. Roemer is also a member of the independent commission on the Sept. 11 attacks that is following up the joint inquiry. ... Some senior lawmakers have said Congress shares the blame. They say intelligence agencies did not receive adequate funding after the Cold War. ... But Sen. Ron Wyden, D-Ore., said he was troubled that intelligence agencies were 'woefully unprepared for a threat' despite previous terrorist attacks against US targets in the United States and abroad. 'Basically at a time when governments and intelligence leaders should have been mobilizing, too many hit the snooze button,' he said."

The [Washington Post](#) (7/23, A8, Schmidt) reports, "The new disclosures indicate once again that the FBI was tantalizingly close to some of the terrorists in the months before the attacks, and suggest that some of the hijackers had deeper connections in the United States than was

previously known. The inquiry has not uncovered new intelligence in the possession of the intelligence community 'prior to the attacks of September 11 that, if fully considered, would have provided specific advance warning of the details of those attacks,' the report concluded, according to the sources. The panel said the attacks could not have been prevented had the intelligence gathered by the FBI and the CIA been better handled. It said it is impossible to conjecture what would have happened had more connections been drawn."

**Columnist Criticizes Cheney In Mock Letter To Saudi Arabia.** In her column appearing in the [New York Times](#) (7/23) Maureen Dowd writes in the fictitious voice of Vice President Cheney, in a letter to a Saudi Arabian leader, "Thank you, my friend, for the falcon. It survived the trip on your Gulfstream. It is now eating small endangered woodland creatures at my Jackson Hole ranch. ... We've classified the entire section of the 9/11 report that deals with the family's support of charitable groups that benefit terrorists, including mentions of your wife's checks inexplicably winding up in the bank accounts of two of the hijackers. ... I know you're worried that the whiny widows of 9/11 will throw another hissy-fit when they see all the blacked-out material, like they did when you whisked Osama's family out of the US on a private jet right after the attacks. But we didn't go this far down the road of pushing aside incriminating evidence about you guys and blaming 9/11 on Saddam to turn back now because a few thousand families can't get their darn closure. Buddy, we go back a long way."

**Senate GOP Denies Increased Funding For Homeland Security.** The [Washington Post](#) (7/23, A7, Dewar) reports, "Senate Republicans yesterday turned back the first of several Democratic attempts to add to proposed spending for homeland security next year, ensuring the issue a role in the 2004 congressional elections. A proposal by Sen. Robert C. Byrd (D-W.Va.) to add \$1.75 billion to the \$29.3 billion appropriations bill for the new Department of Homeland Security was defeated on a largely party-line vote of 50 to 43 – 17 votes short of the 60 needed under Senate rules because the proposal exceeded budget allocations. But, just as they did last week in forcing a series of losing votes on initiatives challenging President Bush's Iraq policy, the Democrats were seeking to make a political point. They plan other, more narrowly targeted efforts to increase anti-terrorism spending. The Democrats' contention, disputed by Republicans, is that the administration and the GOP-controlled Congress are shortchanging the nation's domestic security needs." Byrd attempted to "add \$602 million for transit security; \$729.5 million for police, firefighters and 'first responders'; \$238.5 million for border protections; \$100 million to safeguard air cargo; and \$80 million to protect chemical facilities."

The [New York Times](#) (7/23, Stolberg) reports, "The Senate today began consideration of its first annual appropriations bill financing the new Department of Homeland Security, and promptly beat back an effort by Democrats to add \$1.8 billion to the \$29 billion measure. Democrats have been arguing for months that while the Bush administration presses tax cuts, the nation's domestic security needs are being shortchanged. But the \$1.8 billion amendment, expected to be the first of a series of Democratic efforts to increase spending in the bill, failed tonight to garner the 60 votes that budget rules required for it to be considered." Senator Robert Byrd said, "The country's focus has been on the daily battles in Iraq. While the president arguably says that the mission in Iraq has been accomplished, the mission to protect our citizens here at home is far from complete." Republicans respond by saying the "money in the bill is more than sufficient, and note that they are providing the new department \$1 billion more than the president requested. They argue that giving the fledgling department too much money would only create problems for it." Senator Thad Cochran said, "There is a capacity only to spend so much money at one time. ... The rush to spend money can put the agency in disarray." The Senate bill is "nearly identical to one the House adopted by a vote of 425 to 2 in June; a vote on the full bill in the Senate could come as early as Wednesday. The bill would provide \$4.9 billion for customs and border protection; \$5.4 billion for the Transportation Security Administration, which oversees passenger and baggage screening at airports; \$6.9 billion for the Coast Guard; and \$1.1 billion for the Secret Service. It also includes financing for emergency preparedness and defense against biological weapons."

**Bureau Of Customs Will Seek Advance Notice Of Shipment Details.** The [AP](#) (7/23, Aversa) reports, "The Bush administration, in a new move to keep out terrorists and their weapons, is set to order that details of cargo be provided electronically before its arrival in the United States by air, rail or truck. The Bureau of Customs and Border Protection is proposing rules to bring this about, the bureau's commissioner, Robert Bonner, said Tuesday. The amount of time a company would have to detail its cargo before its arrival would vary by the mode of transportation: air, rail or commercial truck. Bonner said customs authorities currently receive some advance information on cargo carried by airplanes, rail cars and trucks, but the information is provided voluntarily and isn't always complete. For many shipments, especially on commercial trucks, customs currently receives cargo information on paper, not electronically, and upon arrival in the country, Bonner said. The bureau already has rules in place that require sea carriers to provide detailed information on contents of containers 24 hours before the cargo destined for the United

States is loaded onto ships at foreign ports. The proposal unveiled Tuesday, however, would require sea carrier companies to provide this information electronically. 'My job is to increase security of the United States ... against the terrorist threat, but part of my job is to do this ... without choking off the flow of legitimate trade,' Bonner said. 'These proposed regulations do that.'

The [Washington Post](#) (7/23, A8, Hamilton, Goo) reports, "The rules create a system that requires all shippers to electronically transmit information about their goods and the recipients far enough before arrival to allow Customs to determine whether it needs to intensively inspect the cargo. The system seeks to increase the efficiency of inspections by ruling out 'the larger percentage of cargoes that don't pose risks' in order to target those either identified as risks by intelligence or 'about which we don't know anything,' said Robert C. Bonner, commissioner of the Customs Service, which is now overseen by the Department of Homeland Security. He said Tom Ridge, Homeland Security director, had signed off on the regulations."

### **State Department Official Announces New Visa Documentation Rules.**

In an op-ed appearing in [USA Today](#) (7/23) Maura Harty, assistant secretary of State for consular affairs writes, "Stopping dangerous people from entering the USA is our top priority. But the State Department must also efficiently document the millions of legitimate visitors who come to our country for business, school, family visits and exchange programs. There is both a tension and a balance between our need to provide for both secure borders and open doors. The eye of a trained officer on a case, making use of the language skills, country-specific knowledge and counterterrorism training he or she has received is a crucial element of our adjudication process. Access to information from other agencies of the US government is also invaluable. While security has always been a priority, visa screening in the aftermath of Sept. 11, 2001, has become an essential element in our counterterrorism arsenal. We need to focus our resources, however, where they can be most effective. Starting Aug. 1, we will require that most foreign visitors explain their proposed travel to a US consular officer, who will have reviewed their visa applications beforehand and may have relevant questions to ask. While increasing the number of interviews may delay some applicants, we intend to take this measure in conjunction with others, such as increasing consular staffing abroad and streamlining certain data-entry procedures, to ensure timely processing of legitimate travelers. Our goal is to work with our partners throughout the US government to give each applicant the scrutiny in an interview appropriate to his or her circumstances, no more and no less. Most applicants will be able to establish quickly their qualifications for a visa."

**More Commentary.** [USA Today](#) (7/23) editorializes, "The State Department's plans to screen foreign visitors more closely starting Aug. 1 seems like an overdue step to reduce the risks of terrorists slipping into the country. In the nearly two years since Sept. 11, 2001, upgrades to the nation's system for issuing US visas have lagged other security fixes. In spite of the fact that all 19 of the 9/11 terrorists entered the country on visas — and three never were interviewed first — the State Department has resisted the methodical, clear-eyed approach to closing security loopholes that accounts for today's safer air-travel system. But now an otherwise promising plan for securing the visa system through more personal interviews is being undermined by the same resistance, coupled with a distressing lack of realism. Troubling questions abound about everything from the agency's readiness to the fallout that could result from enhanced screening without adequate resources to take on the task. Instead of making US borders more secure, the department risks replacing one flawed program with another that gives the public a false sense of security. The new system calls for a sharp increase in interviews of visa seekers by US officials. They now personally question fewer than a third of applicants in many countries because consulates have broad discretion to waive interviews. ... The State Department says it already has beefed up visa screening through more interviews and a computer database of terrorism intelligence. While improvements, the measures don't ensure that the department is ready to take on this further expansion. Doing it haphazardly or on the cheap is not the answer. Credible screening without unreasonable delays may force visa applicants to pay even more than the current \$100 fee. The war on terror requires sound solutions, not half-measures that merely give the appearance of tighter security."

### **WTC Leaseholder Spars With Insurance Company Over Limitations Of Coverage.**

[Reuters](#) (7/23) reports, "World Trade Center leaseholder Larry Silverstein battled with insurers in a federal appeals court Tuesday, in a suit that will influence what replaces the complex destroyed on Sept. 11, 2001. Silverstein's lawyers argued that since the collapse of the Twin Towers was caused by two separate plane crashes, their client is entitled to two insurance payouts totaling more than \$7 billion. The insurers, led by Swiss Re and Travelers Property Casualty, countered that the attacks formed a single coordinated event, worth only one claim on his \$3.5 billion policy. Lawyers for Silverstein argued that the two plane crashes must be considered separate causes of the loss, not the underlying plan to attack using hijacked jets. They said this was because, under New York law, immediate circumstances must be considered in establishing the cause of a loss, not remote circumstances. 'A terrorist plot is not a cause, a

terrorist plot has to be executed,' said Herbert Wachtell, a lawyer representing Silverstein at a hearing before the US Circuit Court of Appeals for the Second Circuit of New York. Insurers said there was only one cause, and only one insured event. 'We are talking about a highly coordinated military style precision attack,' said Harvey Kurzweil, a lawyer representing Travelers. He argued that the two plane crashes were part of one plan, which was the sole cause of the destruction."

### **NYTimes Urges NYFD And NYPD To Agree To Protocols Of Cooperation.**

The [New York Times](#) (7/23) editorializes, "They are called, respectively, New York's bravest and finest. Both the city's Fire and Police Departments have produced a bounty crop of heroes over the years. But put them together and the superlatives can become lost in a historic rivalry that often winds up embarrassing both. Two recent examples were downright petty, with officers and firefighters clashing over how to dislodge a suspected thief from a chimney and how to search for a drowning victim. Now, with millions of dollars in federal antiterrorism aid at stake, Mayor Michael Bloomberg has ordered a plan for coordinating emergency responses that the commissioners for the police and the firefighters have agreed to accept. It's about time. ... Nowhere was the missing symbiotic relationship more evident than in the response to the World Trade Center attack. Separate command posts were established, and the police and the firefighters exchanged little information, even issuing separate evacuation orders. Yet in the aftermath, Police Commissioner Raymond Kelly and Fire Commissioner Nicholas Scoppetta rejected the idea that there was a need to set rules for cooperation. It went the way of the 1997 protocols for cooperation, which were signed by Mayor Rudolph Giuliani but never adopted by the Police Department."

## **WAR NEWS:**

### **Saddam's Sons Uday And Qusay Killed By US Troops In Mosul.**

ABC (7/22, lead story, Gibson) reports, "Saddam Hussein's two sons, Uday and Qusay, were killed today by US forces. The commander of allied troops in Iraq said, 'We are certain Uday and Qusay are dead.' Two of the most feared figures in prewar Iraq, men who tortured or killed Iraqi citizens seemingly on a whim, were themselves killed in a military raid on a home in the northern Iraqi city of Mosul. It is, of course, very big news." ABC (Raddatz) adds, "When the gunfire stopped, the US retrieved four bullet riddled bodies from the residence, among them, Saddam Hussein's sons." Lt. Gen. Ricardo Sanchez: "We have since confirmed that Uday and Qusay Hussein are among the

dead." Raddatz: "Senior officials tell ABC News that the bodies were positively identified by Abid Hamid Mahmoud, seen here on the left. He was Saddam Hussein's most trusted adviser, the Ace of Diamonds in the deck of the most wanted. Mahmoud was captured by US forces last month. But this raid was launched after a tip from an unexpected source -- a Mosul resident who approached the US military." Gen. Sanchez: "It was a walk-in last night that came in and gave us the information that those two individuals were in that residence, and the other two that were killed in there, we're still working to get final confirmation on who they are."

CBS (7/22, lead story, Rather) reports, "US forces in Iraq had wanted -- almost as much as Saddam Hussein -- his two sons. And today, they got them -- Uday and Qusay -- shot them dead. Acting on a tip that Saddam's sons were inside a villa in the northern Iraqi city of Mosul, US troops moved in, and the shooting began. Around the world this is widely viewed as a major success for the US military, American intelligence and President Bush, the most important victory since the fall of Baghdad." CBS (Stewart) adds, "Even before the first shots were fired just after 8:00 AM local time, US commanders were pretty certain they were closing in on the two brothers. But it took a six-hour-long gun battle before 101st Airborne Division troops could move in and find the proof." Lt. Gen. Ricardo Sanchez: "Four persons were killed during that operation, and were removed from the building. And we have since confirmed that Uday and Qusay Hussein are among the dead." Stewart: "In the official version, the shootout sequence began when an Iraqi informer walked into a US military location in Iraq Monday night, and provided information that the two brothers were staying in a villa on the north side of Mosul. Sources say US intelligence, however, had already sniffed out the same lead, and the tipster only confirmed their suspicions. Inside the villa, troops uncovered small arms, several documents linked to the brothers, plus the body of Mustafa Hussein, Saddam's 14-year-old grandchild and Qusay's son who was known to travel with his father, plus the body of a lower level bodyguard."

NBC (7/22, lead story, Brokaw) reports, "Their names were Uday and Qusay, the sons of Saddam Hussein. And in Iraq they were as notorious as their father. Sadistic and cold blooded, they terrified even members of the inner circle. Tonight they're dead, killed in a fierce firefight in the western city of Mosul after they were spotted in a villa owned by a Saddam cousin. This is a major victory for the US forces and it touched off celebrations among Iraqis in Baghdad." NBC (Miklaszewski) adds, "After searching for more than three months, the US caught its big break when an Iraqi informant walked into military headquarters in Mosul and led American troops straight to the sons of Saddam Hussein. Uday and Qusay were finally hunted down and killed in this house in Mosul in northern Iraq. Acting on a tip, troops from the Army's 101st Airborne surrounded the house. The Hussein

brothers barricaded themselves inside and opened fire. It was clear Uday and Qusay, known as ruthless killers, would not be taken alive." Two others, "including the 14-year-old son of Qusay and apparently a bodyguard were also killed. The bodies were flown by helicopter to Baghdad International Airport, where former Iraqi leaders now in US custody positively identified Uday and Qusay. US forensics experts also identified Uday from a bullet wound to his left leg suffered in a 1996 assassination attempt. Military investigators are sifting through what's left of the house in Mosul, searching for clues that may lead to the whereabouts of the father, Saddam Hussein himself, but so far apparently no luck. But General Sanchez predicts Saddam's days are numbered." Gen. Sanchez: "We remain totally committed to the Hussein regime never returning to power and tormenting the Iraqi people." Miklaszewski: "As for the Iraqi who tipped off the Americans, it appears he's eligible for \$30 million in rewards. And after weeks of bad news and controversy out of Iraq, this is extremely welcome news for the White House. But officials here say while Saddam is on the loose and American troops are still being killed, the war is far from over."

Fox News' "Special Report" (7/22, Hume) reports, "White House reaction to early word that Hussein brothers might be dead was notably muted." Fox (Angle) adds, "The White House was reluctant at first, until they got confirmation, the president got that just before Centcom announced that it had, in fact, determined the two men were dead. They called White House Chief of Staff Andy Card who told the president, who had already been aware that they thought they might have gotten them." Fox adds that "a White House spokesman also said that the president now believes that this is positive news for the Iraqi people and further assurance to the Iraqi people that, in fact, the Saddam Hussein's government is gone. And that is what officials believe is one of the biggest results of this. And that is that people who might have been...some worrying that Saddam would come back, others hoping that he would come back. That idea has now been put to rest because his two sons are now dead and that he may be worried about his own future."

The [Wall Street Journal](#) (7/23, Cloud, Barrionuevo) reports that the US hopes the strike "will undercut resistance from the former Iraqi regime and quiet criticism of American effectiveness in making the country secure. ... Although Mr. Hussein himself remains at large, removal of his sons seems likely to have a significant practical and psychological impact. Their elimination may discourage paramilitary forces believed to be behind the almost daily attacks on U.S. forces. ... The death of the sons also may encourage other Iraqis to come forward with information about Mr. Hussein's whereabouts, said US officials, noting that the informant who led them to his sons was likely to receive at least a portion of the \$15 million reward offered for information leading to each of them. Mr. Hussein himself has a \$25 million price on his head."

The [Los Angeles Times](#) (7/23, Daniszewski) reports, "President Bush 'was pleased to hear the news,' White House Press Secretary Scott McClellan said. 'Uday and Qusay were two leaders of a very brutal regime, and this is further assurance to the people of Iraq that the regime is gone and will not be back.'" Bush "is scheduled to discuss operations in Iraq during an appearance in the Rose Garden this morning."

The [Houston Chronicle](#) (7/23, Hedges) reports, "Bush did not directly comment on the deaths. A White House statement said, 'We were pleased to learn from the Department of Defense of today's action against Uday and Qusay Hussein. Over the period of many years, these two individuals were responsible for countless atrocities committed against the Iraqi people and they can no longer cast a shadow of hate on Iraq.'"

The [Financial Times](#) (7/23, Spiegel, Clover) reports, "The bodies of the four people killed in the attack were quickly taken from the house to be identified. Donald Rumsfeld, US defence secretary, briefed George W. Bush, the president, shortly after the raid that troops on the ground believed they had killed the two sons. ... Mosul has been mainly calm after April's war, but its predominantly Sunni population and sheer size made it a potential hiding place. Although US officials suspect that Mr Hussein himself is still alive and hiding inside Iraq, the killing of his sons will be a blow to irregular Iraqi forces, which American military leaders believed were regrouping in central and northern Iraq." The Times adds, "The demise of the two heirs is the biggest success for US troops since Mr Bush declared the end of major combat on May 1. The Bush administration and its allies have come under increasing pressure because of troops' failure to find weapons of mass destruction in the country." British Prime Minister Tony Blair "described the death of Saddam's sons as a 'great day for the new Iraq.'"

The [Christian Science Monitor](#) (7/23, LaFranchi, Bowers) reports, "The deaths of Saddam Hussein's two 'most-wanted' sons in an attack by US forces Tuesday brings a major morale boost both to US troops and to Iraqis beginning to doubt that the old regime was gone for good. ... Their deaths are evidence that US forces 'are stripping away the places where [Hussein] has been or could be hidden,' says Judith Yaphe, an Iraq expert at the National Defense University in Washington. 'It sends a clear message that we are here and we will get you.' That will be significant not just to the US, Ms. Yaphe adds, but perhaps more importantly to Iraqis themselves, who know and lived with the sons' rule."

The [Washington Post](#) (7/23, A1, Ricks) reports, "Until early June, when the Army launched the first of three major offensives in the an area known as the Sunni triangle north and west of Baghdad, US officials didn't fully grasp the extent of Baathist resistance in the area, one Army official said. The first offensive, dubbed Peninsula Strike, wasn't aimed so

much at Baathists as at hostile remnants of the Iraqi military that remained active in the Sunni town of Thuluya, on the Tigris River between Baghdad and Tikrit. ... Later in June, the next offensive, Desert Scorpion, began with scores of simultaneous raids aimed at, among other things, shutting down escape routes available to the former Iraqi leaders." That "series of raids yielded information on what analysts said was a surprisingly large network of Hussein loyalists. ... As a result, U.S. commanders changed their minds about sending the entire 3rd Infantry Division home, as they had hoped to do by the end of last month." The raids also "led to a sharp increase in U.S. casualties in June, with a soldier dying nearly every day."

The [New York Times](#) (7/23, MacFarquhar) reports, "General Sanchez said the other two bodies had yet to be identified, although Arab satellite television reports said one was the teenage son of Qusay, Mustapha, and the other was a bodyguard who had traveled with Uday since he was incapacitated by an assassination attempt in 1996. Government officials in Washington also said the teenager might be Qusay Hussein's 14-year-old son, although they did not give the son's name and emphasized that there had been no final determination of the identity. The officials also said the fourth person might have been a bodyguard." The Times adds, "A retired Iraqi general who lived near the house said he thought others might have been involved in the gun battle and either escaped or were arrested."

ABC (7/22, story 4, Gibson) reports, "The sons of Saddam Hussein were also among his closest aides. They gave them enormous authority in the government. They were notorious for abusing their power and terrorizing Iraqis." ABC (Ross) adds, "They were pampered, powerful and as brutal, if not more brutal, than their father. And loyal to the end." Dr. Hamid al Bayati, Council for Islamic Revolution for Iraq: "Both sons were involved in the resistance against allied troops." Ross: "The two sons are believed to have continued to control Saddam's Fedayeen and other militia elements still fighting in the US." Lt. Gen. Ricardo Sanchez: "I believe this will have an effect. This will prove to the Iraqi people that at least these two members will not be coming back into power." Ross: "They are a threat no more. Their deaths a huge symbolic victory for the US and a sense of justice for the families of hundreds of thousands of Iraqis who were raped or murders on their orders."

CBS (7/22, story 3, Rather) reports, "The people of Iraq had every reason to fear the sons of Saddam Hussein: Handed life-and-death power, they wielded it without mercy. But Uday and Qusay did have their differences of both style and substance." CBS (Orr) adds, "In a country ruled by fear, Uday and Qusay Hussein were the top enforcers. Their deaths are a powerful blow to Saddam's diehard loyalists, and may help convince skeptical Iraqis that regime change is a fact." Middle East analyst Patrick Clawson: "It will deprive

resistance fighters of much of their hope that the Ba'athists will one day be able to come back to power." Orr: "Intelligence sources say the brothers had been traveling together since the fall of Baghdad, purposely separated from their father." Ambassador Paul Bremer: "I've said all along it's only a matter of time before we find Saddam Hussein, and I hope that day is a day earlier now." Orr: "The military continues to check out tips concerning Saddam's possible whereabouts. And there is some optimism, since it was a tip, in part, that led to his sons."

NBC (7/22, story 9, Brokaw) reports, "NBC News 'In Depth' tonight, more on Saddam Hussein's sons Uday and Qusay killed today in a raid in Mosul. Their rule, as their father's two most trusted deputies, were of the most brutal and sadistic in history." NBC (Mitchell) adds, "They were, by all accounts, the embodiment of evil." The brothers "were Saddam Hussein's most trusted aides. Qusay, in charge of security, the Republican Guard, even believed to be the point man for hiding weapons of mass destruction. He once ordered the executions of thousands of political prisoners and thousands more of Shiias after the first Gulf War. Uday, so hated he was severely injured in an attempted assassination nearly seven years ago, ran Iraq's media and its Olympic Committee."

The [New York Times](#) (7/23, A1, Schmidt, Shanker) reports, "Evidence of the deaths," US officials said, "will allow them to make the most convincing case that senior leaders of the Hussein government would never return to power -- and that Iraqis need no longer fear openly supporting the United States. Before today, Defense Secretary Donald H. Rumsfeld routinely cited the climate of fear imposed by Mr. Hussein over the decades of his rule as a significant brake on efforts to pacify and rebuild Iraq. Mr. Hussein's sons served as his two most senior advisers and their survival at the very least helped inspire the insurgency."

The [Washington Post](#) (7/23, A13, Constable) reports, "They were known to many Iraqis as 'the wolf and 'the snake.'" Uday "was the wolf -- a sadist who tortured athletes for losing matches and had henchmen snatch women and girls off the street, a tantrum-thrower who beat underlings and rivals to death, a showoff who collected fast cars and jungle pets." Qusay "was the snake -- a son who was subservient to his father in public but who quietly amassed enormous power through his control of state intelligence and security services, oversaw the brutal crushing of rebellious political movements and emerged as Hussein's heir apparent."

[USA Today](#) (7/23, Page) reports, "They were their father's sons in more ways than biology. Uday Hussein, the oldest of Saddam Hussein's five children, was unstable, capricious and cruel, known for his rapacious sexual appetites and his fondness for the falqa, a medieval instrument of torture he was quick to use on those who crossed him. Qusay Hussein, two years younger, was

organized and ruthless, an enforcer who modeled even his bushy mustache and style of dress on the father he was being groomed to succeed." USA Today adds, "The announcement that the two brothers had been killed in a six-hour firefight with U.S. forces in Mosul on Tuesday was the most powerful sign since the fall of Baghdad that the circle was closing on Saddam's regime. The sons who were once the public face in Iraq of Saddam's control, on the lam for months, were dead."

The [New York Times](#) (7/23, Miller) reports that Uday and Qusay "personified the terror of their father's rule. Their deaths, therefore, are the clearest indication to date that Mr. Hussein's era is over and power has passed to the Americans and their Iraqi and foreign allies." Qusay Hussein "headed Iraq's intelligence and security services, including the Republican Guard and its elite units that were responsible for protecting the leadership. Former United Nations weapons inspectors said he was also responsible for overseeing Iraq's unconventional weapons."

The [Washington Post](#) (7/23, C1, Waxman) reports, "Both were pampered sons of a murderous tyrant, handed the power to inflict pain and demand pleasure at will from an early age. What could anyone expect? They learned to abuse their power with pathological glee and unbridled egotism. Wouldn't anybody? Here's a small example: When Uday built yet another massive palace in the middle of Baghdad, he was dissatisfied with the noise of fast-moving traffic passing beside the compound. So he had a single-lane overland bridge built nearby to divert the cars and slow them down. It created traffic jams in the city, but at least his yard was quiet. ... Uday would go out to the city's private clubs and 'invite' a group of girls back to his house. He'd get them drunk, and drug their drinks. But then when he couldn't perform sexually, he'd beat them. Doctors would be called to remove the victims."

#### ***Deaths Of Uday, Qusay Seen As Boost For Bush.***

The [Los Angeles Times](#) (7/23, Wright) reports, "The deaths of Saddam Hussein's powerful sons Tuesday is a badly needed boost for the Bush administration, a major strategic gain for U.S. forces battling Iraqi resistance and a boon for the fragile new governing council in Iraq." The White House "has been struggling to take back political ground lost during the debate about President Bush's claim in his State of the Union address that the Iraqi regime had tried to acquire uranium from Africa to reconstitute a nuclear weapons program. 'It sucks up all the air and reminds us once again of the great victory that we had over there,' Yaphe said."

The [Washington Post](#) (7/23, A14, Balz) reports that Democrats "learned how quickly events and images can change the context of the political debate at home. The reports from Baghdad competed on afternoon television with the poignant West Virginia homecoming for former POW Jessica Lynch. An adviser to one Democratic presidential

candidate described the news as 'a firebreak' for the White House, while an adviser to another candidate said, 'There's no doubt this is a short-term boost to an administration that has been on the rocks on foreign policy, particularly Iraq.'"

CBS (7/22, story 4, Rather) reports, "Coming on a day when yet another American soldier was killed in an ambush north of Baghdad, news of the deaths of Saddam's notorious sons had also been killed was especially welcome at the White House." CBS (Roberts) adds, "President Bush was elated at today's news, saying it was a positive step for the Iraqi people. It was also a bright spot for the President after what has been a terrible couple of weeks dealing with the issue of Iraq and uranium."

CNN's "Inside Politics" (7/22, King) reports, "The White House believes that something like this gives the president momentum, if you will in the day-to-day political debate here in the United States. The long term policy effects how it will effect the situation on the ground in Iraq is an open question right now. The White House some momentum to make the case that the operation is a success and the planning is good planning and the intelligence is good as we see from this raid today. As to whether it will have any dramatic impact on the political debate, that is an open question."

The [Atlanta Journal-Constitution](#) (7/23, Kaplow, Edmonson) reports, "The Bush administration has been facing criticism, largely from Democrats, over its handling of post-war Iraq. And some public opinion polls have shown a decline in support for Bush's actions in Iraq. Eliminating two major figures from the regime could give a boost to the administration, some political analysts said, especially if the action is viewed positively by Iraqis."

[Time](#) (7/23, Karon) reports on its website, "Just when the U.S. desperately needed some good news out of Iraq, the special task force hunting for Saddam Hussein turned up, if not their top prize, the next best thing."

ABC's "Nightline" (7/22, Bury) reports, "The White House has so far responded cautiously to the deaths of Saddam's sons, considering how much President Bush could use some good news on Iraq. Since the day before he declared the end of hostilities in Iraq, the President's overall approval rating, while still strong, has fallen from 71% to 59% in ABC News polls. Over the same period of time, public approval for his handling of Iraq has dropped a bit more, from 75% to 58%. Even now, the two of the three most wanted Iraqi leaders are dead; it's clear more difficult and dangerous work lies ahead."

Bill Schneider said on CNN's "Inside Politics" (7/22) that this development "could shift the momentum in President Bush's favor. Since the war ended, Americans have been more and more critical of the way President Bush handled the situation in Iraq. The number who say the president is doing a good job in Iraq dropped over the last two months from 69 percent in May to 55 percent this month. As we know since

the war ended Americans have been getting killed at one a day. The U.S. is facing what the military commander said a an increasingly well organized guerrilla campaign. And the cost of the occupation has been put at about \$1 billion a week. So a lot of people have been asking exactly what is the U.S. accomplishing in Iraq. Now we have at least a partial answer. Two very dangerous figures have been eliminated. Figures that have at least inspired, if not directed, that increasingly growing guerrilla campaign.”

**Noose Said To Be Tightening On Saddam.** ABC (7/22, story 7, Gibson) reports, “With the deaths today of Uday and Qusay Hussein, 36 of the 55 Iraqis most sought by the US government have been killed or captured. 19, including Saddam Hussein, remain at large. How have US forces been going after these former Iraqi officials? And are we now closer to getting Saddam Hussein himself?” ABC (Moran) adds, “The raid in Mosul today was the product of one of the most intense and secretive operations in post war Iraq, the vast manhunt for Saddam Hussein and his inner circle. Intelligence is key, and officials say it is coming from several sources. Captured Iraqi leaders, newly cooperative Iraqi civilians, intercepted communications, and satellite surveillance of the country. The methodical roundup of top officials from Saddam’s regime, analysts say, has been an intelligence bonanza.” ABC consultant Dick Clarke: “Every arrest therefore leads to the next rung up the ladder in the pyramid. And on top of the pyramid is Saddam.” Moran: “While today’s raid took place in Mosul, the manhunt has mostly focused in the north-central part of Iraq, the so-called Sunni Triangle where Saddam was born and many remain loyal. A force of several hundred American and British soldiers have combed this area for weeks.” Clarke: “They’re elite. They don’t have any bureaucratic hurdles. They have a very simplified command structure. They’re able to act quickly when they get information.” Moran: “That information is increasingly coming from ordinary Iraqis, and officials in new Iraqi leadership say they’re feeding the US all the tips they can gather.” Ahmed Chalabi, Iraqi National Congress: “We have developed a great deal of information, which we share with the US, and we are working hard to finish this job by finding Saddam.” Moran: “As for Saddam Hussein himself, intelligence veterans say today’s arrests have significantly tightened the noose.” Former CIA officer Robert Baer: “I think that it’s going to step up the hunt for Saddam. I don’t think we’re that many weeks off from finding him.” Moran: “Finding Saddam Hussein is now more likely, because more Iraqis may be more willing to come forward with information. But no one thinks it’s going to be easy.”

**Tipster Expected To Be Eligible For Reward.** ABC (7/22, story 8, Gibson) reports, “One note about the reward mentioned earlier by ABC’s Martha Raddatz. \$15 million for a tip leading to the death or capture of Qusay Hussein, \$15 million more for Uday. Well nobody’s going to get the money

right away. It calls for up to \$15 million for such a tip. And someone has to apply for the money itself. There’s actually a formal process administered by the State Department. And we wondered whether the money is taxable. Unclear at this point.”

[USA Today](#) (7/23, Diamond, Squitieri) reports, “The informant – identified in some reports as the house’s owner, a cousin of Saddam Hussein and a local tribal leader – came to U.S. forces with word that Saddam Hussein’s two elder sons, integral and brutal officials in his regime, were hiding out in a Mosul neighborhood. It was like hundreds of tips U.S. troops and intelligence officers field every day in Iraq.” But “this one included detail that captured the attention of US commanders: The house in question had already been under surveillance as a suspected way station for members of Saddam’s ousted regime trying to escape to Syria.”

The [Washington Post](#) (7/23, A1, Sullivan, Chandrasekaran) reports, “Neighbors identified the owner of the house as Nawaf Zaidan, a businessman who boasted of being related to Hussein and a member of the former president’s Abu Nasr tribe.”

The [Washington Times](#) (7/23, A1, Gertz) reports, “US officials said that in addition to the informant, other intelligence sources helped confirm that Uday and Qusay were hiding in the three-story building.”

**Bremer Prepared For Retaliatory Attacks, But Expects Security To Improve.** ABC (7/22, story 3, Gibson) reports, “At the very least, the death of Saddam Hussein’s sons changes at least part of the dynamic for the US military and the Americans trying to run Iraq. We are joined from the pentagon by Paul Bremer, the Bush Administration’s chief Administrator in Iraq. There’s certainly a psychological lift in this, but practically, does it change anything in the way you try to rebuild Iraq? Or in the safety for US soldiers?” Ambassador Bremer: “Well, I think it does change the dynamic a bit here. It’s really good news. It’s good news for the Iraqis, as you’ve just shown on your piece before this. It’s good news for our soldiers. It does marginally improve the safety, although we could see attacks in the next few days as revenge. But you have to remember that a lot of the attacks are taking place are being based on the idea that somehow the Saddams are coming back, he and his sons are coming back. Well, they’re not coming back. Two are dead. It won’t be long before we get the father.” Gibson: “I was just wondering if you were worried about retaliatory attacks?” Ambassador Bremer: “I think we should expect that the kind of renegades that are attacking and killing our soldiers – they, after all, are supporters of Saddam – I think we should expect in it the days ahead. There may be a higher risk of some retaliatory attacks.” Gibson: “Does this mean we’re any closer to getting their father?” Ambassador Bremer: “I think so. You see what’s happened here in the last few weeks, we noticed it about three weeks ago. We’re starting to get Iraqis

coming and giving us information about what's going on, what's going on where the Ba'athists are. We have the possibility of somebody coming with the big one, somebody who really wants to get the \$25 million reward. It will move the day closer when we get our hands on the father." Gibson: "Was it really a tipster who led you to these two or are you protecting a source?" Ambassador Bremer: "No. You heard General Sanchez earlier say it was somebody who walked in, and as I said, this is something that we've seen. This example of additional cooperation between Iraqis and our police and our military, this is something that's happening and it will happen more now that people have seen that it really does work."

***Baghdad Celebrates, But Iraqis Want Proof Uday And Qusay Are Dead.*** ABC (7/22, story 2, Gibson) reports, "In Baghdad today, though, there was an eruption of emotion when people did learn that Uday and Qusay had been killed. They were such towering symbols of the old regime." ABC (Kofman) adds, "It rained bullets in Baghdad as the city celebrated. These have not been easy weeks for people here, but now finally some good news. News that at first seemed too good to be true." In the "months since Saddam Hussein's regime was toppled, the streets here have become unsafe, electricity and water have become erratic. Some here want to believe that today's news will mark a turning point."

CBS (7/22, story 2, Rather) reports, "Experts are checking DNA samples taken from the bodies, identified as Uday and Qusay, though US commanders say they're sure the identifications are correct." CBS (Pitts) adds, "Tonight, the sky over Baghdad is alive with gunfire. We're on the roof of our hotel, where the shots have often been close and loud. This all started at about the time news began to spread across this city that Saddam Hussein's two sons might have been killed by US forces. We can't be certain if those are shots of anger or jubilation, or a combination of both. But it remains a night like this city has not seen since days leading up to the fall of Baghdad nearly four months ago -- tracer fire; the rattle of AK-47s; explosions. Much of this reaction may have been joy, but not in Mosul. In this former Saddam stronghold, it was all anger. A crowd pelted soldiers with rocks, and the soldiers fired back."

NBC (7/22, story 2, Brokaw) reports, "The first word that NBC News received this Uday and Qusay were possibly killed in a firefight began to circulate this morning in Baghdad where it is welcome news indeed." NBC (Aspell) adds, "While they were unaccounted for, Uday, Qusay and their father were a threat because Iraqis feared they might make a comeback. Gunfire in Baghdad tonight, celebration as word spread that Saddam Hussein's two sons are dead. Some Iraqis have access to foreign news broadcasts. Arabic TV carried the news, but no pictures of the bodies yet." Political scientist Saad Jawad: "This story will go on and on and on

and if they don't show the bodies on TV, the people will keep on saying that they were not killed and this is not true."

***Saddam's Daughters Still In Hiding.*** The [Washington Post](#) (7/23, C1, Frey) reports, "Their hated father is hunted and in hiding. Their husbands are gone: Two were shot to death long ago at the behest of their father; the third -- the 'loyal' one -- is now in the custody of US officials. The palaces where they once lived in grandeur and privilege have been blasted by American bombs. Now, as of yesterday, their brothers are dead. In Baghdad -- in the city where citizens celebrated the downfall of the father three months ago -- Iraqis took to the streets to rejoice over the deaths of Saddam Hussein's sons Uday and Qusay. And so Hussein's three daughters -- Raghad, Rana and Hala -- hide. And wait. And care for their children." The Post adds, "Like their father, Uday and Qusay were known worldwide for the horrors and atrocities they perpetrated on the Iraqi people, and have been hunted since the start of the war. The sisters, though, are a different story. They mostly lived in the background, as is traditional for Muslim women, while their father and brothers committed their terrible crimes. Their names and faces are not well known outside Iraq. And their future is anyone's guess."

***More Commentary.*** The [New York Times](#) (7/23) editorializes, "Few Iraqis will mourn the deaths of Saddam Hussein's two sons, Uday and Qusay. Like their father, they were mercurial, cruel killers who terrorized and plundered their country so they could live in imperial style. ... That Saddam Hussein and his sons somehow managed to escape Baghdad and elude American searchers for so long has been one of the war's many surprises. Washington's inability to find some of its most prominent enemies - Osama bin Laden, Mullah Muhammad Omar and Saddam Hussein - has been frustrating for all Americans. The capture of Mr. Hussein would be especially helpful in pacifying Iraq. ... Much more than the capture of Saddam Hussein is needed to turn around what has so far been a tense and troubled occupation. Electricity and other vital services have to be restored on a round-the-clock basis throughout Iraq. Reliable Iraqi police and security services need to be trained and vetted, new jobs found for the unemployed, and the oil industry restored to full production. Paul Bremer III, Washington's chief civilian administrator in Iraq, plans to unveil today the most specific plan to date for reviving Iraq's economy and public institutions, complete with target goals for the next 60 and 120 days. Realizing his hopes will require more money than Washington originally planned and the active support of the Iraqi people. The demise of the Hussein brothers should make it easier to win that support."

The [Washington Post](#) (7/23, A22) editorializes, "The confirmation that Saddam Hussein's sons, Uday and Qusay, had been killed by U.S. troops who surrounded their hideout in Mosul meant a serious blow to the diehard resistance that

has plagued the postwar administration, and a huge boost for the majority of Iraqis, who hated and feared the old dictatorship. ... An opportunity exists for the United States to make this a turning point for the postwar administration. As it happened, the successful operation by troops of the 101st Airborne Division coincided with the first appearance of the new Iraqi Governing Council before the United Nations Security Council, another step by that body in establishing its authority and credibility. The occupation authority under L. Paul Bremer showed flexibility in agreeing to grant the Iraqi council more powers than originally intended. The Pentagon has also embraced one of the Iraqis' ideas in forming militia units that can take over some of the patrol and guard duty now done by Americans. This process of replacing American with Iraqi faces and modifying U.S. plans to accommodate Iraqi initiatives should be accelerated in the coming weeks. ... Meanwhile, U.S. forces must pursue the Iraqi resistance aggressively. Despite yesterday's breakthrough, the recent predictions by U.S. commanders that the guerrilla war would continue and even worsen may well hold. But Mr. Bush should also aggressively seek stronger international support, including that of traditional U.S. allies in Europe and elsewhere who did not support the war. ... Just as Mr. Bremer has accommodated the desire of Iraqis to play a larger role in the evolving postwar government, the White House should create room in Iraq for all who can help."

The [Wall Street Journal](#) (7/23) editorializes, "Word yesterday that American troops have killed the bloody sons of Saddam Hussein is the second piece of good news to come out of Iraq in the past week. The first is that U.S. officials are finally inviting the anti-Saddam Iraqi majority into the fight. The deaths of Uday and Qusay -- Caligulas to their father's Nero -- are the most important coalition victory since the fall of Saddam on April 9. The insurgency against U.S. forces has since been led by Baath Party survivors, including the sons, who want to restore their dictatorship. And after 35 years of murder and torture, many Iraqis simply won't believe that Saddam's day is done until they know that he and his sons are killed or captured. ... This Iraqi tip [that led US forces to Saddam's sons] also underscores the wisdom of the U.S. decision this week to recruit and train a new Iraqi militia to fight alongside U.S. troops. Many recent U.S. casualties have come because GIs are doing jobs that could be done by Iraqis themselves, such as guarding banks and key buildings. U.S. forces, the best in the world, are better reserved for more vital military missions. ... Many of the coalition's post-April 9 troubles have come because U.S. officials took a victory lap and underestimated the desperate ruthlessness of Baath loyalists. The new Iraqi security force is a welcome change in tactics to meet this threat, assuming Mr. Bremer really lets it fight. If we mean what we say about Iraqis running a free Iraq, there's no better way to prove it than letting Iraqis fight and die for it."

[USA Today](#) (7/23) editorializes, "A steady diet of depressing developments in Iraq came to a halt Tuesday with the news that two of the most important -- and ruthless -- members of Saddam Hussein's inner circle had received their just desserts. ... The U.S. still faces major problems in the coming months and years. Not the least of which are restoring order and basic services to Iraqis and creating viable self-rule among rival ethnic groups and factions. While none of these can be solved simply, each will go more smoothly once the remaining 19 cards in the deck, particularly the leader of the pack, is removed from Iraq -- and from Iraqis' minds -- once and for all."

F.J. Bing West, a former assistant secretary of defense, writes in the [Wall Street Journal](#) (7/23), "Because shipwrecks make news, headlines about sinking ships are not a reliable measure of maritime safety. Late last March, the press rushed so quickly from one side of its own Good Ship Integrity to the other that it almost capsized. There were reports about U.S. forces bogged down in the desert and a flawed Pentagon strategy. While these stories were coming in, Baghdad fell. Phew, that was close. Similarly, today the media may be overemphasizing the problems in Iraq. We understand that Baghdad is sweltering, electricity is intermittent, Iraqis are sullen, American soldiers are sweaty and their wives want them home. Each American casualty is featured as if our troops were stuck in a quagmire of increasing combat. ... The emotional effect of suggesting a quagmire is to induce pessimism or, as Shakespeare would say, to take counsel from one's fears. ... It is not clear, though, that the sky is falling. Iraq is a large country with multiple story lines"

Robert Orr, Vice President on the Council on Foreign Relations, said on ABC's "Nightline" (7/22), "Well, this is significant in one respect. That there's a large chunk of the sunni population, in particular, which has been kind of frozen in fear. They still fear Saddam coming back. They don't want to return to those days, but they haven't really been willing to work with the coalition too much to restore basic services and get life back to normal. If this is one step towards easing that fear and getting them back to life as normal, that will help the coalition in its efforts significantly."

Peter Galbraith, former US ambassador to Croatia, said on ABC's "Nightline" (7/22), "In the short term, there may be a step-up in attacks on the American troops, as some Saddam loyalists seek revenge. But these attacks I do not think are coordinated from the top. They certainly are coordinated in places, but its local resistance. And the problem is not... that people fear Saddam will return are unwilling to cooperate. It is that there is some genuine resistance among the Sunnis, who are a small minority in Iraq, to the American occupation, and it has been made worse by the fact that the United States came in so weakly. When you occupy a country, you have to depend on the respect of the people you occupy. The

Americans came in. They allowed Baghdad to be systematically looted for a month after they arrive. They've had a very confused approach to the government of Iraq."

Richard Wolffe [Newsweek's website](#) (7/23), "Maybe, just maybe, the deaths of Saddam's sons will galvanize Britain -- and the rest of Europe -- to understand that the hard work in Iraq has only just begun. That work does not involve the pre-war intelligence, important though that is. It involves the post-war job of building a new Iraq that we can all respect."

### **Top White House Aide Takes Responsibility For Niger Uranium Claim.**

ABC (7/22, story 5, Gibson) reports, "The White House today again revised its story on how language about Iraq trying to buy uranium from an African nation got into the State of the Union speech. White House officials say they've discovered two memos from the CIA issued long before the speech, warning them the intelligence about the Iraqi-African connection was false. The chief presidential speechwriter saw the memos. Top national security advisers saw the memos, but the language went in there anyway. The question is: what does it all mean?" ABC (Moran) adds, "It means that the White House has now discovered a paper trail that has forced top officials to take some responsibility for that now very questionable claim that the President made in the State of the Union speech that Iraq was trying to buy uranium in Africa. The man at the center of the controversy: Steven Hadley. He is the deputy national security adviser, one of the President's top advisers on foreign policy. He was responsible for vetting the speech. He told reporters today he got a phone call from George Tenet, the director of Central Intelligence, and two memos, waving the White House off of that claim. That happened in October, before the President made a big speech in Cincinnati about the war. Nevertheless, in January, before the State of the Union, that claim made it back into the President's speech. The President, we are told, still has confidence in Mr. Hadley, has not asked for his resignation and considers the matter closed."

NBC (7/22, story 5, Brokaw) reports, "At the White House tonight, someone has stepped forward to take some of the blame for the controversial claim that Iraq was trying to get uranium from Africa. The President used that line in his State of the Union speech, of course. Now, a top National Security Council aide says he got two memos and a phone call warning against using the uranium claim." NBC (Brown) adds, "After initially pointing the finger squarely at the CIA, a top White House official today offered the President his resignation, conceding officials here deserve part of the blame. Steve Hadley, the second highest ranking official on the President's national security team, today offered what amounted to an apology. Saying he along with his boss, national security advisor Condoleezza Rice, let the President

down by allowing misleading information into the President's State of the Union address. Hadley said today the President's chief speech writer, Mike Gerson, discovered a memo in his file over the weekend. It was one of the two memos from CIA Director George Tenet written to Hadley back in October, three months before the State of the Union. The memos addressed an earlier speech the President was giving in Cincinnati. The CIA Director urged the President to not make any reference to Iraq trying to acquire uranium from Africa -- that the CIA believed much of the evidence provided by the British was not solid. That was in addition to a phone call Tenet made to Hadley. So the President made no mention of uranium from Africa in that speech. Hadley said today he should have remembered Tenet's earlier warning and kept the misleading charge out of the State of the Union as well, saying 'I failed in that responsibility.' White House sources the President refused to accept Hadley's resignation, his spokesman saying he has full confidence in Hadley and the CIA."

CBS (7/22, story 4, Roberts) reports that "the White House's troubles aren't over yet. Today, deputy national security adviser Steven Hadley said it was his fault that statement ended up in the State of the Union. Over the weekend the White House uncovered a couple of memos to Hadley from CIA Director George Tenet warning back in October that that intelligence was dubious. Today, Hadley said he forgot about those memos and failed in his responsibility to ensure that the State of the Union was sound. So in just a week, this has gone from the buck stops at the CIA to the buck now stopping at the highest levels of the White House, and you can be sure that the President's critics won't let it stop there."

[Reuters](#) (7/23, Mikkelsen) reports that Hadley "is the second administration official to take responsibility over the mistake in a major presidential speech that is carefully written and closely vetted over a period of weeks. Hadley's revised version of how the sentence was included came amid an internal White House inquiry launched by Chief of Staff Andrew Card in an attempt to quell a controversy that has dogged the president for two weeks." The revelation "came on a day that the news was dominated by the deaths of Saddam Hussein's sons Uday and Qusay in a gunbattle with US troops in northern Iraq."

[USA Today](#) (7/23, Keen) reports, "Hadley's admission, made in a rare briefing with reporters, shifts culpability for the error back to the White House. The newly discovered memos are sure to perpetuate the controversy and prompt demands from Congress for the resignations or firings of officials involved in the matter." Florida Sen. Bob Graham "said the admission 'raises sharp new questions as to who at the White House engaged in a coverup and why President Bush told the nation something that was blatantly false in making his

case to go to war.” Bartlett “said Bush has full confidence in his national security team. ‘The process failed,’ he said.”

The [AP](#) (7/23, Raum) reports, “Hadley said the offending passage was excised from a speech on Iraq the president gave in Cincinnati last Oct. 7. But Hadley suggested that details from the memos and phone call had slipped from his attention as the State of the Union was being put together. ‘The high standards the president set were not met,’ Hadley said. He said he apologized to the president on Monday.”

The [Washington Post](#) (7/23, A1, Milbank, Pincus) reports that the new information “significantly alters the explanation previously offered by the White House. The acknowledgment of the memos, which were sent on the eve of a major presidential speech in Cincinnati about Iraq, comes four days after the White House said the CIA objected only to technical specifics of the Africa charge, not its general accuracy. In fact, the officials acknowledged yesterday, the CIA warned the White House early on that the charge, based on an allegation that Iraq sought 500 tons of uranium in Niger, relied on weak evidence, was not particularly significant and assumed Iraq was pursuing an acquisition that was arguably not possible and of questionable value because Iraq had its own supplies.” The Post adds, “Yesterday’s disclosures indicate top White House officials knew that the CIA seriously disputed the claim that Saddam Hussein was seeking uranium in Africa long before the claim was included in Bush’s January address to the nation.” The Post also reports that “strategists in both political parties said the lifespan of the criticism, and the possibility of congressional hearings in the fall, largely depends on whether the occupation of Iraq continues to be as violent and chaotic as it has been.” Bartlett “said he was ‘almost positive’ Bush saw a draft of the October speech containing the Africa claim. ‘He has no memory of this subtraction being made,’ Bartlett said.” Bartlett also “said that while the president is ‘obviously not pleased,’ he ‘accepts the explanation’ offered by his aides and has ‘the highest level of confidence’ in his staff.”

The [New York Times](#) (7/23, Sanger, Miller) reports, “Hadley’s account of events today once again shifted the White House explanation of events. ... Mr. Hadley’s acceptance of the blame seemed likely to fuel the calls for an investigation in Congress. But it also appeared to be part of an effort to end an open feud between the C.I.A. and the White House over who was responsible for the State of the Union imbroglio.”

The [Wall Street Journal](#) (7/23, Cummings) reports that “the revelations likely will fuel Democratic calls for an independent investigation and give new life to a controversy the administration had hoped was behind it.” Sen. John Kerry “called on Mr. Bush to ‘take responsibility for using flawed intelligence.’”

The [Houston Chronicle](#) (7/23, Roth) reports, “Until now, the administration had blamed the CIA for not lobbying hard enough to have the discredited information taken out of the January address, and Tenet has apologized for not raising an objection. ... In retrospect, the deputy security adviser said he and a number of other administration officials should have flagged the suspect statement on nuclear weapons.” White House “officials said that Rice, who briefs the president regularly, almost certainly received one of the CIA memos that included the uranium warning. However, they could not say if she read the document.”

The [Dallas Morning News](#) (7/23, Hillman) reports, “The British still stand behind their statement, but the administration has acknowledged that it should not have been in the speech because of questions about the intelligence and analysis behind it, especially whether it was largely based on documents that later were found to be forged.” The new revelations “drew more harsh criticism, particularly from Democrats, about the administration’s use of intelligence analysis to build the case for war against Iraq. ‘Apparently, at the Bush White House, the buck stops everywhere but the president’s desk,’ said Tony Welch, spokesman for the Democratic National Committee. ‘After two memos, a call from the CIA and 175 days [since the State of the Union address], only one thing is clear: We still haven’t heard the truth from the administration.’”

***No Firings Or Resignations Expected In Wake Of Hadley’s Admission.*** On the lead segment of MSNBC’s *Hardball* (7/22), host Chris Matthews said, “Now we learned that the CIA warned the White House last fall not to use the stuff. Why now? Why is the White House finally coming clean?” NBC Correspondent Campbell Brown said, “In part, because there is a lot of pressure from the CIA. [CIA Director] Tenet, so far, is the only person who has taken the fall for this, or taken the blame for it, and clearly CIA officials have been privately leaking to reporters in print and television that that’s not the case. And today, the White House has evidence that they knew was going to come out eventually so they put it forward.” Matthews asked, “Are we going to hear more of firings? Are there going to be any firings at all? Is Stephen Hadley going to walk the plank, or is there going to be more investigations within the White House about this? Who got the President to say something that was wrong?” Brown said, “It clearly was a little bit of both, because we also have reports this week that at the same time that Hadley was forgetting about these memos, the CIA was circulating new memos to the White House, bringing up the claim yet again. Right now, again, Hadley has offered his resignation, the president refusing it, voicing his confidence in both Tenet and Hadley. And at the moment, it doesn’t look like anyone’s leaving.”

ABC’s “Nightline” (7/22, Moran) reports, “Hadley had a private conversation with the President. We understand that

the President did not ask for his resignation. And we are told that the President has full confidence in him and in his team and still believes that the case against Iraq was overwhelming on many other counts, and that this is just one incident that he wants to put behind him, obviously.”

**Powell Warns Iraqi Holdouts, Bush Critics That SOTU Issue “Will Fade Into Insignificance.”** The [Washington Times](#) (7/23, A1, Coombs) reports, “Secretary of State Colin L. Powell yesterday warned pro-Saddam holdouts fighting US troops in Iraq not to take comfort in the political wrangling over intelligence matters in this country and Britain. ‘To the extent that they believe [British Prime Minister Tony] Blair and President Bush have been weakened in some way, I think that gives them certainly something they would welcome,’ Mr. Powell said in an interview with senior editors and reporters of The Washington Times, held in the secretary’s conference room at the State Department. ‘But they are deceiving themselves if they welcomed it for very long because I think this will all pass in due course,’ he said. ‘People will see that what President Bush, Prime Minister Blair and other members of the coalition did was right. As more graves are opened, as more mass killings are made known and as Mr. [David] Kay [the former United Nations weapons inspector heading the US search] completes his work in Iraq searching for the evidence needed to make clear to everybody that we knew what we were talking about with respect to weapons of mass destruction, I think this issue of what was in the State of the Union address will fade into insignificance.’ ... Mr. Powell said in the interview yesterday that intelligence ‘is not always perfect knowledge.’ He could recall many times ‘when something looked very good at a particular point in time and looked better over time or looked worse over time as more information came in.’”

**Rockefeller Says He Suspects Cheney Aide Pressured Intelligence Agencies.** On MSNBC’s Hardball (7/22), host Chris Matthews asked Sen. John Rockefeller, “Do you believe it is the case that Scooter Libby, his chief of staff, and the vice president have been putting pressure on the CIA, intelligence agencies to come up with the right argument for the war with Iraq to justify the war?” Rockefeller said, “I do not know that, but I suspect it. And I think that’s what this is all -- a lot of this has been about, is the shaping of the speech and intelligence committee to produce a product that will please the top echelons of the White House. That’s dangerous.” Asked if it was “important to their case to claim there was a nuclear threat,” Rockefeller said, “Yes, because nuclear is the ultimate destroyer. Chemicals can blow, bio can dissipate, nuclear kills millions.” Asked if the Senate Intelligence Committee will “continue to investigate this and try to find out who ultimately made the push to use this information, even if it was bogus,” Rockefeller said, “Yes, and we will also try to get people from the National Security Council. And there’s a precedent for that. Carter set up

Brzezinski on the Billy Carter-Libya case, and Reagan set up Poindexter on the Iran-Contra thing, so there is -- and they better not argue that there isn’t.”

The [Denver Post](#) (7/23, Ferrell) reports President Bush has “drawn most of the critics’ fire, but Vice President Dick Cheney’s promotion of now-tarnished U.S. intelligence reports about Iraqi weapons of mass destruction also is under scrutiny as details emerge about his role in making the case for war.” The White House has “conceded that it was a mistake for Bush to cite with such surety a controversial allegation that Iraq sought to buy uranium ore in Africa. And newly declassified documents released Friday show that Bush overlooked dissenting views by intelligence experts at the State Department and the Department of Energy about the immediacy of the danger posed by Iraq’s nuclear weapons program.” Cheney had “access to those dissents but was just as sure and certain as the president in selling the war in public, especially when describing Iraq’s nuclear program. In one nationally televised interview, on the eve of war, Cheney announced that Iraq had in fact ‘reconstituted’ nuclear weapons. His office says that was a mistake as well.” A “look at the record shows that Cheney, as an advocate of war with Iraq, played a significant public and backstage role as intelligence was gathered and reports generated that he and other administration officials used to persuade the public that the threat posed by Saddam Hussein and his weapons of mass destruction was grievous and imminent.”

**Some Democrats Angry Rockefeller’s “Moderate Tone” Undermines Attacks On Bush.** [Roll Call](#) (7/23, Pierce) reports, “Sen. Jay Rockefeller’s (W.Va.) unwillingness to consult Senate Democratic leaders on his strategy for tackling the White House’s potential misuse of intelligence data is raising the hackles of some in his Caucus who fear a lack of a coordinated message could foil Democratic attempts to take full political advantage of the situation. ‘He’s not the team player we need him to be,’ one senior Senate Democratic aide said of the ranking member of the Intelligence Committee.” [Roll Call](#) adds, “With Democrats raising questions about whether the White House intentionally publicized suspect intelligence to justify the need to invade Iraq, Rockefeller has become a coveted TV news guest. But some Democrats complain that his moderate tone and cautious approach to his panel’s inquiry into the White House’s use of intelligence is making it more difficult for other Democrats to aggressively criticize the administration and is sending the public mixed messages about the gravity of the situation. ‘The leadership can’t really do anything about it,’ the Democratic aide said.” Minority Whip Harry Reid “denied there was any anger toward Rockefeller, but he noted that the 18-year Senate veteran does not take kindly to leadership interference in his activities.”:

**Bill Clinton Says Bush’s “Mistakes” Understandable.** The [AP](#) (7/23) reports, “Bush’s erroneous

reference to an Iraqi-Africa uranium link was understandable, former President Clinton said Tuesday, in part because Saddam Hussein's regime had not accounted for some weapons by the time Clinton ended his term in 2001. Clinton's comments reinforce one of the pillars of Bush's defense of the war in Iraq -- that his Democratic predecessor was never satisfied that Saddam had rid himself of weapons of mass destruction. 'When I left office, there was a substantial amount of biological and chemical material unaccounted for,' Clinton said on CNN's 'Larry King Live.' Clinton "said he never found out whether a US-British bombing campaign he ordered in 1998 ended Saddam's capability of producing chemical and biological weapons. 'We might have gotten it all, we might have gotten half of it, we might have gotten none of it,' he said." Clinton "suggested that Bush's mistake was par for the course -- and that it was time to move on now that Bush had acknowledged the error. 'You know, everybody makes mistakes when they are president,' he said. 'I mean, you can't make as many calls as you have to without messing up once in a while. The thing we ought to be focused on is what is the right thing to do now.'"

**Durbin Says White House Falsely Accusing Him Of Intelligence Leak.** [Roll Call](#) (7/23, Preston) reports, "Sen. Dick Durbin (D-Ill.) sharply criticized the White House on Tuesday of falsely accusing him of leaking sensitive intelligence information and leading a campaign to discredit him for speaking out against the administration's handling of the Iraqi war. Using the Senate floor to air his grievance before a national television audience, Durbin claimed White House press officials told reporters Friday that Republican Senators were considering taking steps to try to remove him from the Intelligence Committee -- an action supported by the administration -- for speaking publicly about a closed-door briefing with CIA Director George Tenet." Durbin "described the White House efforts as an attempt to 'intimidate' people such as himself for criticizing President Bush's handling of the war and vowed not to be bullied by the administration's tactics. 'If Members of the Senate are going to be subject to this kind of effort by the White House and discouraged from meeting our responsibility, I don't think we are doing the people's business,' Durbin said in an interview after delivering his biting floor speech. 'When it goes to the point of questioning my integrity over my service on the Intelligence Committee that really is as serious as it gets.' 'There is no truth to that at all,' Allen Abney, a spokesman for the White House, said of Durbin's allegations."

[Reuters](#) (7/23) reports, "White House spokeswoman Claire Buchan, asked about Durbin's charges on Tuesday, said, 'Nobody knows anything about it.'" Reuters adds, "The flap stems from Durbin charging last Thursday that Director George Tenet told the intelligence committee that a White House official had insisted on including a disputed allegation

about Saddam Hussein's push for nuclear weapons in Bush's State of the Union speech last January."

**Blair Denies Authorizing Leak Of Kelly's Name Effort To Discredit BBC.** The [New York Times](#) (7/23, Hoge) reports, "Prime Minister Tony Blair sharply denied today that he approved making public the name of the weapons inspector David Kelly in the running battle between his government and the BBC that led to the scientist's suicide last week. 'Emphatically not,' Mr. Blair told reporters during a flight from Beijing to Hong Kong. 'I did not authorize the leaking of the name of David Kelly.'" Kelly's name "was disclosed to British newspapers earlier this month by the defense ministry, where he worked, as the likely source for a BBC report saying that one of Mr. Blair's top aides had 'sexed up' an intelligence dossier to overcome public doubts about military action in Iraq. Dr. Kelly had confided to officials that he had met with the BBC reporter involved and could discount the reporter's version of the conversation." The Times adds, "The leak, part of a government campaign to discredit the broadcaster, was intended to show that the source of the hotly contested report was not a high level intelligence official as the BBC described him and therefore could not have made the report's damaging contention that Downing Street had inserted into the intelligence document a claim that Saddam Hussein had chemical and biological weapons deployable in 45 minutes."

The [Financial Times](#) (7/23, Newman, Kong, Blitz) reports, "Blair on Tuesday gave his most robust defence of the government's conduct in the David Kelly affair, insisting that it had 'acted properly throughout' and dismissing as 'completely untrue' charges that he had personally authorised the leak of the weapons expert's name to the media." But "as the repercussions of Mr Kelly's apparent suicide continued to dominate British politics, Geoff Hoon, the defence secretary, came under growing scrutiny over whether he had sanctioned a policy that helped journalists identify the former MoD scientist after information was released about him." Blair and Hoon "may be asked in a forthcoming independent inquiry into Mr Kelly's death to explain whether such a strategy existed and whether more should have been done to protect Mr Kelly's identity." The BBC "defended its decision to broadcast the claims at the origin of the row. ... In a statement, the BBC board of governors quashed reports of a dispute in their ranks, standing firmly by a unanimous declaration issued two weeks ago that it was 'in the public interest' to broadcast the story by BBC reporter Andrew Gilligan." The BBC also "told the FT that it intends to defend its decision to broadcast Mr Gilligan's report by supplying the independent inquiry by Lord Hutton with tape recordings of conversations between Mr Kelly and another BBC reporter, Susan Watts."

**More Commentary.** Chris Smith, British secretary of state for culture, media and sport from 1997 to 2001, writes in the [Financial Times](#) (7/23), "All of us in the Westminster village -- politicians, government officials, journalists -- ought to be ashamed of ourselves. All too often we treat the political debate as a game: who's up, who's down, who said what to whom, who can be tripped up with what. Then reality intrudes, in this case in horribly tragic fashion. It ought to bring us up short, to remind us of what truly matters, to concentrate our minds on the big questions. Yet within hours we are at it again, with a parade of apologists for one side or the other being dismissive or triumphalist in turns. ... I have been particularly alarmed in the past few days to hear some of my parliamentary colleagues talking about the future of the BBC's status and licence fee income, in the light of the 2006 review of its charter. This is little short of blackmail; and to make an explicit link between the events of the recent past and the BBC's overall future would be outrageous. Any decisions about how the BBC is funded and governed, and what the shape of our public service broadcasting landscape should be, must be taken at the appropriate time on their merits. They should not be influenced by any pique about a particular argument or spat, however controversial. ... A period of reflection is certainly needed, not just about the events that led up to Mr Kelly's tragic death but about the decisions that led to war, the political judgments made since and the importance of independent public service broadcasting in a democracy. Bashing the BBC's fulfillment of this role may be an easy option for some. But in reality it serves the nation ill."

Mark Huband, security correspondent for the [Financial Times](#) (7/23), writes in an opinion piece, "The cracks in the normally smooth process of intelligence sharing between London and Washington must soon force both governments to accept that the strategy of using intelligence to justify pre-emptive war in Iraq has failed. This failure is not explained by a faulty or misplaced conviction on the part of the two governments that something needed to be done about Saddam Hussein. Nor do the US Central Intelligence Agency and the UK Secret Intelligence Service (known as MI6) have any doubts about the veracity of most of the information they had assembled." The failure "has been in transforming the intelligence into a credible and enduring political argument." Huband adds, "Secret intelligence is a potent weapon. The sequence of events that led to the apparent suicide last week of David Kelly, the British scientist and former UN weapons inspector, in part stemmed from his portrayal by the BBC as a 'senior intelligence source'. As controversially, President George W. Bush cited British intelligence as the source of claims that Iraq sought to buy uranium from Niger. In fact, Mr Kelly was not an intelligence source, while Mr Bush's claim was later proved to be based on forged documents and not on British intelligence."

**Columnist Examines Different Tone In US, British Coverage Of Blair's Speech.** Columnist Anne Applebaum writes in the [Washington Post](#) (7/23), "Late last week Tony Blair made a speech in Washington. Afterward various British journals of record summed up their prime minister's performance. The Daily Mirror found 'something quite nauseating' about the speech, in which Blair once again 'backed America in what many now view as a war based on lies.' The Daily Mail sneered at 'Blair the brilliant contortionist, trying to have it both ways.' The Guardian, meanwhile, declared that the speech represented a 'significant softening' of the prime minister's position on Iraqi weapons, and described the event this way: Blair 'stood before hundreds of members of Congress to admit that he may eventually be proved wrong.' Is that what he was doing? Funny, but if you'd been reading the American press, you'd have had quite a different impression. 'Bush, Blair Defend Motives Behind War,' read the headline in The Post, which failed to detect any 'significant softening' in the prime minister's words. The New York Post -- the closest thing Americans have to the Daily Mail -- failed to see anything remotely 'contortionist' in the speech either, writing that 'Blair's address clearly reflected a nuanced appreciation of America's role in the world.' Far from sounding 'nauseating,' Blair 'heralded the role the United States has played in fighting the broader war on terrorism,' wrote the Los Angeles Times. Not since Mikhail Gorbachev simultaneously became an international superstar and the most hated politician in Russia has a political leader enjoyed such disparate reputations at home and abroad." Applebaum adds, "In part these remarkably different descriptions of the same speech reflect the vagaries of domestic politics. ... But they also reflect a larger phenomenon that is not much better understood. America and Britain -- along with America and France, America and Russia, America and Botswana, America and anywhere, really -- live in parallel informational universes. By that I mean that the media produced in different cultures don't merely reflect different opinions about the news, they actually recount alternative versions of reality."

**US Soldier Killed In Ambush North Of Baghdad.** NBC (7/22, story 3, Brokaw) reports, "Even as word came of today's turning point, the US military was reporting still another American soldier killed in an ambush, the sixth in five days. This latest attack happened along a dangerous road north of Baghdad."

**Army To Begin Rotating Fresh Troops Into Iraq.** NBC (7/22, story 4, Brokaw) reports, "Also today, Pentagon sources said the Army will begin rotating fresh troops into Iraq and bringing home those who have served almost a year now. The new troops will serve a one-year tour of duty as well under this new plan."

The [Atlanta Journal-Constitution](#) (7/23, Martz) reports, "Battle-weary soldiers of the 3rd Infantry Division's 2nd Brigade Combat Team are not heading home to Fort Stewart yet, but they will be moving in that direction soon. About 4,000 soldiers in the unit that led the Army's attack into Iraq were told Tuesday to begin packing their gear for a move back to base camps in Kuwait later this week. Military officials called the move 'a change of mission' and said it does not mean the unit has orders to deploy home. The unit has been in Kuwait and Iraq for 10 months. 'A change of mission is not the end of mission. We will be used as the [Central Command's] strategic reserve,' said Lt. Col. Eric Schwartz, commander of the brigade's Task Force 1-64. As Central Command's strategic reserve unit, the brigade could be sent to any of the 25 countries in the Middle East and Southwest Asia. It also could be redeployed to Iraq if the situation deteriorates. And Schwartz said the orders could be canceled if problems in Fallujah, about 40 miles west of Baghdad, worsen in the next few days. But Schwartz told his staff and company commanders to be ready to leave Fallujah, a city considered one of the last pro-Saddam strongholds, by Saturday. The 2nd Brigade expects to be replaced by elements of the 3rd Armored Cavalry Regiment."

**Iraqi Council Members Appeal To UN For Help In Reconstruction.** The [Washington Post](#) (7/23, A18, Lynch) reports, "Representatives of a U.S.-approved Iraqi political council made their international diplomatic debut today, appealing before the U.N. Security Council for help in funding the country's reconstruction and pledging to move swiftly to pave the way for an elected Iraqi government. Speaking on behalf of the 25 members of the Governing Council, Adnan Pachachi, an Iraqi foreign minister before Saddam Hussein's rise to power, sought to assure the council that the emerging political leadership represents the legitimate aspirations of Iraq's 26 million people. He said his group's primary goal is to 'shorten the duration' of the political transition in Iraq and to 'constitute an elected government under a constitution to be endorsed by the population in a free election.' Pachachi was accompanied by Ahmed Chalabi, a former exile leader who enjoys strong Pentagon backing, and Akila Hashimi, who served in Hussein's foreign ministry. Their appearance followed a campaign by the Bush administration and U.N. Secretary General Kofi Annan to persuade the Security Council to recognize the group's legitimacy and to help restore Iraq's security and resuscitate its battered economy. 'We owe a debt to the people of Iraq that can best be honored by our demonstration -- in our word and deed -- of our collective and cohesive commitment to supporting the rehabilitation of their country, now and into the future,' Annan's special envoy, Sergio Vieira de Mello, said in his first extensive briefing to the council on Iraq. 'The people of Iraq deserve no less.' Today's meeting -- which was

designed to present a united Iraqi face to the world -- revealed some tensions within the ranks of the new Iraqi leadership. Chalabi initially threatened to boycott the event because he was not selected to address the council."

The [New York Times](#) (7/23, O'Brien) reports, "United Nations Secretary General Kofi Annan and his special representative in Iraq, Sergio Vieira de Mello, warmly embraced Iraq's interim Governing Council today, setting the stage for international recognition of the American-backed council and positioning the United Nations to play a more substantive role in Iraqi affairs. Speaking at a Security Council meeting convened to hear Mr. Vieira de Mello's assessment of reconstruction efforts in Iraq, Mr. Annan cited the Iraqi council's formation 'as an important first step toward the full restoration of Iraqi sovereignty.'" The Times adds, "Mr. Annan also called for 'an early end to the military occupation through the formation of an internationally recognized, representative government.' The United States, struggling to restore order, security and public services in Iraq since the White House declared an end to hostilities there in May, is seeking sorely needed financial and military support from other Security Council members. But Germany, France and Russia, which opposed the invasion of Iraq in fractious and bitter Security Council debates earlier this year, have said they will not pledge troops or money to Iraq without a new United Nations resolution authorizing them to do so."

The [Washington Times](#) (7/23, A1, Pisik) reports, "Delegates from Iraq's new Governing Council told the U.N. Security Council yesterday that despite continuing insecurity and economic turmoil the Iraqi people were determined never again to accept a tyrant's rule. 'They have tasted freedom and would never return to the era of fear and injustice,' said Adnan Pachachi, a former Iraqi foreign minister who serves on the U.S.-appointed 25-member Governing Council. 'The state intelligence services and mandatory arrests and random executions are done for once and for all.' ... The delegates were welcomed by all members of the Security Council, except Syria and two protesters who shouted catcalls, helping to set the tone for the involvement of more countries in peacekeeping operations in Iraq."

**Iraqi Police Shut Down Paper With Links To Baath Party.** The [Christian Science Monitor](#) (7/23, Tyson) reports, "For the first time, coalition authorities in Iraq have shut down an Iraqi newspaper, charging that its publication of a July 13 article calling for 'death to all ... who cooperate with the United States' and threatening to publish a list of collaborators' names was a dangerous violation of international law. A special investigative unit of the Iraqi police on Monday sealed the offices in Baghdad of the semiweekly Arabic newspaper Al Mustaqilla and took into custody its office manager. The manager, whose name was not released, is undergoing questioning. A search of the

premises turned up blank Baath Party membership cards, a sign that the newspaper was 'anything but independent,' said Coalition Provisional Authority chief spokesperson Charles Healy. The case illustrates that despite the commitment of the US-led coalition to a free Iraqi press, there are lines that cannot be crossed. Coalition authorities have warned at least two other newspapers that their coverage was 'inciteful to violence' and could prompt action, Healy said. More than 100 Iraqi newspapers have sprung up since the fall of the Saddam Hussein regime, when the press consisted of propaganda strictly controlled by the government. ... Today, all around Baghdad, newspaper vendors peddle a variety of colorful Arabic-language publications that cover everything from electricity shortages and crime to salaries. While they expose the horrors of the previous regime, including the discovery of mass graves, they also criticize the American-led administration in Iraq. But despite the sudden surge in the number of media outlets, some observers say the coalition authorities need to do more to reach average Iraqis."

**Paris-Based "Reporters Without Borders" Group Criticizes Move.** The [Washington Post](#) (7/23, A18, Constable) reports, "A local newspaper has been shut down and its manager arrested because of an article that US occupation authorities and Iraqi officials considered an incitement to violence and a threat to human rights in Iraq. ... Neighbors said troops broke down the front door, ransacked the office and detained the newspaper's manager, Abdul Sattar Shalan. ... 'The Coalitional Provisional Authority supports and encourages the development of a free and responsible Iraqi press,' the occupation agency said in a statement today. But it said Al-Mustaqila 'has chosen to threaten the basic human rights of Iraqi citizens' and published a 'clearly inciteful article,' putting it in violation of occupation press rules. The US authority has banned all Iraqi media from publishing or airing material it views as inciting political, religious or ethnic violence or promoting attacks on US forces here. It has already shut down one Baghdad radio station and one Shiite Muslim newspaper in Najaf on these grounds. In a report today, the Paris-based advocacy group Reporters Without Borders criticized the occupation press rules, saying US authorities should ease their restrictions on the Iraqi media and develop more 'liberal and democratic' regulations."

**Saddam's Ambassador To Beijing Barricaded In Embassy.** Fox News' "Special Report" (7/23, Hume) reports, "Saddam Hussein's ambassador to China has holed himself and his family up in the Iraqi Embassy in Beijing, refusing to come out and threatening to shoot anyone who tries to come in. The Ambassador Muwafaq Mahmoud al Ani says he does not recognize U.S. authorities in Iraq and will not obey their orders to return to Iraq. So, he and his wife,

armed with pistols, remain barricaded in the embassy, saying they'll even shoot other Iraqi diplomats."

**US Seeks International Banking Support To Help Spur Iraqi Economic Growth.** The [Washington Post's](#) (7/23, E2) 'Business In Brief' column reports, "The U.S.-led occupation authority in Iraq invited international banks to help establish a trade finance institution in an effort to boost the country's economic growth by encouraging imports and exports. The authority, led by US Ambassador L. Paul Bremer, set up the Trade Bank of Iraq because the commercial banking system is so damaged by postwar looting that it can't offer the more specialized services that trade finance requires, the authority said."

**Pentagon Said To Be Reviewing Role Of Attack, Reconnaissance Helicopters.** The [Wall Street Journal](#) (7/23, Kulish, Squeo) reports, "Helicopters are arguably the most dangerous pieces of hardware in the Pentagon's arsenal. During the conflict with Iraq this year, six were shot down by enemy fire and several were totaled in other incidents, killing 23 Americans and 14 British soldiers. The toll is prompting military experts inside and outside the government to pose a provocative question with huge ramifications for future wars and the defense industry: Are helicopters' fighting days numbered? The Army has more than 3,000 helicopters and the Marine Corps has about 700. Most of the 37 helicopter-related deaths in the Iraqi conflict occurred on transport missions, and experts say there are no viable short-term alternatives for getting troops and supplies into and out of hostile territory quickly. But just as tanks replaced horses on the battlefield early in the 20th century, a similar moment may be arriving for attack and reconnaissance helicopters. No one is predicting the imminent elimination of attack helicopters. But there already is noteworthy movement away from these aircraft as technological advances and closer cooperation between military branches undercuts their role. 'We need to think about really laying out a long-range plan and decide what we need from helicopters,' said Edward Aldridge, who recently stepped down as Pentagon acquisitions chief and now is a consultant to Defense Secretary Donald Rumsfeld. 'There could be another way,' he added, to perform some helicopter tasks as 21st century innovations improve other weapons systems and aircraft, including unmanned drones. Computer processors, ever smaller and quicker, have made unmanned drones increasingly capable -- so much so that the Air Force armed some with precision bombs in Iraq. ... On the drawing board is a new family of drones specifically for bombing runs, and unmanned reconnaissance helicopters. Fixed-wing aircraft such as fighter jets and bombers are doing more missions in support of ground troops. These aircraft can stay above the danger zone, firing increasingly accurate missiles

guided by satellites to specific target locations. In Iraq, more than half the 30,542 combat missions flown by Air Force, Navy and Marine fighter jets and bombers between March 19 and April 18 provided what is known as close-air support of ground troops -- attack helicopters' traditional forte. Pentagon officials say that is a big increase from fights in Afghanistan and elsewhere, and that it will accelerate."

**PFC Jessica Lynch Returns Home To West Virginia.** ABC (7/22, story 6, Gibson) reports, "In West Virginia today, there was a very emotional homecoming for one of America's most recognizable soldiers. Private Jessica Lynch was badly injured when her unit was ambushed and captured in Iraq. She was rescued by US forces on April 1st and has spent more than three months in a Washington hospital." ABS (Woodruff) adds, "In a Blackhawk helicopter, Jessica Lynch circled over her house and town before touching down on the soil she has not felt since last November. She has hoped to stand at the podium, but her pain was apparently too great. So from her wheelchair she spoke the first words most Americans had ever heard her speak." As "hundreds waited to greet her, she thanked everyone who had helped her and saved her warmest words for her friend Lori Pieskewa, who died in the car crash that nearly killed Jessica."

CBS (7/22, story 5, Rather) reports, "In West Virginia today, it was surely the most public homecoming ever for a US Army combat supply clerk -- and it was certainly an emotional one. Former POW in Iraq, PFC Jessica Lynch, finally came home from the hospital, a symbol of spunk and survival." CBS (Clayson) adds, "The mile-long parade through town only took 13 minutes, but it was plenty of time for hundreds of West Virginians to cheer, to cry, to see their hometown hero." Lynch: "It's great to be home." Clayson: "Private 1st Class Jessica Lynch, wearing her newly awarded medals, including the Purple Heart, finally came home." Private Lynch "spoke for only a few minutes. Her injuries -- numerous broken bones and a fractured disc -- still prevent her from walking or standing for very long. Much of her journey home today was by wheelchair."

NBC (7/22, story 14, Brokaw) reports, "Also today, the best-known prisoner of America's latest war returned home. Jessica Lynch, and as you might expect, it was very emotional time for her and for all the residents of her small hometown." NBC (Sanders) adds, "Private First Class Jessica Lynch, ambushed, injured, captured, rescued, and now, home. In her hometown, anxious neighbors not satisfied today until they saw her for themselves. Today, Lynch spoke publicly for the first time. She gave no specifics about her captivity." It's "been a long road home. One that began with an attack that Jessica Lynch says she still can't remember."

The [AP](#) (7/23) reports, "Former prisoner-of-war Jessica Lynch returned home to a flag-waving hero's welcome Tuesday, and in the Army private's first public words since her rescue said: 'It's great to be home.' ... The 20-year-old former POW said she did not realize for 'a long time' that her ordeal had captured the hearts of millions around the globe. 'But I'm beginning to understand because I've read thousands of cards and letters -- many of them from children -- that offer messages of hope and faith,' she said."

The [New York Times](#) (7/23, Dao) reports, "Private Lynch looked briefly stunned as she was wheeled before a bank of television cameras under a huge white tent here. But she seemed to gather strength and poise as she read a brief statement, giving most Americans the opportunity to hear her voice for the first time. ... Private Lynch's capture and rescue has endured as one of the most riveting and controversial tales of the war in Iraq. ... One week later, a team of American commandos rescued her from a hospital in what seemed at the time an extraordinarily daring raid. In some initial accounts of her capture, unnamed Pentagon officials said Private Lynch had received gunshot and stab wounds and had fired her gun repeatedly at her attackers. Later, however, the Pentagon pulled back from those statements, saying that her wounds appeared to be from the crash of her Humvee and that her gun had probably jammed."

**Judge Who Served On Iraq Rebuilding Team Returns With Misgivings.** The [Marin \(CA\) Independent Journal](#) (7/22, Upshaw) reports, "Just days after returning from Iraq, former Marin Superior Court Judge Alvin Goldstein already wants to go back." The Journal continues, "Goldstein, a San Rafael civil attorney, returned last week from a months-long mission to help overhaul Iraq's legal system." The Journal adds, "He joined 24 other Americans, including federal public defender Barry Portman of Novato and former Fairfax police Chief James Anderson as paid advisers. ... Thirteen members of the team, through the U.S. Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training, represented the judiciary in the mammoth task of poring through Iraqi legal code and adding on or implementing human rights standards based on a United Nations declaration. ... 'I have mixed feelings,' Goldstein said of his return to his Loch Lomond-area home. 'There's so much to do over there. Everything is in a state of incompleteness.'" The Journal notes, "Members of the delegation reflecting on the experience said they have a sense of satisfaction, although the trip was not without its bureaucratic blips. ... During the two-month stint, the group ended its stay by delivering a set of recommendations, but without a thorough review, he said. ... 'I have a feeling of incompleteness - we did not have the opportunity to critique the program, to review it and to make improvements,' Goldstein said. Political tensions in Washington over the

mission appear to be turning the effort from a U.S. Justice Department operation into a military one, he said. ... 'I don't know how this is going to shake out,' he said. 'There's a problem. The Defense Department and the Justice Department do not see eye to eye on what needs to be done there.'

## **DOJ:**

**Civil Rights Division Officials Depart For Law Firm.** The [Washington Post](#) (7/23, A21, Kamen) reports in its "In the Loop" column, "Ralph F. Boyd Jr., outgoing assistant attorney general for civil rights, and Robert N. Driscoll, chief of staff of the civil rights division, are joining Atlanta-based Alston & Bird's law office in Washington."

## **CORPORATE SCANDALS:**

**Administration Gives High Marks To Corporate Fraud Task Force.** The [AP](#) (7/22) reports, "Bush administration officials gave themselves high marks Tuesday for combating corporate corruption a year after the White House formed a task force in response to the Enron collapse and other white-collar scandals. ... 'I hope we've seen the worst of it,' Securities and Exchange Commission Chairman William Donaldson said after meeting with President Bush for a progress report. 'From here on out, the country and the nation, the business community is well informed of the risks' of corporate fraud, Donaldson said." The AP adds, "The White House said its anti-fraud efforts had boosted investor confidence, and Donaldson suggested the administration deserved partial credit for a stock market rally in recent months. ... 'When you're talking about confidence in a regulatory agency, and in my case the SEC, I think that our actions speak pretty loudly in terms of what we've done,' he said. 'I think there's a building confidence that the cop is on the beat.'" The AP notes, "Bush's Corporate Fraud Task Force, with members from an array of federal departments, has taken part in almost all corporate fraud cases brought by federal prosecutors over the last year, according to the White House. ... Prosecutors have won more than 250 corporate fraud convictions, charged 354 people with corporate crime and obtained fines, forfeiture and restitution worth more than \$85 million, the administration said. ... 'We are trying to react to this problem in a swift manner, and to conduct our investigations and prosecutions in a different way and not let them linger on,' said Deputy Attorney General Larry Thompson. 'And I do think that that sends a message of deterrence.' ... Yet no charges have yet been brought against former Enron chairman Kenneth Lay, a Bush friend and contributor, or former chief executive Jeffrey Skilling."

[AFX News/CBSMarketWatch](#) (7/22) reports, "The Bush administration touted its record of punishing CEOs and helping restore investor confidence at a White House press conference Tuesday, marking the one-year anniversary of President Bush's corporate fraud task force. ... 'I think the work of the corporate task force has gone a long way in helping to restore the confidence of Americans in their financial markets,' said Deputy Attorney General Larry Thompson, who chairs the interagency task force." MarketWatch continues, "White House press secretary Scott McClellan said President Bush is pleased by the task force's success. ... From September 2002 through May 31, the Justice Department has obtained over 250 corporate fraud convictions or guilty pleas, including at least 25 former CEOs, the administration said. ... Federal prosecutors have investigated over 320 potential corporate fraud matters, encompassing over 500 individuals and companies." MarketWatch adds, "Over the last several months, the Justice Department has been most aggressive in its pursuit of reaching plea agreements with HealthSouth's former chief financial officers as well as senior executives in the accounting department at the Birmingham, Ala.-based operator of rehab centers. ... Notably missing from the Task Force's yearlong efforts are charges against Enron's former leaders Ken Lay and Jeffrey Skilling. ... When asked about the Justice Department's pursuit of high-profile executives yet to be charged, Thompson said federal prosecutors are not taking a 'lynch mob mentality' and intend only to bring cases that will be 'sustainable in court.'"

[UPI](#) (7/22) reports, "According to the Justice Department, prosecutors have opened 200 investigations of corporations nationwide." UPI continues, "The campaign against corporate fraud has set off legal brawls between the Justice Department and defense attorneys, who accuse gung-ho prosecutors of overreaching when they charge businesses -- rather than people -- with crimes." UPI adds, "Robert Fiske, a partner at Davis Polk and Wardwell and a former prosecutor, said that an entire firm should not be punished when only a few people may have committed a crime. ... 'If prosecutors send individuals to jail, that's a far greater deterrent,' he said."

[Reuters](#) (7/22) reports, "U.S. officials on Tuesday trumpeted results of a year-old crackdown on corporate fraud, but declined to say if or when more top executives would be convicted in scandals such as the one that rocked Enron Corp. ... 'One of the things we are steadfast on is that, while we are going to handle these investigations and prosecutions in a vigorous and aggressive manner, we're going to do so in a fair manner that's appropriate to our justice system,' said Deputy Attorney General Larry Thompson, head of the interagency Corporate Fraud Task Force. ... 'I think we've made very good progress in all of our investigations. But we're not going to have what I would call a lynch-mob mentality with respect to any corporate executive,'" Thompson said in a

White House press briefing.” Reuters adds, “Asked if charges stemming from other corporate scandals would be brought against top executives, Thompson said: ‘We’re going to call them as we see them. We’re only going to bring charges against individuals or organizations that are supported by the applicable facts. We’re only going to bring cases that we believe can be sustainable. We’re going to proceed as rapidly as we possibly can.’”

The [Financial Times](#) (7/22, Michaels) reports, “Headed by Larry Thompson, deputy attorney- general, the task force is ‘helping to remove suspicion, doubt and uncertainty that pervaded the marketplace one year ago’, the White House said on Tuesday. ... ‘Investor confidence is returning and the public is recognising that the vast majority of corporate leaders are honest and ethical stewards of their shareholders and employees.’” The Times continues, “In spite of the increased actions, the enforcement authorities are under fire because they have not yet charged some of the most senior figures at companies embroiled in the scandals. ... Neither Ken Lay nor Jeffrey Skilling, formerly chairman and chief executive at Enron, has been accused of wrongdoing. Bernie Ebbers, the ex-chief executive of WorldCom, has not been charged.”

[Dow Jones Newswires](#) (7/22, Keto) reports, “A year after President George W. Bush created the Corporate Fraud Task Force, Deputy Attorney General Larry Thompson, who helps head the task force, credited it with helping to restore investor confidence in the soundness of U.S. businesses. ... ‘I think the work of the Corporate Fraud Task Force has gone a long way to restoring the confidence of Americans in their financial markets,’ Thompson said Tuesday.” Dow Jones continues, “Bill Donaldson, the chairman of the Securities and Exchange Commission, said he hoped the nation has seen the worst of the corporate accounting scandals but couldn’t guarantee this.”

**DOJ Asks For OFHEO’s Help In Freddie Mac Probe.** [Dow Jones Newswires](#) (7/22, Keto) reports, “U.S. Deputy Attorney General Larry Thompson said Tuesday the Justice Department has asked the Office of Federal Housing Enterprise Oversight to join the Corporate Fraud Task Force to help look into the accounting practices of Freddie Mac.” Dow Jones continues, “Thompson said the OFHEO ‘will work with our prosecutors and investigators and the other regulatory agencies.’” Dow Jones adds, “Last week, the Department of Justice announced that OFHEO was joining President George W. Bush’s Corporate Fraud Task Force but didn’t link the matter to the investigation of Freddie Mac.”

**Freddie Mac Chairman Vows Company Will Disclose Information, Correct Past Problems.** The [AP](#) (7/23, Gordon) reports, “The new chief financial officer of housing finance giant Freddie Mac told Congress yesterday that the company will fully disclose financial information as it

remedies defects that led to its accounting problems. ‘We know how to fix these shortcomings – and we will,’ Martin Baumann told a House subcommittee hearing. ‘We will emerge stronger than ever, with significantly improved accounting and disclosure practices that will meet the highest standards. ... There’s no excuse for Freddie Mac’s accounting problems other than it didn’t have the right controls in place.’ The chairman of the House Energy and Commerce subcommittee, Rep. Cliff Stearns, Florida Republican, said he will redouble his efforts to dramatically reform and simplify the complex accounting rules that enabled Freddie Mac to manipulate its books. ‘Investors deserve significant change to enhance transparency and to standardize the financial statements of similar companies,’ he said, blaming the Financial Standards Accounting Board’s obtuse, 800-page accounting rules for inviting corporate abuse.” The AP adds, “An internal investigation by attorneys hired by Freddie Mac’s board – which could be made public as early as today -- is expected to show how the company manipulated earnings, according to a report in yesterday’s Wall Street Journal. Mr. Baumann did not comment on the internal review in his testimony to the subcommittee, the first appearance before Congress by a Freddie Mac official since its accounting turmoil came to light. Freddie Mac spokesmen also declined to comment.” The AP story also appeared in the Austin American-Statesman, The San Jose Mercury News, the Washington Post, the Hilton Head Island Packet, the Washington Times and the Raleigh News.

The [Financial Times](#) (7/23, Sevastopulo) reports, “The chief financial officer of Freddie Mac, the mortgage finance giant, yesterday admitted the lender might have avoided financial scandal had it been under supervision of the Securities and Exchange Commission. Martin Baumann said he had ‘no disagreement’ with the conclusion by outside lawyers that SEC rules would not have allowed the disclosure practices undertaken by the lender in relation to transactions used to smooth its earnings. ... Testifying before the House energy and commerce committee, Mr Baumann was responding to criticism from Congressman Ed Markey, who has introduced legislation that would force Freddie Mac to register with the SEC.”

[Reuters](#) (7/22, Drawbaugh) reports, “A U.S. lawmaker on Tuesday subjected the chief financial officer of Freddie Mac to a withering parody of the mortgage finance company’s results restatement set to the jazz standard ‘Mac the Knife.’ Criticism of Freddie’s accounting methods was set to the music during a committee hearing by Massachusetts Rep. Edward Markey, a Democrat known for quirky but razor-sharp questioning. ... ‘When those earnings rise on your balance sheet and you want them out of sight, just do a swaps deal, says old Mac’s execs and defer them with all your might,’ crooned Markey to Freddie Mac CFO Martin Baumann. ‘You know when the reserve account, with its cash, babe, hides

those earnings, it helps the spread. Fancy derivatives has old Mac, dear, so there's never, never a trace of red,' Markey continued." Reuters adds, "Freddie Mac's outside directors have hired the law firm of Baker Botts to probe accounting errors underlying the restatement. Baumann said a report from the firm may be released 'possibly as early as tomorrow.' The subcommittee hearing focused on some of the accounting standards, as defined by the Financial Accounting Standards Board, at the heart of Freddie's restatement. ... Key to the Freddie restatement are accounting loopholes that allow companies to moderate the impact on their income statements of some cash-flow hedging transactions."

**Freddie Mac Report Expected To Place Bulk Of Blame On Former President.** The [Wall Street Journal](#) (7/23, McKinnon) reports, "An internal investigation of accounting problems at Freddie Mac is likely to focus much of the blame on the mortgage company's longtime president while seeking to absolve other officials of any significant wrongdoing, according to two people familiar with its findings. The report by former Securities and Exchange Commission lawyer James Doty is expected to be released this morning and discussed by Freddie Mac officials in a conference call. ... The report will lay out much of the company's case for firing president David Glenn, chairman and Chief Executive Leland Brendsel, and Chief Financial Officer Vaughn Clarke. "The report's most notable disclosures are expected to concern Mr. Glenn and a missing page or pages from his notebooks. People familiar with the report say it is expected to suggest that the missing entry concerned a September 2001 meeting that Mr. Glenn reportedly attended, at which Freddie Mac's accountants from Arthur Andersen LLP raised concerns about a huge financial transaction that the company then was using to funnel hundreds of millions of earnings into future years. The swap-type maneuver, involving several billion dollars in total, had the effect of moving about \$400 million of operating earnings from 2001 into future years, according to two people familiar with the investigation. ... The report is expected to say Mr. Glenn's account is that after investigators requested his notebooks, he took home the missing page to review it and later lost it."

**Rep Royce Introduces Bill To Integrate OFHEO, Federal Home Loan Bank System.** The [Wall Street Journal](#)/Dow Jones (7/22, Kopecki) reports, "The momentum for a new regulator for U.S. government-sponsored enterprises Fannie Mae (FNM) and Freddie Mac (FRE) continues to build in Congress, as another lawmaker introduced late Monday a second bill in the House that would overhaul the Office of Federal Housing Enterprise Oversight. The legislation, introduced by Rep. Ed Royce, R-Calif., would combine OFHEO with the agency that oversees the Federal Home Loan Bank System into a new bureau within the U.S. Treasury Department. 'The complexity of housing GSE's

operations requires a world-class regulator with the stature and the resources necessary to understand the business models of the three entities,' Royce said in a statement." The Journal continues, "Royce's bill is similar to legislation being pushed by Rep. Richard Baker. ... Royce's bill, however, doesn't appear to give the new agency the same amount of regulatory power as Baker's legislation would. ... Royce's bill would still require HUD to set the companies' annual affordable housing goals. However, the agency would no longer police the companies' charter activities. That power would go to the new agency under the Treasury."

**Financial Services Roundtable Announces Support For Treasury Oversight Of GSEs.** The [Wall Street Journal](#)/Dow Jones (7/22, Connor) reports, "The Financial Services Roundtable backed shifting the financial safety and soundness regulator of Fannie Mae (FNM) and Freddie Mac (FRE) into the U.S. Treasury Department. In a letter to Treasury Secretary John Snow, Roundtable President and Chief Executive Steve Bartlett said, 'We believe that the Treasury Department is the most appropriate cabinet agency in which to place OFHEO.' ... 'Treasury has general authority over the state of the economy and our nation's financial markets, and the operations of the enterprises have reached a level where their role and financial stability is of importance not only to financial markets but also to our economy as a whole,' Bartlett said in a statement Tuesday. The Financial Services Roundtable represents 100 of the integrated financial services companies providing banking, insurance, investment products and services to consumers."

**Snow Voices Support For Greater Freddie Mac, Fannie Mae Oversight.** The [Wall Street Journal](#)/Dow Jones (7/22, McCarthy, Lim) reports that U.S. Treasury Secretary John Snow "reaffirmed his view that the quasi government-sponsored mortgage giants Fannie Mae (FNM) and Freddie Mac (FRE) should be subject to greater oversight. 'That's a question the administration is now looking at,' he said. 'The policy there is straightforward: we need effective regulation, transparency, and full disclosure. The form this will take is still under review.'" Snow "is expected to endorse proposals to bolster the enforcement powers of Fannie and Freddie's current federal regulator, the Office of Federal Housing Enterprise Oversight, and to move the agency out of the Department of Housing and Urban Development and into the Treasury Department."

**Shays' Mutual Fund Bill Might Harm Freddie Mac, Fannie Mae.** The [Wall Street Journal](#)/Dow Jones (7/22, Burns) reports, "Mutual funds that describe themselves as investing in government securities would have to hold at least 80% of their assets in securities issued or backed by the U.S. government under a proposal Rep. Christopher Shays (R., Conn.) plans to offer this week. Mortgage companies Fannie Mae and Freddie Mac would be hurt by the proposal. ... Adoption of the proposal is far from a sure thing because

Fannie Mae and Freddie Mac have powerful friends on Capitol Hill. The proposal follows a recent article in The Wall Street Journal pointing out that, unknown to many investors, Fannie Mae and Freddie Mac debt securities often constitute the majority of holdings in bond mutual-fund portfolios with 'government' or 'federal' in their names."

***Bush's Housing Nominee Criticized.*** The [Washington Post](#) (7/23, E1, Day, Hilzenrath) reports, "The Senate Banking Committee's top Democrat yesterday criticized the White House nominee to be top overseer of home mortgage financiers Fannie Mae and Freddie Mac, saying his years lobbying against government regulation of the financial services industry may make him unfit for the post. Sen. Paul S. Sarbanes (D-Md.) said Mark C. Brickell 'led lobbying efforts to prevent regulation of derivatives, the arcane financial instruments that are critical to the risk-management operations' of both companies, which buy home loans from banks and other lenders and package them into securities. He noted that 'questionable accounting for derivatives is at the heart of the recent troubles at Freddie Mac.' The hearing took place as an independent lawyer for Freddie Mac's board was preparing to release, as soon as today, a final draft of his report on what led to the improper accounting practices that will require a correction of reported earnings for the past three years."

**Senators Examine Whether WorldCom Fine Was Too Lenient.** The [AP](#) (7/23, Strobe) reports, "Some lawmakers on Tuesday questioned whether the government's \$750 million fine against WorldCom Inc. was proper punishment for the largest accounting scandal in U.S. history. The Senate Judiciary Committee hearing also examined complaints that the telecommunications company will emerge from bankruptcy this fall healthier than its innocent competitors. 'It appears that they have done quite well,' said Sen. Richard Durbin, D-Ill., at a Senate Judiciary Committee hearing into WorldCom's bankruptcy. 'It appears their approach is, 'Everybody has a bad day.' WorldCom settled its \$11 billion fraud case with the Securities and Exchange Commission by agreeing to a \$750 million fine, which still must be approved by a bankruptcy judge. The company filed for bankruptcy protection last year, the largest in U.S. history." The AP continues, "Durbin and Sen. Edward M. Kennedy, D-Mass., also questioned WorldCom's government contracts for about \$1 billion a year, including one to build a wireless network in Iraq. 'Isn't that sending a message that corporate misconduct of historic proportion is not even a factor?' Durbin asked." The AP adds, "Committee Chairman Orrin Hatch, R-Utah, called the hearing after expressing misgivings about reports that WorldCom appeared to be on track to emerge from bankruptcy with an unfair advantage because of the significant debt it will erase. The Ashburn, Va.-based company, which will be renamed MCI, has a debt load of \$40

billion, but is expected to emerge with just \$5.5 billion in debt."

***WorldCom Director Attacks Critics.*** The [Washington Post](#) (7/23, E4, Stern) reports, "WorldCom Inc. board member Nicholas Katzenbach told a Senate panel yesterday that ongoing criticism of the company is an attempt by competitors to use the political process to drive the scandal-plagued company out of business. Katzenbach, a former U.S attorney general who was named to WorldCom's board after the telecommunications company revealed its accounting scandal, also said the company has distanced itself from senior executives under whom the scandal occurred. The Senate Judiciary Committee held the hearing to look into claims by competitors that WorldCom is using the bankruptcy process to strengthen its balance sheet while evading accountability for its improper bookkeeping. Verizon Communications Inc. General Counsel William P. Barr, who also testified at yesterday's hearing, said the federal government has done little to punish WorldCom for its fraud. Barr said a Security and Exchange Commission's settlement with WorldCom that requires the company to pay \$750 million in cash and stock is inadequate given the scope of the wrongdoing at the company. Barr was critical of the SEC for reaching a settlement before the company issued audited financial statements. In addition, Richard L. Thornburgh, who was appointed as a corporate examiner by the bankruptcy court, is in the midst of preparing his third and final report on the company. WorldCom plans to operate under the name of its long-distance subsidiary MCI after it follows through on its reorganization plan."

**Three Rent-Way Executives Plead Guilty To False Accounting Charges.** The [Washington Post](#) (7/23, E4, Duhigg) reports, "In 1998, Rent-Way Inc. could no longer sustain the unrealistic earnings estimates that Jeffrey A. Conway, its chief financial officer, was giving to Wall Street analysts. ... So Conway instructed the company's controller, Matthew J. Marini, to 'do whatever needed to be done to meet the Company's earnings targets, but not to disclose' to him what steps were taken so that Conway could maintain 'plausible deniability,' according to a Securities and Exchange Commission complaint. ... A reckoning came yesterday when Conway, Marini and former senior vice president Jeffrey K. Underwood pleaded guilty in federal court in Erie to charges stemming from the falsification of Rent-Way's accounting records. Sentencing was scheduled for Nov. 6. The SEC also announced a settlement with the three former executives that permanently bars Conway and Marini from serving as officers or directors of public companies. Conway will pay \$359,417 in penalties. ... 'This case sends a message that those who try to insulate themselves cannot do so just by ordering others to do the dirty work,' said Mark Schonfeld, an SEC associate regional director."

The [AP](#) (7/22, Sheehan) reports, "Rent-Way misstated income and earnings per share in quarterly reports in 1999 and 2000, and an annual report in 1999, U.S. Attorney Mary Beth Buchanan said. The three men were asked to resign when the company released its fourth-quarter earnings report eight months late in 2001."

### **Former Rite Aid Chief Counsel Will Stand Trial For Accounting Violations.**

The [AP](#) (7/22, Scolforo) reports, "Rite Aid Corp.'s former chief counsel has decided to stand trial on 35 criminal counts stemming from his alleged role in an accounting scandal at the nation's No. 3 drugstore chain." The AP continues, "After meeting with lawyers in the case Tuesday, U.S. District Judge Sylvia Rambo tentatively scheduled jury selection to begin Sept. 22 for Franklin C. Brown, but warned that a scheduling conflict could delay that date." The AP adds, "Brown, 75, the company's former chief counsel and board vice chairman, was indicted by a federal grand jury last June for allegedly conspiring with other executives to falsely inflate the company's value and then interfere with federal investigators. He has pleaded innocent." The AP notes, "Brown was scheduled for trial last month, but a series of guilty pleas by co-defendants delayed those proceedings, leading the judge to dismiss the 18 jurors who had been preselected. ... Rambo gave Brown until July 14 to decide whether he wanted to change his plea or go to trial. Three days before that deadline, she announced she would conduct Tuesday's closed conference."

### **Testimony Over In Long Term Capital Case.**

The [Washington Post](#) (7/23, E1, White) reports, "Testimony concluded today in a closely watched trial that shows how difficult it is for the federal government to rein in corporate tax shelters. Justice Department lawyers, in a case being heard in U.S. District Court in New Haven, Conn., are seeking \$75 million in taxes, penalties and interest from Long-Term Capital Management L.P., the huge investment fund that nearly went bust in 1998 and required a \$3.6 billion Wall Street bailout. The tax case centers on the previous year, however, when the fund carried out a series of coordinated, complex transactions that resulted in a total of \$106 million in tax deductions. When the government goes up against corporate America in tax-shelter cases, it faces a bevy of high-priced lawyers, investment bankers and accountants who attempt to explain why the tax shelters they devised serve legitimate business purposes and are, therefore, not abusive to the tax laws. In the Long-Term Capital Management case, government tax lawyers Charles P. Hurley and Nicole Bielawski had to contend not only with the regular lineup of sharp minds, but also with two Nobel Prize-winning economists, Myron S. Scholes and Robert C. Merton, and the famous bond trader John W. Meriwether, all of whom were founding partners of the investment fund. To help bolster its

case, the government called to testify a Nobel Prize-winning economist of its own, Joseph E. Stiglitz, a professor at Columbia University who was chairman of the White House Council of Economic Advisers in the Clinton administration. US District Judge Janet Bond Arterton's ruling in the case, which may not come for several weeks, will be important to the government's crusade against what it considers to be abusive corporate and individual tax shelters. It's unclear how much money the government loses to shelters. The Senate Finance Committee has estimated the loss at \$10 billion to \$14 billion a year. Many experts believe it is more than that."

### **House Bill Would Limit States' Role In Investigating Securities Industry.**

The [Washington Post](#) (7/23, E1, Masters) reports, "State securities regulators are bracing for a showdown in the next couple of days with congressional Republicans and the securities industry over a bill that would limit the role of states in investigations of major Wall Street firms. The House Financial Services Committee had been scheduled to vote today on the measure, but that may be delayed until at least tomorrow. Industry sources said national and state regulators were trying to work out a compromise, but it was unclear last night whether an agreement could be reached. The provision, which was added by Rep. Richard H. Baker (R-La.) as an amendment to the bill less than 24 hours before a subcommittee vote this month, is similar to language pushed unsuccessfully by several major investment banks last year. ... Federal law prohibits states from enacting laws to regulate the structure of and reporting requirements for securities brokers and dealers. Baker's provision would go one step further by barring states from using settlements or court judgments to force structural changes in the securities industry. The bill would also specifically prohibit states from forcing securities companies to disclose more information than required by federal rules. It also would bar states from setting conflict-of-interest rules." The Post reports that state regulators were "outraged."

### **WPost Urges House Committee To Reject Restrictions.**

The [Washington Post](#) (7/23, A22) editorializes, "Anyone who's watched the scandals that engulfed Wall Street over the past few years understands the importance of the role played by state officials in going after corporate wrongdoing. While the Securities and Exchange Commission snoozed, New York state Attorney General Eliot L. Spitzer led the way in cracking down on firms whose stock analysts simultaneously evaluated companies for investors and milked them for investment banking business. The \$1.4 billion settlement obtained by state and federal regulators (who belatedly joined Mr. Spitzer's push) imposes important -- and overdue -- rules aimed at preventing such conflicts. That's why we're concerned that a measure due to come today before the House Financial Services Committee would

severely restrict the states' power to undertake such corrective action." The Post argues that the bill would "remove an important arrow from the state quiver, barring state officials from imposing disclosure, conflict-of-interest or reporting requirements different from those established by the Securities and Exchange Commission or self-regulatory organizations such as stock exchanges." The Post concludes that "there's ample room for more than one cop on this beat -- the recent problems in the securities markets have involved the absence of adequate enforcement, not the burden of too much regulation. And whatever the right balance may be between the SEC and the states, diminishing state officials' power in favor of such self-interested parties as stock exchanges is the wrong way to go, at the wrong time."

**NYSE Seeks Settlements On Floor Trading Probe, But Firms Dismiss Idea.** The [Wall Street Journal](#) (7/23, Kelly, Craig, Hechinger) reports, "Regulators at the New York Stock Exchange are seeking settlements of the probe into the practices of some of its floor-trading firms -- but some of the firms are balking at the approach, insisting they did nothing wrong. In recent weeks, David Doherty, head of NYSE's enforcement division, has met with representatives for some of the NYSE's biggest 'specialist' firms, which are in charge of trading of specific stocks, in an attempt to hammer out an agreement that would end the exchange's inquiry into institutional wrongdoing. The inquiry raises questions about the Big Board's basic 200-year-old structure, which uses human traders as go-betweens for investors, even as other markets, like the Nasdaq Stock Market, have adopted completely electronic systems. But of the five firms known to be involved in the inquiry...at least two are dismissing the idea of a settlement, raising the prospect of a high-stakes standoff between the Big Board and some of the biggest trading firms on its floor, people familiar with the matter say."

**SEC Reviewing Self-Regulatory Procedures For Stock Exchanges.** The [Financial Times](#) (7/23, Boland, Michaels) reports, "The Securities and Exchange Commission is considering changing the way US stock exchanges are regulated as part of a review of the structure of US securities markets. ... The chief US financial regulator told the Financial Times that a debate was going on about self-regulatory organisations (SROs) and external supervision. The NYSE and other US securities exchanges guard their SRO status fiercely, and would strongly resist any move to hand regulation to the SEC. Mr Donaldson said the SRO concept, introduced when the SEC was created in the 1930s, was 'very sound' but may not be suitable in modern marketplaces." The Times noted the current investigation into floor trading procedures and the recent recommendations by a Wall Street task force on commission disclosure. The Times adds, "[Donaldson] also reiterated his view that

decimalisation - which allowed for the trading of NYSE-listed stocks in cents - should be reviewed to assess its impact. Its introduction coincided with the peak of the bull market and the subsequent drop in share prices and trading volumes. Mr Donaldson is credited with restoring credibility and integrity to the SEC after the turbulent reign of Harvey Pitt, his predecessor. However, critics leapt on his comments suggesting decimalisation had flaws, claiming Mr Donaldson was more concerned with broker profits than investors."

**Panel Recommends Disclosure Of Commissions On Mutual Funds.** The [Wall Street Journal](#) (7/23, Lauricella) reports, "For nearly a quarter century, mutual-fund investors rarely have been able to see a figure in black and white showing how much they were paying in commissions when they purchase fund shares. That may be changing, along with a host of other industry disclosure and record-keeping practices in the wake of recommendations issued by a Wall Street task force Tuesday. The panel -- composed of investment-industry officials and regulators other than the Securities and Exchange Commission -- was investigating why investors often fail to receive commission discounts that they deserve when purchasing certain types of fund shares. Among the major recommendations in the panel's 26-page report is that the SEC should 'revisit' a decision it made in 1979 that allows brokerage firms to omit commission information from confirmation statements provided investors after they invest in mutual funds charging commissions, or 'loads.' Such commission information routinely is required for most other types of investments. Without that information, critics note, it's difficult for investors to determine if the proper sales charge was applied." The Journal adds, "The new report follows a study released in March by securities regulators, including the SEC, that found many brokerage firms inadvertently failed to provide so-called breakpoint discounts to investors. Breakpoints are levels of investments at which the upfront commissions on mutual-fund shares can be reduced, sometimes dramatically."

**WSJournal Blasts Ullico's Decision To Keep "Bad Apple" Directors.** The [Wall Street Journal](#) (7/23) editorializes, "Remember Ullico, the union-owned life insurance company whose scandal we recently detailed in these pages? Like Enron, this particular fish also started rotting from the head down, beginning with a \$13.7 million sweetheart buyback deal that benefited 20 board members and officers at the expense of Ullico's largest shareholders: union pension funds. But new information turned up by Senator Susan Collins suggests that Ullico's reform looks increasingly like business as usual. It's true that in wake of the scandal Ullico President and CEO Robert Georgine was forced out, and the company held new elections resulting in

the selection of Terence O'Sullivan as the new CEO and the departure of several -- though not all -- of the directors who had benefited from that insider deal. ... As Mr. Georgine resigned he sent Mr. O'Sullivan a letter, dated May 8, claiming that he was due \$2 million in severance pay, and that he'd like that money to go toward paying back profits he made on the share buyback. But Mr. Georgine's letter included a curious additional request: that the money owed him also be used to cover repayment of the stock profits for six other directors. He gave no explanation for why he wanted to help William Bernard, Marvin Boede, Billy Casstevens, Joseph Maloney, James McNulty and James La Sala -- but not the dozen or so others who'd also made money off the deal. ... More pointedly, there remains the issue of Mr. Georgine's letter. Senator Collins is trying to get to the bottom of this but isn't getting much cooperation. After the six refused her original request to come in for further informal interviews, subpoenas were issued. The six will begin appearing this week. We'll be curious to hear what they have to say. Many companies caught up in recent financial scandals made a point of sweeping out former directors and managers and starting new. By contrast, it seems that not only has Ullico kept the bad apples, they're still going rotten."

**Waksal Due To Report To Prison Today.** The [AP](#) (7/22, McClam) reports, "Sam Waksal, the ImClone Systems Inc. founder whose jet-setting lifestyle crumbled in an insider-trading scandal, is expected to report Wednesday to a federal prison where his work could include waxing floors and cutting grass." The AP continues, "Waksal is required to turn himself in at Schuylkill Federal Correctional Institution in Minersville, Pa., to begin serving a prison sentence of more than seven years." The AP adds, "The scientist admitted last year to tipping his daughter to dump ImClone stock in December 2001 because he had received word the government was about to issue a negative report on the ImClone cancer drug Erbitux. ... The scandal has since ensnared his friend Martha Stewart, who was indicted last month. The government says she sold her own ImClone shares when she heard the Waksals were selling - then lied about it to investigators. ... Waksal, 55, will be one of about 300 federal inmates at Schuylkill, a minimum-security prison about 75 miles northwest of Philadelphia."

## **CRIMINAL LAW:**

**Puerto Rico Fights US Attempt To Impose Death Penalty.** The [National Law Journal](#) (7/23, Post) reports, "A clash of cultures and governments over the death penalty has erupted in Puerto Rico, pitting the commonwealth against the United States and the state of Pennsylvania." The

Journal continues, "A capital trial has begun in a federal court in Puerto Rico, and, next month, a public defender is set to fight the extradition from Puerto Rico of a man facing a murder charge in Pennsylvania, because it might be charged as a capital crime." The Journal adds, "Both situations stir the passions of Puerto Rican nationals, and a large segment of the island's legal community. The commonwealth outlawed the death penalty in 1929. Its Constitution, ratified by Congress in 1952, provides: 'The death penalty shall not exist.'" The Journal notes, "In the federal case, the Department of Justice ignored Puerto Rico's ban on the death penalty when it charged two reputed gang members with capital crimes and sought the death penalty. Later, that contention won the support of the 1st U.S. Circuit Court of Appeals. ... Hector Oscar Acosta-Martinez and Joel Rivera-Alejandro, the reputed gang leaders, are accused of the 1998 kidnapping of a grocer, Jorge Hernandez Diaz, who was shot to death, then dismembered, allegedly because his family had called the police after receiving a ransom demand. ... The federal jurisdiction for the local crime is based on a killing in retaliation for cooperating with the government and on an intentional crime of violence resulting in a death by a firearm. ... Kevin McNally, a federal death penalty counsel, believes that in asserting federal jurisdiction, Attorney General John Ashcroft is 'imposing his personal preference regarding capital punishment on areas ... that are less hospitable to the death penalty than, say, Texas, but without much success.'"

**More Commentary.** In a column distributed by Creators Syndicate that ran in the [Omaha \(NE\) World-Herald](#) (7/22), Froma Harrop writes, "Attorney General John Ashcroft is a religious conservative who sees no conflict between his Christian beliefs and his blood lust to want more people executed. That large numbers of Americans, though still a minority, find the death penalty morally repellent does not sway him. That many of these death-penalty opponents cede nothing to him on claims of religious devotion also makes little impression." Harrop continues, "Because feelings on capital punishment vary greatly from region to region, Ashcroft's predecessor, Clinton appointee Janet Reno, had let local prosecutors decide when to seek the death penalty. The Bush Justice Department has broken with this practice and often overrules prosecutors who don't ask for the death penalty. ... Puerto Rico now seethes over one such death-penalty case. Its 1952 Constitution specifically outlaws capital punishment. The people are overwhelmingly Catholic, and the Catholic Church staunchly opposes the death penalty. The crime at issue was a gruesome kidnapping-murder, but not something that would necessarily interest the federal government. To Puerto Rican eyes, the Justice Department is simply hot to execute two bad Latino men." Harrop adds, "Much of the outrage, no doubt, stems from Puerto Rican sensitivity regarding the island's autonomy. As a U.S. territory, Puerto Rico inhabits something of a political limbo in

its relationship with the mainland. ... But a number of bona-fide states also feel trampled by a federal government intent on forcing a Southern-conservative culture on the entire nation. In New York State, for example, the Justice Department has overruled at least 10 prosecutors for failing to call for capital punishment in federal cases." Harrop notes, "Having government break the taboo on the deliberate taking of a person's life is itself highly disturbing. But the possibility that the state might execute someone by mistake is unbearable." Harrop concludes, "The rate of failure in obtaining jury decisions backing the death penalty is far higher than in years past. This could be a statistical fluke. Or it could reflect public horror following a spate of reports on wrongfully convicted death-row inmates. ... Just when the national tide appears to be turning against the death penalty, the moral primitives at the Justice Department seem intent on accelerating its use. Perhaps Ashcroft and other righteous fans of capital punishment think their support of state-sanctioned killing will seem less ugly if everyone else is made over in their image. It won't."

### **Federal Judge Overturns Jury's Verdict In Former Naval Intelligence Officer Case.**

The [Washington Post](#) (7/23, Markon) reports, "A federal judge in Alexandria yesterday took the unusual step of overturning a jury's verdict and threw out the conviction of Jay E. Lentz, a former naval intelligence officer charged with kidnapping and killing his ex-wife." US District Judge Gerald Bruce Lee ruled that "prosecutors failed to prove the key underpinning of their case: that Lentz lured Doris Faye Lentz to his Prince George's County home in April 1996 as part of a kidnapping plot that resulted in her death." The Post adds, "Her body has not been found, which made the case difficult from the start, and prosecutors went forward with no body, no crime scene and no eyewitnesses. In the end, those obstacles were too much to overcome, Lee said in setting aside the verdict." Lee wrote, "There is no evidence Jay Lentz held or detained Ms. Lentz as part of a kidnapping. This fatal flaw requires the Court . . . to dismiss the case."

### **Watchdog Group Urges DOJ Probe Of Westar Donations.**

The [Wichita \(KS\) Eagle](#) (7/22, Lefler) reports, "A political watchdog group has asked the Justice Department to investigate whether Westar Energy executives and three congressmen--including the House majority leader--violated federal bribery laws." The Eagle continues, "Public Citizen, the group founded by consumer advocate Ralph Nader, says House Majority Leader Tom DeLay and Reps. Joe Barton and Billy Tauzin may have violated bribery laws by pushing special-interest legislation for Westar after soliciting contributions from the company for their political allies. ... The group's complaint also named 13 current and former Westar officials who it said should also be

investigated." The Eagle adds, "Blain Rethmeier, a spokesman for the Justice Department in Washington, said department policy forbids confirming or denying whether an official investigation is under way. ... 'Certainly we will review Public Citizen's allegations and make a determination if a case should be brought,' he said." The Eagle notes, "Westar spokeswoman Karla Olsen said the company has turned over all the political investigation matters to a lawyer, Tim Jenkins. Jenkins did not return a phone call seeking comment. ... Tyson Slocum, energy research director for Public Citizen, said the group became interested in the case after Westar released a lengthy investigative report on itself in May. ... The report revealed a variety of financial and ethical issues during David Wittig's tenure as the company's chief executive, which ended with his resignation in late 2002."

### **Roommate Of Missing Baylor Basketball Player Arrested On Murder Charge.**

CBS (7/22, story 9, Rather) reports, "The hunt for Patrick Dennehy, the Baylor University basketball player missing for more than a month, focused today on a gravel pit near Waco, Texas. Police searched the pit and the nearby Brazos River, based on a statement made to the FBI by Dennehy's former teammate and roommate Carlton Dotson. Dotson is being held on a murder charge in Maryland."

NBC (7/22, story 8, Brokaw) reports, "The bizarre situation involving the missing Baylor University basketball player Patrick Dennehy. Police have been searching an area near the Texas campus for a body as authorities say a teammate admitted shooting Dennehy." NBC (Hager) adds, "Looking outwardly composed but described by others as upset and confused, Carlton Dotson was led into court today in his home state of Maryland, charged with murder in far away Texas. Police say just hours earlier he had confessed to killing his friend, Patrick Dennehy, a former basketball teammate at Baylor University in Waco."

### **Feds Focus Military-Contract Probe On Boeing Rocket Executive.**

The [Wall Street Journal](#) (7/23, Pasztor, Squeo) reports, "Federal investigators, expanding their criminal investigation into document gathering by Boeing Co. employees, are focusing on a high-ranking executive in the company's rocket unit for allegedly helping snare a rival's proprietary documents during a major military-contract competition, people familiar with the case said. Justice Department and Pentagon investigators are delving into the activities of Thomas Alexiou, currently program director of the military version of Boeing's Delta IV rocket and the immediate supervisor of two former Boeing employees charged in the case, these people said. Last week, the two men were indicted for conspiring to illegally gather and distribute within Boeing proprietary Lockheed Martin Corp. documents in a multibillion-dollar competition to build the government's next-

generation rocket." The Journal adds, "Meanwhile, a separate civil inquiry by the Air Force could end in the next few days, potentially causing Boeing's struggling space unit to lose nearly \$1 billion of government business, people familiar with the details said. The government's focus on Mr. Alexiou is likely to add to Chicago-based Boeing's legal exposure and public-relations problems by undercutting the company's repeated statements that any wrongdoing in the unit was confined to a trio of lower-level employees who were fired or disciplined years ago. Mr. Alexiou's name came up during Boeing's internal investigation of the document issue in mid-1999. But he wasn't punished and has since been promoted twice." Through a Boeing spokesman, Mr. Alexiou "declined to comment." A Boeing spokeswoman "declined to comment on personnel matters."

**Victims Protest Over Lack Of Prosecution Against Church Officials.** The [AP](#) (7/23) reports, "Alleged victims of child-molesting priests expressed outrage Tuesday over the Massachusetts attorney general's decision not to bring charges against any high-ranking officials of the Boston Archdiocese. About two dozen protesters carried signs outside Attorney General Thomas Reilly's office, criticizing him for what they called his 'deference' to the church." Paul Baier, president of Survivors First, a group for abuse victims, said, "We are not asking — we demand — that Attorney General Reilly find ways to indict." Reilly's spokeswoman, Ann Donlan, said he had "no comment on the protest." The AP adds, "Reilly is scheduled to release a report Wednesday detailing the results of a 16-month investigation, conducted in part by a grand jury, into the sexual abuse of children by dozens of priests. Reilly's office said earlier this week that the report does not call for criminal charges against anyone in the church hierarchy."

**Virginia Executes Bobby Wayne Swisher for 1997 Death.** The [Washington Post](#) (7/23, Glod) reports, "Bobby Wayne Swisher was executed by injection in Virginia's death chamber last night, six years after he kidnapped and raped a young mother before slashing her throat and tossing her, still alive, into the frigid waters of the South River. Swisher, a 27-year-old high school dropout, was pronounced dead at 9:05 pm at the Greensville Correctional Center in Jarratt, as members of his victim's family looked on, according to Virginia Department of Corrections spokesman Larry Traylor." Swisher said in his final statement, according to Traylor, "I hope you can all find the same peace in Jesus Christ as I have." The Post adds, "Swisher's execution had been scheduled for July 1, but Gov. Mark R. Warner (D) delayed it by three weeks to give defense attorneys time to argue before the Virginia Supreme Court that the jury used a verdict form that the court previously found to be defective in a separate case. As defense

attorneys and legal experts predicted, the court said it had no authority to consider the claim because Swisher already had exhausted his appeals. Warner had said he would not intervene again if the court did not resolve the issue, and he declined to get involved yesterday."

**Movie Industry Announces Anti-Piracy Campaign.** The [Washington Post](#) (7/23, Ahrens) reports, "The movie industry announced a broad anti-piracy campaign today, with commercials set to appear on all six broadcast television networks, more than two dozen cable channels and in 5,000 movie theaters nationwide. The ads are scheduled to launch at the same time on all participating channels during prime-time telecasts on Thursday. They also are slated to run between previews showing before Friday night's movies. Encompassing one 30-second and five 65-second spots, the campaign asks consumers not to digitally download unauthorized versions of movies they may find on the Internet." The Post adds, "The spots feature actor Ben Affleck and 'Titanic' director James Cameron, but they focus on behind-the-scenes movie employees, such as set painters, security guards, costumers, editors and theater concessionaires who are most of the industry's 580,000 workers. The point of the campaign is to persuade those illegally downloading files that they are stealing paycheck money not just from multimillionaire stars but from regular working folks — folks like them." The Post notes, "The campaign was organized by the Motion Picture Association of America, the lobby representing the seven major movie studios...and is the result of an unusual amount of cooperation among frequently warring, highly competitive studios."

**Woman Under Probe For Falsifying Search Results.** The [AP](#) (7/22) reports, "A cadaver-sniffing dog's owner who has been charged with planting evidence at crime scenes is being investigated for a toe found in an Ohio case, a sheriff's deputy said." The AP continues, "Police called on Sandra Anderson, 43, and her dog Eagle to verify the fruitless searches of other dogs looking in Fulton County for a 22-year-old man who disappeared in April 2002. Eagle found the toe in the muck of a creek bed. ... 'It didn't make sense,' sheriff's Lt. Bob Albright said. 'I've been doing this for 30 years and I've seen a lot of accident victims. I've seen a lot of limbs that have come off.'" The AP adds, "Albright said the toe was neatly severed instead of appearing torn off. Two weeks later, the body was found - with both feet still in boots and all 10 toes intact. ... The U.S. Justice Department filed charges against Anderson, of Midland, Mich., last month in a Detroit federal court, accusing her of planting human bones at crime scenes between October 2000 and April 2002." The AP notes, "Anderson denied the charges of witness tampering and lying to investigators, saying Tuesday that she did not

know how the toe got into the creek bed. She has refused prosecutors' attempts to get her to agree to a plea deal on the charges in a bill of information, she said. ... FBI agents have been investigating her for about 1 1/2 years in connection with the Michigan and Ohio cases, she said. Agents have searched her apartment and seized paperwork related to the searches. ... Anderson said she is not paid for the 200 searches she completes each year for police departments and historical preservation agencies across the country. They have searched for mass graves in Bosnia and Panama, and helped search for victims of the United Airlines jetliner that crashed in southwestern Pennsylvania after being hijacked as part of the Sept. 11, 2001, terrorist attacks."

## **CIVIL LAW:**

**Judge Refuses FEC Request To Dismiss Suit On Ashcroft Campaign.** The [AP](#) (7/22) reports, "A judge rejected the Federal Election Commission's request that he dismiss a lawsuit filed over its failure to act on a complaint involving Attorney General John Ashcroft's 2000 Senate campaign." The AP continues, "U.S. District Judge Emmet Sullivan's ruling on Tuesday also ordered the FEC to respond to questions by the Alliance for Democracy campaign finance watchdog group by the end of next month, and said he wouldn't extend the deadline." The AP adds, "The ruling came in a March 2002 lawsuit by the alliance and two Missouri voters against the FEC over its failure to respond to a complaint they filed with the commission in March 2001 involving Ashcroft's Senate campaign." The AP notes, "The complaint alleges Ashcroft's campaign and a political action committee he established, the Spirit of America PAC, violated campaign finance laws in the 2000 election. ... The allegations center on a mailing list of donors developed during Ashcroft's 1998 presidential exploration effort. The Spirit of America PAC built the list and Ashcroft's Republican Senate re-election committee then used it to raise more than \$116,000, the complaint alleges."

[Roll Call](#) (7/23) reports in its "Morning Business" column, "Attorneys with National Voting Rights Institute -- who filed suit last year against the Federal Election Commission for failing to resolve a complaint concerning alleged violations by former Sen. John Ashcroft's (R-Mo.) failed 2000 re-election campaign -- declared a minor victory this week in the ongoing court battle. On Tuesday, U.S. District Judge Emmet Sullivan refused to dismiss NVRI's case and required the FEC to answer, by Aug. 30, certain questions about its handling of the complaint. 'This ruling is a major victory for accountability in government,' said Lisa Danetz, an attorney with the NVRI and lead counsel for the plaintiffs, who also include two Missouri voters. 'This matter involved serious charges against the attorney general's 2000 Senate

campaign committee and his leadership PAC.' The case revolves around a February 2001 Washington Post report that the Spirit of America PAC, Ashcroft's leadership committee, had contributed a fundraising list containing 100,000 donor names to Ashcroft's Senate committee, thus making an illegal contribution. In 2001, an Ashcroft aide told the Post that 'all activities involved in handling the list were in accordance with FEC guidelines.'"

## **CIVIL RIGHTS:**

**Detroit Police Reform Begins Today.** The [Detroit News](#) (7/23, Shepardson, Nichols) reports, "The court-appointed federal monitor of the Detroit Police Department said Tuesday that her office expects to spend at least \$6.25 million over the next five years to oversee an extensive reform of the 4,100-officer force." The News continues, "Sheryl L. Robinson of Kroll Associates begins her tenure today as monitor of the police department under two agreements, known as consent decrees, between Detroit and the U.S. Justice Department to change the department's practices and policies." The News adds, "The consent decrees, which were approved Friday by U.S. District Judge Julian Abele Cook Jr., call for improvements in the conditions of the department's holding cells for prisoners; the department's use-of-force policy; the training of officers; and how the department treats witnesses of crimes. ... 'This will be a very difficult process for DPD,' Robinson told Cook. 'There are some very stringent time lines in the documents, and our role will be to help facilitate change.'" The News notes, "Robinson's start date coincides with the anniversary of the 1967 Detroit riots -- an 'ironic symmetry' because the riots started after a police raid on an after-hours club, Councilwoman Sheila Cockrel said during a meeting the council had Tuesday with Robinson."

The [Detroit Free Press](#) (7/23, Lords) reports, "Sheryl Robinson, the federal monitor who will oversee the court-ordered reform of Detroit's beleaguered police department, will soon have a lot of questions for top police officials. ... But on Tuesday, it was Robinson providing the answers as she was questioned for an hour by the Detroit City Council about everything from her role in the reform effort to how city officials will be able to track progress and how citizens will be involved." The Free Press continues, "Robinson's appearance before the council was mandated by U.S. District Judge Julian Cook last week. She begins her job today. ... 'As far as the judge was concerned, it was essential that she met with the council because city government means the mayor and the council,' council president Maryann Mahaffey said." The Free Press adds, "The council has fought hard to make sure it was involved in the city's consent decrees with the U.S. Department of Justice over police brutality. ...

Robinson, of the New York-based risk consultant company Kroll Associates, will provide technical assistance to Detroit police and issue periodic reports on reform efforts.”

### **MS Lawmaker Slams DOJ Training School Report.**

The [AP](#) (7/23, Volz) reports, “A Justice Department report that found a pattern of physical abuse at Mississippi’s two juvenile training schools was shabbily prepared and possibly politically motivated, a state legislator charged Tuesday.” The AP continues, “Rep. George Flaggs, chairman of the House Juvenile Justice Committee, made the allegations during a tour of the 300-student Oakley school southwest of Jackson and the 200-student Columbia school in Marion County. ... ‘It is grossly unfair for us to expect your agency to supervise so many children and then underfund it,’ Flaggs told Willie Blackmon, the head of youth services for the state Department of Human Services, who conducted the tours.” The AP adds, “The Justice Department said adolescents at the training schools had been hogtied, chained to poles and forced to eat their own vomit. The findings were based on interviews conducted with students and employees last year. The 48-page document said the schools had too many unfilled jobs. ... DHS’s response to the Justice Department, released by Flaggs, addressed each issue raised. The response, submitted a week ago, said some of the challenged practices had been discontinued or modified.” The AP notes, “Blackmon said DHS had hired an external auditor on July 1 to assess both schools and to make recommendations. He said internal auditors would make continuous assessments, and a new post had been established to investigate and respond to abuse reports.”

### **Federal Judge Approves Limited Searches Of Jail Guards.**

The [AP](#) (7/22, Lin) reports, “A federal judge says a jail warden can require guards to remove their shoes and belts during random security searches but can’t force them to take off their socks.” The AP continues, “U.S. District Judge Joy Flowers Conti also directed that videotape and audio recordings of the searches cease at the 2,400-bed Allegheny County (PA) Jail at least until more definite pat-down guidelines can be determined.” The AP adds, “Conti set an Aug. 19 court date to consider a permanent restraining order against the security policy, which Warden Calvin Lightfoot says is necessary to keep drugs and weapons out of inmates’ hands.” The AP notes, “The permanent restraining order is being sought by correctional officer Charles Manderino, who received a five-day suspension from Lightfoot after refusing to submit to a search. Fourteen other correctional officers were also disciplined. ... Manderino sued Lightfoot on behalf of the Allegheny County Prison Employees Independent Union, which he heads. The suspensions will be addressed at the hearing next month.”

**Judge Clears GA Sheriff In Jail Death.** The [AP](#) (7/22) reports, “A federal judge has ruled that Lowndes County (GA) Sheriff Ashley Paulk and Deputy Kevin Farmer did not violate the rights of a man who died in jail five years ago after being arrested on suspicion of driving under the influence. ... Willie James Williams died a day after his Sept. 1, 1998 arrest.” The AP continues, “In a lawsuit filed two years later, Williams’ son, Michael Williams, alleged Farmer used excessive force in arresting Williams and that Paulk failed to provide adequate medical care at the jail.” The AP adds, “U.S. District Court Judge Ashley Royal issued a summary judgment in favor of the sheriff and deputy on July 15. The judge said Williams failed to provide enough evidence of a civil rights violation to warrant a jury trial.” The AP notes, “The case also has been reviewed by a coroner’s inquest, a grand jury hearing, an FBI investigation and the U.S. Department of Justice. Paulk and Farmer were exonerated each time.”

### **“Peace Ambassadors” Hope To Avoid LA Riots In Wake Of Police Verdict.**

The [AP](#) (7/22, Bland) reports, “Hoping to avoid a repeat of the 1992 Los Angeles riots, hundreds of ‘peace ambassadors’ are preaching nonviolence as they await a verdict in the trial of a white police officer accused of assaulting a black teenager.” The AP continues, “As many as 1,500 young volunteers in gold T-shirts have been walking door-to-door, passing out leaflets and signs reading ‘peace after the verdict,’ Mayor Roosevelt Dorn said at a news conference Tuesday.” The AP adds, “They were organized by a coalition that includes the federal Justice Department, Los Angeles police, the Los Angeles County Human Rights Commission and at least a dozen churches and other groups. ... ‘There is absolutely no reason whatsoever, no matter what the verdict turns out to be, for any form of violence,’ Dorn said. ‘That is not the answer, never has been the answer, never will be the answer.’” The AP notes, “Peace plans have been in the works for nearly a year in this southern Los Angeles suburb, which is heavily black and Hispanic and struggles with crime and poverty. ... On July 6, 2002, Inglewood police Officer Jeremy Morse was caught on videotape slamming handcuffed Donovan Jackson, 16, onto the trunk of a police car, then punching him in the face. The incident drew angry protests and calls for investigation. ... Morse, who has been fired, said the punch was a reaction to the youth grabbing him by the groin. He is on trial, charged with assault under color of authority. His former partner, Officer Bijan Darvish, is charged with filing a false police report. Morse, 25, and Darvish, 26, each could be sentenced to three years in prison if convicted.”

## **Ohio Obscenity Law Challenged, Lawyer Cites SCOTUS Sodomy Ruling.**

The [Washington Times](#) (7/23, Murray) reports, "A lawyer who specializes in defending the distribution of sex images, including by Larry Flynt's Hustler magazine, has moved to overturn Ohio's obscenity law on the basis of the recent Supreme Court decision legalizing homosexual sodomy. 'Practically all choices made by consenting adults regarding their own sexual practices [are] a matter of personal liberty and thus beyond the reach of state control,' H. Louis Sirkin told Common Pleas Judge Richard A. Niehaus in Cincinnati in presenting his view of the Supreme Court's 6-3 June decision in *Lawrence v. Texas*." The Times continues, "Judge Niehaus reserved decision on Mr. Sirkin's 15-page motion and allowed the trial of Shawn Jenkins of Cincinnati to enter a second day yesterday. ... Citing what the law calls a 'due process right to privacy,' Mr. Sirkin noted high court references to bedrooms and sanctity of the home in the sodomy decision and other rulings -- including on abortion, contraception and parental rights. This, he asserted, must include that the right to own obscene material at home includes a right for others to sell such materials." The Times adds, "Hamilton County prosecutor Mike Allen told The Washington Times in a telephone interview yesterday that he expects the motion to fail, but that he takes it seriously because it had been filed by Mr. Sirkin, whose most recent high-visibility case was his persuading the high court last year to strike down the Child Pornography Prevention Act of 1996."

## **ANTITRUST:**

### **Ignoring Bush Veto Threat, House Moves Closer To Overturning FCC Rules.**

The [Wall Street Journal](#) (7/23, Rogers, Dreazen) reports, "The escalating fight over media-ownership rules is on a path now that could lead to the first veto confrontation between President Bush and the Republican-controlled Congress." The Journal continues, "The White House drew the lines more sharply Tuesday with written veto threats. But Mr. Bush faces strong bipartisan opposition to last month's Federal Communications Commission decision raising the cap on how many local television stations can be owned by a single company, to 45% from 35% of the national audience. The House voted 254-174 Tuesday night to let stand that portion of the FCC ruling that would also make it easier for companies to own newspapers and TV stations in the same market. But the Republican leadership, lacking the support, made no attempt even to strike an accompanying provision barring any relaxation of the national ownership cap." The Journal adds, "FCC allies, like... 'Billy' Tauzin... are betting veto threats

alone will kill the amendment in final negotiations with the Senate. But Sen. Judd Gregg (R., N. H.), a strong Bush ally who will manage the bill in the Senate, warned that this could be a gamble that the administration loses. ... 'I think it could make it through the system when all is done because it's in a bill too big to veto,' Mr. Gregg said." Gene Kimmelman of Consumers Union "questioned if Mr. Bush would carry through on the threats and veto 'a bill that should prevent TV networks from piping more violent or raunchy television programs into the homes of consumers.'"

The [New York Times](#) (7/23, Labaton) reports, "Because a Senate committee recently approved a similar measure by a broad bipartisan majority, the movement in the House increases the likelihood that Congress will reverse at least some key elements of the new media ownership rules adopted last month by the Federal Communications Commission." The Times adds, "The growing political movement to reverse the rules is remarkable at a time when Washington's major political institutions and federal courts have been dominated by deregulatory thinkers. It was assumed that the House would defend the new rules and block any effort to change them. But that changed last week when 11 Republicans deserted their leaders to join with the 29 Democratic committee members to approve the measure in the legislation on the floor of the House tonight. That decision came in response to a groundswell of criticism to the new rules by a broad coalition of liberal and conservative organizations that raised concerns about media companies growing too large." The Times notes that "the move toward reversing the network ownership rule is a significant political blow to both House leaders and the chairman of the F.C.C., Michael K. Powell."

The [Washington Post](#) (7/23, E1, Krim, Stern) reports, "The vote, expected today, would be a slap at the House leadership, which had struggled to keep its members in line and support the FCC. But the Republican majority, with help from many Democrats, thwarted an effort to derail the FCC's plan to allow more newspapers and television stations in the same locale to be owned by the same company." The Post adds that "an outcome that scraps any part of the new FCC rules would be a rare defeat for the disciplined GOP and the White House, which had hoped the new rules pushed by the Republican FCC chairman, Michael K. Powell, would sail through." The Post continues, "Spokesmen for key GOP House leaders were unconcerned, and said they think they can even restore the 45 percent cap in conference negotiations. They argue that with the GOP controlling both houses of Congress, it is unlikely that a bill that President Bush might veto would get passed. 'Republicans control this place and the last thing they are going to do is embarrass this president,' said John Scofield, communications director of the House Appropriations Committee."

The [AP](#) (7/23, Fram) reports, "Leading Republicans hope a Bush administration veto threat will help them derail a congressional drive against new, eased federal limits on how many television stations companies may own." The AP adds, "It's easier to deal with it in conference' negotiations between the House and Senate, said No. 3 House GOP leader Roy Blunt of Missouri. 'You take the president's comments, it's easier to stop them' at that point. Hoping to increase their power, some Republicans were seeking House members' signatures for a letter pledging to vote to sustain a veto, GOP aides said." The AP notes, "On Tuesday, a White House budget office statement said the new FCC rules 'more accurately reflect the changing media landscape and the current state of network station ownership, while still guarding against undue concentration in the marketplace.' The budget office threatened a veto if 'this provision or a provision like it with respect to any one of the other FCC rules' is sent to Bush."

***NBC's Wright Says Rules Will Not Diminish Local TV Input.*** In a [Wall Street Journal](#) (7/23) op-ed, NBC chairman and CEO Bob Wright writes, "Unfortunately, public discourse on important issues sometimes becomes untethered from fact and reason. Such is the case with the response to the Federal Communications Commission's expansion of the national television station ownership cap, which would allow a single entity to own stations that have a potential reach of 45% rather than 35% of the national TV audience." Wright continues, "Rep. David Obey (D., Wis.) expressed the sentiments of many recently when he said: 'I don't want ownership factors to get in the way of districts like mine from being able to have their own cultural attitudes.' But the FCC's modest adjustment of ownership rules does not mean the silencing of local voices under the weight of monolithic media companies. On the contrary, the record shows that local voices, as measured by the amount and quality of local news and public-affairs programming, increase when networks such as NBC take operating control of television stations." Wright adds, "The be-all, end-all of local broadcasting is forging a connection with a particular community's distinctive audience. The general managers in charge of our stations wake up every day committed to that mission. To us, it's the only way to run a television station -- and the feedback we get in the form of ratings tells us that the public thinks we do a good job." Wright notes, "Unable to resist, some members of Congress are jumping on a populist bandwagon and seeking to keep the FCC's new rules from taking effect. However, it would be a disservice to their constituents for Congress to restrict business activity that has such demonstrable public benefits." Wright concludes, "Who controls the public airwaves is a legitimate area of congressional interest. But as with any important issue, Congress should base its actions on fact, not fiction."

**Group Asks DOJ To Block Oracle-PeopleSoft Deal.** [CNET News.com](#) (7/22, Gilbert) reports, "Oracle's attempt to acquire PeopleSoft is under attack by a conservative legal action group that is urging federal antitrust regulators to block the deal." CNET News continues, "The National Legal and Policy Center (NLPC), a nonprofit based in Washington, D.C., has asked the U.S. Department of Justice, which is now reviewing Oracle's hostile \$6.3 billion bid for the rival software company, to stop the deal, the group said Tuesday." CNET News adds, "The proposed merger of Oracle, the second-largest maker of business automation applications, according to market analysts, and PeopleSoft, the third largest in the market, 'clearly violates federal antitrust laws,' Kenneth Boehm, chairman of the NLPC, said in a statement. Combined, Oracle and PeopleSoft are still smaller, however, than SAP, a competitor with the largest share of the market. ... 'This attempted hostile acquisition would significantly reduce competition in large enterprise applications, inflict severe financial damage on PeopleSoft customers who have heavily invested in the company's software applications, and inappropriately pressure the 40 percent of PeopleSoft customers who use database products from IBM and Microsoft to switch to Oracle,' the group's letter to the Justice Department stated." CNET News notes, "Oracle's unsolicited bid for PeopleSoft, launched last month, is under review by the Justice Department and by as many as 30 state attorneys general. The antitrust scrutiny grew more intense last month, when the department extended its initial review of the deal with a second request for information. The state of Connecticut has filed an antitrust suit against Oracle, and PeopleSoft has hired a renowned antitrust lawyer to help it fend off the bid."

**Dana Board Rejects ArvinMeritor Tender Offer.** The [AP](#) (7/22) reports, "Dana Corp. said Tuesday its board of directors has rejected an unsolicited tender offer from rival auto parts maker ArvinMeritor, Inc." The AP continues, "ArvinMeritor, a Troy, Mich.-based supplier of shocks, struts, suspensions and exhaust systems, had offered \$15 per share in cash for all outstanding shares of its larger competitor." The AP adds, "ArvinMeritor launched the \$2.2 billion takeover bid for Dana on July 9. Assuming Dana's debt and other minority interests would increase the total value of the deal to \$4.4 billion, ArvinMeritor said." The AP notes, "Dana's board said ArvinMeritor's offer was financially inadequate and a high-risk proposal that would reverse Dana's restructuring efforts to slim down. It recommended that shareholders not tender their stock. ... The board also said significant financing risks and antitrust concerns could prevent completion of such a deal."

The [Financial Times](#) (7/22, Grant) reports, "Dana Corporation, one of the largest US automotive parts makers, on Tuesday said it was unlikely to reconsider its rejection of a

hostile \$15 per share cash bid from rival ArvinMeritor, even if ArvinMeritor were to raise its offer." The Times continues, "Joe Magliochetti, Dana chief executive, said there was 'virtually no rationale for accepting' the bid which, including the assumption of Dana debt, is valued at \$4.4bn." The Times adds, "Asked whether Dana might reconsider if ArvinMeritor were to improve its offer, he said: 'Not really, we just don't see the benefit [of a deal] to shareholders.'" The Times notes, "Arvinmeritor made its offer 10 days ago promising to create a powerhouse in undercarriages and drivetrains for cars and commercial vehicles. It said at the time that it was prepared to raise its offer. ... Industry analysts say the parts industry would benefit from further consolidation, but have expressed doubts over the likely level of indebtedness of a combined ArvinMeritor-Dana."

[Dow Jones Newswires](#) (7/22) reports, "ArvinMeritor said it remains committed to its offer, which it said would allow Dana shareholders to realize a cash value for their shares today without bearing the risks of the company's long-term restructuring efforts. ArvinMeritor has previously indicated that it could sweeten the deal if Dana agreed to enter into negotiations." Dow Jones continues, "Earlier this month, ArvinMeritor offered to buy Dana for \$15 a share, or about \$2.2 billion based on Dana's 148.6 million shares outstanding. In addition, ArvinMeritor offered to assume \$2.2 billion of Dana's debt and the costs of minority interests." Dow Jones adds, "Dana said Tuesday that the proposed acquisition raises serious antitrust issues and would likely undergo intense scrutiny from regulatory agencies, which could result in litigation to block the deal. ... The company noted that it and ArvinMeritor are the only substantial North American producers of axles, driveshafts and foundation brakes for medium- and heavy-duty trucks, with combined market shares ranging from 80% to 100%."

**Lehman Plans to Buy Neuberger For \$2.6 Billion** [USA Today](#) (7/23, Valdmanis) reports, "Lehman Bros. made a bold push into managing the assets of wealthy investors on Tuesday, while, at the other end of the spectrum, discount online broker Ameritrade reported its quarterly earnings soared thanks to surging customer-trading volumes. The news helped bolster perceptions that investor confidence may be returning on Wall Street after a three-year downturn not seen since the Depression." Lehman said it "plans to buy asset manager Neuberger Berman for \$2.6 billion in a widely anticipated deal designed to help the Wall Street bank better compete for high-net-worth customers." USA Today adds, "The deal values Neuberger, which has more than \$63 billion in assets, at \$41.48 a share, a 20.5% premium above Neuberger's trading price before the merger talks became public last month. Lehman's shares fell 1.2% to close at \$63.70 Tuesday. Lehman's client assets under management

will grow to more than \$100 billion — with about 40% in higher fee-generating equity investments."

The [New York Times](#) (7/23, Thomas) reports, "The agreement satisfies a longstanding ambition by the management of Lehman Brothers to diversify its business, which has been dependent on the ups and downs of the bond trading market over the years. Morgan Stanley, Merrill Lynch and Goldman Sachs all have significant money management operations, and such businesses are seen as a crucial building block to becoming an elite Wall Street firm. The deal could also presage a move by other brokerage firms to take advantage of the recent jump in their stock prices to acquire money management firms, whose revenues tend to be less volatile than their other lines of business."

The [Wall Street Journal](#) (7/23, Craig, Lauricella) reports, "This deal, analysts say, should help Lehman smooth out its earnings because it will have a steady stream of income from managing assets, a business that is less volatile. In the second quarter, for instance, about 65% of Lehman's revenue came from bond trading or underwriting. With the acquisition of Neuberger, Mr. Fuld says the firm now has critical scale in managing investor assets. But the transaction comes as other big brokerage houses such as Merrill Lynch & Co. have been wooing wealthy investors that are Neuberger's core clients. With the Neuberger purchase, Lehman will manage more than \$100 billion in assets, though that still pales compared with some rivals. Merrill recently had \$471 billion of assets under management and Morgan Stanley had \$421 billion."

**Big Names In Leveraged Buyouts Are On The Prowl For European Deals.** The [New York Times](#) (7/23, Tagliabue) reports, "All the big names in leveraged buyouts are on the prowl for deals in Europe. But the going is not easy. The action is shifting away from Britain, the preferred playground for buyout firms until recently, to the Continent, where potential deals abound but the political, cultural and legal hurdles are higher. With that shift, the dominance of the big British and American specialists who reigned over the boom of the 1990's is being challenged by local competition and complicated by the depressed level of asset prices and the difficulty that some firms have had in realizing gains from earlier deals because of the economic downturn." The Times adds, "In the second quarter, the total value of private equity deals across Europe fell to its lowest level in four years: 10.8 billion euros (\$12.24 billion at current exchange rates), down sharply from 16.3 billion euros in the first quarter and 25.1 billion euros in the last quarter of 2002, according to Initiative Europe, a British-based research firm that tracks the market. And while most buyout firms have plenty of cash, they are not raising new money as quickly as before — 24 billion euros in 2002, a 37 percent decline from 2001." The Times notes, "But the second half of this year

promises a harvest of major deals. In Britain, CVC Capital Partners and the Texas Pacific Group are expected to conclude a deal for Debenhams, a British department store chain, worth some \$2.4 billion. Scottish and Newcastle, the big British brewer, will probably conclude a sale of its chain of pubs that could yield \$3.2 billion. Telecom Italia is expected to complete a sale of a controlling stake in its directory publishing subsidiary, SEAT Pagine Gialle, to a group of leveraged buyout firms including CVC Capital and Permira, in a two-stage deal that could bring in as much as \$6.7 billion."

**Roche Holds Talks To Acquire Igen.** The [Washington Post](#) (7/23, Barbaro) reports, "Roche Holdings Ltd., the world's largest diagnostics maker, is in talks to acquire Igen International Inc. of Gaithersburg in an effort to regain control of a lucrative blood-testing technology, people familiar with the negotiations said yesterday. The proposed acquisition could cost Roche more than \$1 billion, analysts said, but it would win back its access to a line of Igen testing systems, used in scores of laboratories and blood banks, that earns Roche \$500 million a year." The Post adds, "Igen canceled its license agreement with Roche 14 days ago after the US Court of Appeals for the 4th Circuit ruled that Roche had breached its contract to sell the tests, throwing Roche's diagnostics division into tumult and creating confusion among its clients over which company would service the testing systems." Catherine J. Arnold, an analyst at Sanford C. Bernstein & Co. in New York, said, "Roche does not want this technology to slip away. It has invested a ton into this relationship already." Igen confirmed yesterday that it is "negotiating a 'potential transaction' with Roche but would not elaborate." A company statement cautioned investors "there can be no assurance that a transaction will be reached or on what terms." Roche "declined to comment on the nature of the talks." Joel Reuter, a Roche spokesman, said, "Since the court decision, Roche and Igen have been meeting on a continuous basis in an effort to provide this technology to Roche's customers."

**EU May Extend Probe Of Alcan Bid For Pechiney.** [Dow Jones Newswires](#) (7/22, Faucon) reports, "The European Union may opt for an extended probe of Canadian aluminum company Alcan Inc.'s proposed takeover of French rival Pechiney SA as possible divestment solutions to concentration issues could provoke deeper market competition worries, analysts warn." Dow Jones continues, "This scenario would represent a setback for Alcan, which is anxious to clinch its EUR3.4 billion takeover offer for Pechiney, launched July 7." Dow Jones adds, "Alcan has said it hopes a probe by the E.U. Commission - which investigates all corporate takeovers of size involving Europe - would be a so-called phase 1, typically lasting four-to-six weeks. An extended review - known as phase 2 - would run closer to

four months, possibly pushing Alcan's takeover plans into 2004." Dow Jones notes, "It's a phase 2 that some analysts believe is almost inevitable given the small number of aluminum manufacturers. ... In its informal bid, Alcan hoped to avoid a phase 2 probe by signaling to the E.C. that it would be prepared to part with its 50% interest in AluNorf, a Germany aluminum rolling mill. It also said that to facilitate a takeover, it would be prepared to sell the Neuf-Brisach mill in France, which is entirely owned by Pechiney. ... Blanket refusal to dispose of the AluNorf stake three years ago, helped torpedo Alcan's effort to merge with Pechiney and Swiss company Alusuisse."

## **ENVIRONMENT:**

**Judge Finds Corps In Contempt For Defying Missouri River Flow Order.** The [AP](#) (7/22, Quaid) reports, "A federal judge held the Army Corps of Engineers in contempt Tuesday for refusing to lower Missouri River water levels to protect endangered birds and fish." The AP continues, "U.S. District Judge Gladys Kessler ordered the corps and the secretary of the Army to comply by Friday or pay half a million dollars for each day her order is disobeyed. She said she may consider 'more draconian contempt remedies' if flow is not cut by July 31." The AP adds, "Kessler ordered water levels dropped in a July 12 injunction she granted conservation groups that are suing to alter the Missouri's flow. ... The corps has refused to comply, saying her order conflicts with an earlier Nebraska federal court ruling requiring enough water for barge shipping and power generation. ... 'We are still conflicted,' said corps spokesman Paul Johnston. 'The judge's ruling does not resolve the inherent conflict we have, with one court telling us to let water out and the other court telling us not to.'" The AP notes, "The groups want the Missouri to ebb and flow as it did before it was dammed and channeled decades ago to provide constant depths for barge shipping and other uses. The goal is to encourage spawning and nesting to help sturgeon and shorebird species on the government's threatened and endangered lists. ... 'The Missouri River's heartbeat, long flatlined by the corps, is about to get a brief and partial shock back to life,' Chad Smith, spokesman for lead plaintiff American Rivers, said Tuesday."

The [St. Louis Post-Dispatch](#)/Knight Ridder (7/23, Lambrecht) reports, "In a memorandum accompanying her order, Kessler dismissed as nonsense the corps' assertion that it was making a good-faith effort to clear up the issue. ... 'The Corps' actions demonstrate the exact opposite,' she wrote. 'Moving to stay an order does not represent a good-faith effort to comply with that order. Rather, it represents an effort to postpone compliance with that order in the hope that it will be overturned on appeal.'" The Post-Dispatch

continues, "The corps can set the river level by opening or closing gates on its dams. Kessler gave the corps until 9 a.m. EDT on Friday to start reducing the 25,000 cubic-foot-a-second flow of water from Gavins Point Dam, S.D., to the lower stretch of river, which runs through Missouri before meeting the Mississippi above St. Louis." The Post-Dispatch adds, "Less water - down to 21,000 cubic feet a second - was recommended by the U.S. Fish and Wildlife Service three years ago to avoid washing away the nests and chicks of two federally protected birds, the endangered piping plover and the threatened least tern, and also to help the endangered pallid sturgeon. The lesser flow would be maintained until Aug. 15. ... 'This is one angry judge,' remarked David Hayes, who heads the legal team that won Kessler's injunction on behalf of American Rivers, Environmental Defense and a coalition of advocacy groups." The Post-Dispatch notes, "Corps spokesman Paul Johnston said that Army and Justice Department officials would be looking closely at the judge's order. But he said the corps still faced contradictory injunctions. ... He was referring to another injunction this year from a federal judge in Nebraska, who instructed the corps to maintain water levels high enough for barge traffic. The 8th U.S. Circuit Court of Appeals in St. Louis later upheld that injunction, which did not deal with the question of endangered species."

**More Commentary.** The [Council Bluffs \(IA\) Nonpareil](#) (7/22) editorializes, "The federal government on Sunday asked a Nebraska federal court to modify an order requiring higher Missouri River water levels that conflicts with a July 12 court ruling in favor of lower flows. The Justice Department asked the Nebraska court to alter its ruling to comply with the new order for low flows. ... In the wake of the request to the Nebraska federal court, the U.S. Army Corps of Engineers - now facing a contempt charge stemming from the conflicting court rulings - ordered barge shippers and other river users to secure vessels for lower flows." The Nonpareil continues, "Pending a ruling on Sunday's request, 'it is anticipated that the ... flows will not be sufficient to maintain commercial navigation from Sioux City, Iowa, to St. Louis, Mo.," the corps said in a news release issued Sunday. ... It doesn't take a rocket scientist to come to the conclusion that's not good news for Iowa or lowans." The Nonpareil adds, "Kessler acknowledged in her order granting the injunction that barge companies will lose revenues, water quality may suffer and consumers may pay more for power this summer along the Missouri River. But she said that injury to wildlife - the least tern, piping plover and pallid sturgeon - will be irreparable without curtailing the Missouri's flow. ... While we find most conservation efforts laudable, we can't help asking ourselves, where's the common sense in Kessler's ruling?"

**Forest Service's Rey Urges Congress To Pass Forest Management Overhaul.** The [AP](#) (7/23,

Gehrke) reports, "The Forest Service needs Congress to quickly pass a broad overhaul of national forest management, a top official said Tuesday, in order to reduce the threat of major wildfires next year. 'Even if it passes next spring, we won't be able to use it in the next fire season'" said Mark Rey, the Agriculture Department undersecretary in charge of the Forest Service." The AP continues, "Rey's comments came as the Senate appears headed for another logjam over a bill passed last month by the House and backed by the White House. Sen. Ron Wyden, D-Ore., said the administration is at least four votes short of the 60 it would need to pass the House bill over the Democrats' objections. He said an agreement is possible if the White House is willing to work with Democrats who are reluctant to tinker with the role of the courts in reviewing forest management. 'The ball is in the administration's court,' Wyden said. 'But if they make a judgment that they just want to go on the campaign trail, that it's the House bill or nothing, that would be injurious to the country.'" The AP adds, "'We're tiptoeing through the forests as they burn,' said Sen. Larry Craig, R-Idaho. 'I would hope that politics would yield to common sense on this issue.'" The AP notes, "The Senate Agriculture Committee has a hearing scheduled for Thursday to amend the wildfire legislation and vote to send it to the full Senate for action."

**Babbitt Criticizes Norton Over Wilderness Reviews.** The [Sacramento Bee](#) (7/22, Leavenworth) reports, "For the first time since leaving office, former Interior Secretary Bruce Babbitt is gingerly criticizing his successor, Gale Norton, for limiting protections on millions of acres of public lands across the West." He "faulted Norton for halting studies of potential wilderness on lands administered by the federal Bureau of Land Management, a decision that could affect the Headwaters Forest and several other BLM properties in California." Babbitt said the new policy "undercuts efforts to protect and showcase 'a fabulous inventory of public lands that have never gotten the attention they deserve.'" The Bee notes, "Bush administration officials say they are merely following the law by leaving it to Congress to designate new wilderness. The Interior Department will continue to protect sensitive lands, said spokesman Mark Pfeifle, even if it doesn't designate new lands as 'wilderness study areas.'" Since Babbitt left Interior "Norton and the new administration have reversed many of Babbitt's policies and generally pushed for more resource extraction on public lands. All that time, Babbitt has followed established decorum and declined to comment publicly on his successor's policies."

**CA Developer Loses Endangered Toad Case.** The [AP](#) (7/22) reports, "A federal appeals court on Tuesday rejected a California developer's request that the full court consider a plan to build 280 homes on some of the last

remaining habitat of the arroyo southwestern toad. ... But one of the circuit judges strongly dissented, saying harm to the toads from commercial activity doesn't mean it should be regulated under interstate commerce provisions." The AP continues, "A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit had rejected the building plan because it would endanger the toads. The panel affirmed a lower court decision that development firm Rancho Viejo must follow a U.S. Fish and Wildlife Service order to let the toads move freely on a San Diego County construction site." The AP adds, "The wildlife agency had issued a biological opinion three months after the project began in May 2000 that said construction probably would jeopardize the toads' existence.... Rancho Viejo's suit challenging the agency's use of the Endangered Species Act under interstate commerce provisions was dismissed by the U.S. District Court for the District of Columbia."

## **FBI/DEA/ATF:**

**FBI Agents Allege Retaliation For Congressional Testimony.** The [AP](#) (7/22, Anderson) reports, "Two FBI agents who detailed problems in their agency to Congress say they were targeted for retaliation because of their testimony, two senators said Tuesday." The AP continues, "Agents Patrick Kiernan and Frank Perry have filed complaints with the Justice Department inspector general, Glenn A. Fine. Kiernan contends he was passed over for promotions and transfers; Perry claims he was subjected to unspecified retaliatory comments from senior FBI officials." The AP adds, "Both men testified about FBI problems during a Senate Judiciary Committee confirmation hearing for FBI Director Robert Mueller in July 2001. A third agent who testified, John Roberts, already had claimed retaliation." The AP notes, "Sens. Charles Grassley, R-Iowa, and Patrick Leahy, D-Vt., said in a letter to Mueller that the agents had similar experiences despite working in separate offices, indicating that FBI retaliation continues against those who 'seek and tell the truth.' ... 'When they should be applauded, they have been chastised and even vilified,' the senators wrote in the letter dated July 10 and released Tuesday. ... Mueller is scheduled to appear Wednesday before the Judiciary Committee, which is expected to query him on the subject." The AP further reports, "Perry and Roberts were involved in investigations of FBI misconduct during the 1992 standoff with white separatist Randall Weaver at Ruby Ridge, Idaho. Weaver's wife and son were killed by an FBI sniper. In 1995 the government paid Weaver and his three surviving children \$3.1 million in compensation. ... Perry also was behind a 1999 report detailing a separate disciplinary system for senior executives and rank-and-file agents. Kiernan was a key author of that report and also

served in a special investigation of FBI actions during the 1993 confrontation with the Branch Davidian cult in Waco, Texas, that resulted in nearly 80 deaths."

**Outdated Pay Structure Leaves Several FBI Agents Struggle To Make Ends Meet.** The [Los Angeles Times](#) (7/23, Krikorian) reports, "Five years ago, Bob Hoelscher stepped up to a microphone at the FBI Academy in Quantico, Va., and, in a time-honored graduation ritual, opened an envelope with a slip of paper that identified his first assignment. San Francisco, it read. ... With a starting salary of \$50,000, Hoelscher, then 33, was priced out of housing anywhere near his new job. After months of searching, he found a \$250,000 house in Fairfield — 58 miles from San Francisco. His commute takes 75 minutes each way, if the weather is good." The Times adds, "While the FBI plays a lead role in the war on terrorism, many agents say they are waging a private battle against financial hardship. An outdated pay structure has left many agents struggling to make ends meet, especially in high-cost cities such as San Francisco, Los Angeles and New York. Some agents endure lengthy commutes. Others have gone deep into debt. A few have gone on food stamps or moved into government housing." FBI veterans say the "impact on the bureau's crime-fighting prowess is subtle, but unmistakable." The Times notes, "Scores of younger agents are resigning for better-paying jobs in the private sector. Experienced agents want out of big cities. Top-level vacancies in specialties ranging from white-collar crime to counterterrorism go begging for applicants. The financial squeeze, agents say, is greatest in the very urban centers where the need for top investigative talent is most urgent."

**Reputed Miami Drug Kingpin Sentenced To 20 Years For Money Laundering.** The [AP](#) (7/22) reports, "A reputed drug kingpin from Florida's 'Miami Vice' era was sentenced Tuesday to 20 years in prison for money laundering." The AP continues, "Willy Falcon also paid the federal government \$1 million, as agreed to in a plea bargain." The AP adds, "Falcon and partner Sal Magluta were said by prosecutors to have made \$2 billion from cocaine smuggling while turning Miami into the drug capital of America in the 1980s. They were known in Colombian drug circles as 'The Boys.' ... Falcon, 47, pleaded guilty in June to laundering drug profits." The AP notes, "Falcon and Magluta were under investigation for 14 years and were cleared of drug charges in 1996 with help from two bribed jurors. Magluta later received a life sentence for jury bribery, while being cleared of charges that he ordered hits on three witnesses, including a lawyer."

**Fresno Chamber Of Commerce Executive Arrested On Drug Charge.** The [Los Angeles Times](#)

(7/23, Arax) reports, "As chamber of commerce executives go, Stebbins Dean hasn't had an easy job. For more than a decade, he has tried to burnish this city's lackluster image, proclaiming its oft-hidden virtues to doubting CEOs around the state and country. ... On Tuesday, the city's fervent huckster became the subject of his own tarnished headline. While on a trip to Naples, Fla., last weekend to share ideas with a national gathering of chamber of commerce heads, Dean was arrested and charged with trying to buy crack cocaine from an undercover police officer." The Times adds, "Local business leaders now say the city's image builder, the man who helped launch the slogan 'Fesno: Smile When You Say That!,' as so badly stained his own image that he must step down for the greater good. After the recent foibles of a local state assemblyman — who told Fresno police that he was roaming the red light district at night because he got lost on his way to the farm bureau — this city seems braced for a whole new round of jokes at its expense."

**House Panel Finds Flaws In Diet Pill Safety Study.** The [New York Times](#) (7/23, Drew, Fessenden) reports, "As a growing number of deaths and illnesses have raised questions about their diet pills, some ephedra companies have promoted a medical study as showing that their product is safe and helpful for losing weight. But documents released yesterday by a House subcommittee show that a panel of scientists has found flaws and shortcomings in the study." Some government officials said that "those problems could undercut its safety findings at a time when federal regulators are trying to decide if they should ban ephedra, an herbal stimulant, or restrict its sales." The Times adds, "For several years, the industry had refused to give the regulators all the data from the study, which was conducted at medical centers in New York and Boston in the late 1990's. But last February, the Food and Drug Administration made an unusual deal to gain access to the data, officials say. The agency had to make the deal, the officials say, because it was in a bind. While drug companies are required to prove the safety of their products and must turn over safety data and consumer complaints to the FDA, the agency, under a 1994 law, has no such authority over the makers of dietary supplements like ephedra." The Times adds, "The notion that a federal regulatory agency had to make a deal to investigate a health threat also goes a long way, critics say, to explaining how the ephedra companies have been able to keep the government at bay through nearly a decade of complaints about their products. And while the companies are now removing the ephedra from many of their diet pills, these critics say they remain concerned because so little is known about the other herbal ingredients being used as substitutes. Under the deal, administration officials said, the FDA agreed to hire outside experts to help review the data. It also allowed the industry to veto several of the

possible choices before agency officials picked the scientists who did the critiques."

The [Washington Post](#) (7/23, Gugliotta) reports, "Congressional investigators have linked ephedra supplements made by San Diego-based Metabolife International to a disproportionate number of serious side effects among consumers younger than 30. In testimony prepared for a House hearing today on the popular herbal stimulant, Marcia Crosse, the General Accounting Office's acting director for public health and science issues, said the GAO's analysis showed that 44 percent of the 'serious adverse events' reported to Metabolife between 1997 and 2002 involved younger consumers. The GAO is Congress's investigative arm." Crosse acknowledged that the "reports contained 'limited information,' but the pattern of side effects -- ranging from insomnia to seizures, stroke and death -- was consistent with reports gathered by the Food and Drug Administration about ephedra products sold by many different companies." Metabolife spokeswoman Jan Strode stressed the "sketchiness of the reports," noting that the "GAO's analyses of ephedra 'clearly state that the GAO could not establish any causal connection between adverse events and Metabolife 356.'"

The [San Diego Union-Tribune/Copley News Service](#) (7/22, Eckert) reports, "Members of a House panel are expected to sharply question studies that tout the safety of the herbal stimulant ephedra as they open hearings Wednesday into the dietary supplement, made by companies including San Diego-based Metabolife International." Copley continues, "Three experts who reviewed one study widely cited by the ephedra industry found shortcomings in the study and said, 'The product should only be used with the monitoring of a learned intermediary,' according to a memo released by the House Energy and Commerce Committee." Copley adds, "The memo to Food and Drug Administration Commissioner Mark B. McClellan concerned a review of a six-month study funded by the ephedra industry. The FDA is weighing stricter regulation of ephedra products. ... 'All three reviews are consistent in their conclusions that the study was basically conducted well but it is not sufficient to address the safety of these products as they are used in the marketplace by the population at large,' Charles W. Prettyman of the FDA's Center for Food Safety and Applied Nutrition wrote in a July 16 memo. 'One reviewer was also concerned over the validity of the results due to labeling mix-up between active and placebo' doses." Copley notes, "More than a dozen witnesses, including Metabolife executives and the parents of two athletes whose deaths were linked to ephedra products made by other companies, are expected to testify before the House committee's oversight and investigations subcommittee. Committee Chairman Billy Tauzin, R-La., and subcommittee Chairman James C. Greenwood, R-Pa., have raised safety concerns about ephedra, which is largely

unregulated. ... Documents released by the committee this week indicate that ephedra-free products have played a larger role in Metabolife's marketing strategy as controversy and legal problems surrounding ephedra mount. ... A weekly sales report to then-Chief Executive Officer David Brown in August 2002 discussed whether to introduce an ephedra-free product sooner than planned. The memo was prepared amid falling sales, following disclosures that the Justice Department was investigating whether company founder Michael Ellis had lied to the FDA regarding consumer complaints about Metabolife 356, its ephedra-containing flagship product."

### **ONDCP Official Presents Medical View Of Smoking Marijuana.**

In an op-ed in the [Los Angeles Times](#) (7/22), Dr. Andrea Barthwell, deputy director of the White House Office of National Drug Control Policy, writes, "As a physician with more than 20 years of experience dealing with patients who are addicted to drugs, I am often asked my professional opinion about a contentious public health question: What is the medical basis for smoking marijuana? The answer needs some context. Americans today have the world's safest, most effective system of medical practice, built on a process of scientific research, testing and oversight that is unequalled. ... Marijuana, whatever its value, is intoxicating, and it's not surprising that sincere people will report relief of their symptoms when they smoke it. The important point is that there is a difference between feeling better and actually getting better. It is the job of modern medicine to establish this distinction. The debate over drug use generates a great deal of media attention -- including the focus on the administration's appeal this month to the U.S. Supreme Court against medical marijuana -- and frequent misinformation. Some will have read, for instance, that the medicinal value of smoking marijuana represents 'mainstream medical opinion.' It is time to set the record straight. Simply put, there is no scientific evidence that qualifies smoked marijuana to be called medicine. Further, there is no support in the medical literature that marijuana, or indeed any medicine, should be smoked as the preferred form of administration. The harms to health are simply too great." Barthwell adds, "Medical science does not fear any compound, even those with a potential for abuse. If a substance has the proven capacity to serve a medical purpose, then it will be accepted. We have done so with substances as dangerous as opium, allowing the medical use of many of its derivatives, including morphine, Demerol and OxyContin. The key term is 'proven capacity.' Only if compounds from marijuana pass the same tests of research scrutiny that any other drug must undergo will they become part of the modern medical arsenal."

### **ATF Issues New License To Sniper-Linked WA Gun Shop.**

The [Seattle Times](#) (7/23, Miletich) reports, "A federal firearms license has been granted to a new operator of Bull's Eye Shooter Supply, the Tacoma gun store that stocked the rifle used in last year's Beltway sniper slayings. He is a longtime friend of the previous owner, Brian Borgelt, whose dealer's license was revoked a month ago." The Times continues, "The new owner, Kris Kindschuh, will operate the store under the same name and at the same address, paying rent to Borgelt, who owns the building, Borgelt's lawyer said. ... Borgelt, 39, will continue to own the upstairs gun range, according to lawyer James Frush." The Times adds, "The new license was granted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) on Friday, an agency spokesman said. ... Though names of federal firearms licensees usually are public, the spokesman, Scott McKinna, yesterday would not say who had taken over Bull's Eye. ... Borgelt's license was revoked for four willful violations of federal recordkeeping laws that were uncovered after the sniper rifle was traced to his store and he couldn't show to whom he had sold it, as required by law. Police rely on sales records to trace weapons used in crimes."

### **IMMIGRATION:**

#### **US Testing Plan To Put Electronic Tethers On Jailed Immigrants.**

The [Detroit Free Press](#) (7/23, Audi) reports, "Using Michigan as a test site, the federal government is quietly rolling out a national plan to put electronic tethers on illegal immigrants -- easing overcrowding in jails and allowing closer monitoring of immigrants who might otherwise skip court hearings or deportation proceedings." The Free Press continues, "This month, 11 illegal immigrants in Michigan were given electronic ankle bracelets, with more immigrants scheduled to be removed from jails in Macomb, Calhoun and Chippewa counties. About 180,000 of the nation's estimated 11 million illegal immigrants have been detained since Oct. 1." The Free Press adds, "The program signals the strain the immigration service is under as it tries to carry out new antiterrorism programs that have resulted in more detentions of immigrants. ... It's also a step further into a post-Sept. 11 future that has some people wincing at the idea of the government restraining noncriminals and watching them go about their daily lives. But lawyers for jailed immigrants said the new program will allow their clients to spend their last months in the United States with their families, instead of languishing in jail at a cost to taxpayers of roughly \$80 a day." The Free Press notes, "In Detroit, where hundreds of mostly Arab visitors have been fingerprinted and some detained as part of a controversial national registration program, three county jails that house

immigrants are in a space crunch. ... Because of a backlog of cases in Detroit's immigration court, immigrants are waiting in jail for months before a hearing, their lawyers said. The government can detain an immigrant for up to 9 months before a federal judge has the power to order a release."

**Former VA Airport Worker Fined For Immigration Violation.** The [Virginian-Pilot](#) (7/23, McGlone) reports, "A Philippines native who claims her family never told her she wasn't a U.S. citizen was fined \$100 in federal court Tuesday after pleading guilty to violating Norfolk airport security by failing to disclose her immigration status on an employee security form." The Virginian-Pilot continues, "Lady Ann Quiambao, 22, also was placed on probation for a year after pleading guilty to entering a secure area of Norfolk International Airport without proper clearance." The Virginian-Pilot adds, "Quiambao was part of a group of Norfolk airport workers accused of lying on application forms for security badges. The badges allow access to secure areas of the airport. ... Quiambao was hired by Hudson News in July 1999 and worked part time at an airport newsstand located beyond a security checkpoint. She left the job in October 2000." The Virginian-Pilot notes, "After the Sept. 11, 2001, terrorist attacks, the FBI conducted background checks on current and former airport workers who had received security badges. Quiambao's name surfaced because she said on her application that she was a U.S. citizen, according to court records. ... She has been in this country since she was 11 but never knew she wasn't a U.S. citizen until she received a notice last year from the then-Immigration and Naturalization Service, her attorney, Stephen Heretick, said."

**Cuban American Foundation Blasts South Florida Lawmakers Over Deportations.** The [Washington Times](#) (7/23, Pierce) reports in its "Inside Politics" column, "Joe Garcia, executive director of the Cuban American National Foundation, lashed out at three Cuban-American members of Congress yesterday for lacking the clout to prevent the forced return of 15 Cubans to the communist island. ... The foundation is usually seen as a strong ally of the Republican Party, but Mr. Garcia singled out three Republican members of Congress from South Florida -- Reps. Ileana Ros-Lehtinen, Lincoln Diaz-Balart and Mario Diaz-Balart -- for not having more influence with the White House. 'This is a betrayal by this administration,' Mr. Garcia said. 'And what it demonstrates is the impotence of our Republican congressmen within this Republican administration. When you sell yourself cheap, you get treated cheaply.'"

**"Semi-Suburban" Long Island Town Struggles To Accept Immigrants.** The [Christian Science Monitor](#) (7/23, Lazaroff) reports, "Just after midnight on July 5, long

after local Independence Day firework displays had ended, a flammable device was thrown into a small two-story house in the semi-suburban Long Island town [of Farmingville]. The house, with a family sleeping inside, was quickly enveloped in flames. Neighbors who heard the blast helped ferry the family out of the home without injury. Though Suffolk County police initially stopped short of calling the firebombing a 'bias crime,' officer Robert Reecks said last week that after more investigation, 'it looks like they have been targeted because of who they are.' The FBI has also become involved." The Monitor adds, "Like other towns that have experienced a sudden influx of immigrants, Farmingville has become a flash point for those angry about the rising presence of nonwhite immigrants, mostly from Mexico and Central America, but also from Africa, India, China, and other parts of Asia. Although a virulently anti-immigrant group based in Farmingville lost much public support during the past year, the firebombing suggests hostilities haven't vanished. Indeed, the incident highlights the tensions sometimes produced when a sizable number of immigrants take up residence in places well removed from urban centers." Mark Pitcavage of the Anti-Defamation League said, "How immigrants or any new group is met by those who have lived there for a while depends on the community itself. Some communities are able to assimilate these people. Some tolerate and even welcome them. Some go in the opposite direction."

## TAX:

**CA Attorney Barred From Selling Tax Schemes.** The [Los Angeles Times](#) (7/23, Kristof) reports, "A federal crackdown on suspected tax cheats has claimed a Torrance-based tax attorney, who has been barred permanently from promoting abusive tax schemes over the Internet and in person, Justice Department officials said Tuesday." The Times continues, "A federal judge in Los Angeles also ordered Eduardo Marmolejo Rivera to provide government investigators with the identities of his clients and to post the judge's injunction on his Web site, <http://www.EdRivera.com> " The Times adds, "The Internal Revenue Service maintains that six of Rivera's clients, who allegedly chose to "opt out" of the federal income tax system at Rivera's urging, owe the federal government more than \$9.5 million in taxes, interest and penalties. ... 'The Department of Justice and the IRS are determined to shut down the promotion of tax-evasion schemes,' Eileen J. O'Connor, assistant attorney general in charge of the tax division, said in a prepared statement. 'People who encourage others to violate the law will be stopped and brought to justice.'" The Times notes, "The case against Rivera is one of several dozen that the IRS is pursuing in a

redoubled effort to crack down on individuals and companies that promote tax-evasion techniques. ... Although statistics are scarce, industry experts believe that tax evasion has burgeoned over the last decade, as IRS enforcement has diminished as the result of a lower budget and reductions in staff. ... Now, with estimates of tax revenue lost to cheating in the hundreds of billions annually, the agency has won congressional support to hire more examiners and pursue cheaters much more aggressively. The agency is focusing on promoters such as Rivera both to stop them from selling abusive tax techniques and to get lists of their clients, whom the IRS then targets for audits. ... 'There is a focused effort to go after promoters — both the mills that crank out false returns and those that promote false information,' said Robert F. Conte, the assistant U.S. attorney handling the Rivera case. 'It's a targeted use of our resources.'

### **IRS Sues Quakers To Recoup Taxes, Interest Owed By Church Aide.**

The [Philadelphia Daily News](#) (7/23, Smith) reports, "The IRS wants tax money from Philadelphia Quakers in a lawsuit that one defense lawyer calls 'an attack on the church.'" The Daily News continues, "U.S. Justice Department lawyers yesterday sued the Philadelphia Yearly Meeting of the Religious Society of Friends for refusing to help the IRS collect about \$42,000 in back taxes, interest and other charges from one of the society's employees." The Daily News adds, "The employee is Priscilla L. Adams, a pacifist and war-tax resister for nearly 30 years who doesn't want tax dollars going to the military. ... Adams, of Willingboro, N.J., a Quakers fieldworker on peace and justice issues in South Jersey, failed to pay federal income taxes between 1986 and 1996, the suit states." The Daily News notes, "The lawsuit contends that the Quakers are responsible for paying Adams' entire \$42,000 tax debt, plus an additional \$21,000 'penalty.' ... The penalty is owed, the government claims, because the Yearly Meeting, based on Cherry Street near 15th in Center City, refused to turn over her wages to the IRS when it sought to collect the debt in recent years. ... Earlier court rulings, however, support part of the government's legal action. More than a dozen years ago, the IRS won two similar lawsuits in Philadelphia against the Quakers. ... But in those earlier cases, U.S. District Judge Norma Shapiro rejected the IRS' demand for a 50 percent penalty, saying the Quakers had reasonable grounds to challenge IRS levies on employees' salaries."

### **CO Muffler Shop Targeted By IRS In Tax Withholding Sweep.**

The [Denver Post](#) (7/23, McGhee) reports, "A Colorado muffler shop and its officers are targets of Internal Revenue Service efforts to compel businesses to withhold taxes from employees' paychecks." The Post continues, "Three suits filed in U.S. District Courts in Denver and Sacramento, Calif., this week are aimed at employers

who claim the federal tax code doesn't require most Americans to pay taxes on their wages." The Post adds, "The government for years has waged court battles against advocates of the theory that Section 861 of the tax code applies mainly to foreign-owned businesses." The Post notes, "The suit filed Monday against Colorado Mufflers Unlimited of Northglenn and its officers claims the company owes more than \$210,000 in unpaid and mistakenly refunded taxes. ... 'Colorado Mufflers and its officers attempt to justify their illegal conduct by the patently frivolous "Section 861" argument,' U.S. Justice Department attorneys said in the suit, filed on behalf of the IRS. ... Richard Rudd Sr., Dolores Rudd, Sherilyn and George Gallegos and Richard D. Rudd Jr., who are named as the business owners in the suit, couldn't be reached for comment. ... The government also sued two California businesses Monday in Sacramento."

### **Linder Calls For Elimination Of Income Taxes, IRS.**

In a [Wall Street Journal](#) (7/23) letter to the editor, Rep. John Linder writes, "In your July 11 editorial 'Flat Tax Fever' you assert that it would be in America's interest to enact a flat income tax system. To which I said, 'Again?'" Linder continues, "The income tax code we have today, which everyone has come to know and love, is a flat tax on income -- 90 years later. ... The IRS code has made criminals of us all and it's time for it to go away. In July 1999, I first introduced the FairTax. Earlier this year, I re-introduced this legislation as H.R. 25. My proposal would shift the federal government's funding paradigm from income-based taxes to a personal consumption tax." Linder adds, "The current income tax system frequently costs more to comply with than it generates in revenues. ... Some who have studied the tax code's complexities and compliance costs estimate its overall compliance cost at hundreds of billions of dollars. By abolishing it and the Internal Revenue Service, the FairTax solves these problems." Linder concludes, "Using a very conservative estimate of \$250 billion in total income tax compliance costs, enacting the FairTax represents a \$2.5 trillion economic stimulus package over 10 years, dwarfing the 10-year, \$335 billion proposal Congress presented a few weeks ago. Imagine all of the jobs that could be created by U.S. businesses if they could invest \$2.5 trillion into research, development, capital equipment and technology."

## **CONGRESS-ADMINISTRATION:**

### **GOP To Push For Pryor Committee Vote Wednesday.**

The [AP](#) (7/23, Holland) reports, "With the Senate Judiciary Committee ready to approve another controversial nominee, Republicans are preparing one last summertime effort to push President Bush's choices past Democrats determined to stop them." The AP continues, "If

Alabama Attorney General William Pryor's nomination makes it to the full Senate on Wednesday, he'll join at least four other nominees likely to be stuck there until after Congress' August recess." However, Sen. Bill Frist "says he won't let the Senate leave for its summer break without addressing some of those nominees. 'Anybody who makes it (out of the Senate Judiciary Committee) will have a good shot of coming up before the recess,' Frist said. ... 'We've blocked two, we may block a few more,' said Sen. Charles Schumer, D-N.Y., on Tuesday." The AP adds, "I don't know whether we'll do more votes on Estrada or Owen, but there could well be votes on other judges that may be hung up," said Sen. Mitch McConnell. "A vote on the nomination of Los Angeles judge Carolyn Kuhl 'is possible, assuming that they intend to filibuster her,' McConnell added." The AP notes, "We have very grave concerns about some of the representations made by Mr. Pryor and their accuracy," said Senate Democratic Leader Tom Daschle, who would not commit to a filibuster but said Democrats would 'very carefully consider what happens next.'... The Democratic Senatorial Campaign Committee also called on Sen. John Cornyn, also a former member of Republican Attorneys General Association, to disqualify himself from the vote, saying the Texas senator's past membership in the group would be a conflict of interest. 'I wasn't elected by the DSCC,' Cornyn replied."

#### **Schumer Strikes Deal To Fill NY Judicial Vacancies.**

The [AP](#) (7/22, Barrett) reports, "Sen. Charles Schumer said Tuesday he has struck a deal with the White House and Gov. George Pataki to fill every open federal judgeship in New York state -- and even some that aren't empty yet." The AP continues, "The New York Democrat made the announcement even as four of the agreed-upon nominees, all slated for openings in the New York City area, breezed through a Senate Judiciary committee confirmation hearing." The AP adds, "The full Senate still has to vote on the four: Stephen Robinson, Kevin Castel, Richard Holwell, and Sandra Feuerstein. Schumer's announcement mentions five others, some who have not yet been formally nominated. The list includes Gary Sharpe to the Northern District and Sandra Townes to the Eastern District." The AP notes, "Sharpe is a federal magistrate judge in Syracuse, and Townes is a former Syracuse prosecutor now serving on the state appellate bench in Brooklyn. ... But another wrinkle arose Tuesday in the judicial selection process: a majority of the American Bar Association's review committee has found judicial nominee Dora Irizarry, a former Republican candidate for statewide office, "not qualified" for the federal bench. ... Irizarry ran for state Attorney General on the GOP ticket with Pataki last year, but lost to Democrat Eliot Spitzer. Her nomination for a judgeship has been supported by Schumer. ... Schumer, who is leading the Senate Democrats' fight against a handful of President Bush's nominees, said the agreement on New York judges shows he is happy to work with Republicans to

promote any judge without strong ideological positions. ... The bipartisan agreement on the four New York nominees who appeared before the panel Tuesday stands in 'stark contrast' to the ongoing fight over a handful of other potential judges, Schumer said."

***NYTimes Urges Specter To Vote Against Pryor.*** The [New York Times](#) (7/23) editorializes, "The Senate Judiciary Committee could vote as early as today on the nomination of the Alabama attorney general, William Pryor, to a federal appeals court judgeship. Mr. Pryor is among the most extreme of the Bush administration's far-right judicial nominees. If he is confirmed, his rulings on civil rights, abortion, gay rights and the separation of church and state would probably do substantial harm to the rights of all Americans. Senators from both parties should oppose his confirmation. ... He has called *Roe v. Wade*, the landmark abortion-rights ruling, 'the worst abomination' of constitutional law in our history. He recently urged the Supreme Court to uphold laws criminalizing gay sex, a position the court soundly rejected last month. He has defended the installation of a massive Ten Commandments monument in Alabama's main judicial building, which a federal appeals court recently held violated the First Amendment. And he has urged Congress to repeal an important part of the Voting Rights Act. ... At today's committee meeting, much of the attention will be on Arlen Specter, the Pennsylvania Republican who could cast the deciding vote. Mr. Specter [sic] owes it to his constituents to break with the White House and vote against Mr. Pryor, whose extremist views are out of step with most Pennsylvanians'."

#### **Liberal Groups Plan To Fight Kavanaugh Nomination To Federal Bench.**

The [Washington Post](#) (7/23, A21, Kamen) reports in its "In the Loop" column, "Liberal groups are gearing up to fight the much-anticipated nomination of associate White House counsel Brett M. Kavanaugh -- a former Supreme Court clerk, partner in Kirkland & Ellis and brain-truster for special counsel Kenneth W. Starr -- to a seat on the U.S. appeals court here. Though the nomination appears on track, and is likely to be officially announced soon, Kavanaugh has just switched jobs in the White House. He's now settling into his new job as White House staff secretary, replacing Harriet Miers, who moved up to deputy chief of staff. Unclear how long he'll be in that post, which, depending on who's in it, can be a simple paper-shuffler function or an important axis in the White House operation. For Kavanaugh, a rising star 'mongst the conservatives, an appeals court seat might be seen as a waste of his equally formidable political and strategic talents. On the other hand, three years of law school usually convinces people that a job wearing a black robe is a big deal. In the meantime, the thinking may be that these judicial confirmation battles take so long that Kavanaugh can just as

easily spend his days as staff secretary than as associate counsel while the battle goes on.”

**GAO Says Cost Of House, Senate Medicare Bills Exceed \$400 Billion.** The [Wall Street Journal](#) (7/23, Lueck) reports, “The price tags of the House and Senate Medicare bills would surpass the \$400 billion limit set by President Bush and Congress, according to new estimates from the Congressional Budget Office.” The Journal continues, “The Senate bill would cost \$461 billion over 10 years, the House version \$408 billion over the same period, the CBO said. ... The new numbers add another challenge to the debate over providing a drug benefit in Medicare, the federal program for the elderly and disabled.” The Journal adds, “Administration officials attempted to energize the discussions ahead of a meeting scheduled for Wednesday between President Bush and key lawmakers. Health and Human Services Secretary Tommy Thompson told reporters that it ‘appears likely’ that negotiators will agree this week on a relatively minor portion of the legislation that would make regulatory changes to Medicare. The administration, focusing on getting a deal, hasn’t formally said it prefers one bill over the other. But officials said the final product should increase the role of private insurers in providing all medical benefits and raised concerns that the Senate bill doesn’t go far enough in that direction”

The [AP](#) (7/23, Espo) reports, “Bush has placed a \$400 billion, 10-year limit on legislation to add prescription drug benefits and modernize the 38-year-old health care program for seniors.” The AP continues, “Key House Republican committee chairmen who disclosed the new estimates pledged that any compromise would be within the limit set by the White House. ... Sen. Charles Grassley...agreed. He also said he hoped Bush would set a firm date for wrapping up compromise talks.” The AP adds, “The new cost estimates came as negotiators for the two houses reported progress toward agreement on a technical, relatively uncontroversial section of the legislation dealing with Medicare contracting, patient appeals and other regulatory matters. ... Additionally, Bush has invited key lawmakers to the White House for a meeting on Wednesday to underscore his determination to sign Medicare legislation this year.” The AP notes, “Tommy Thompson...told reporters he was optimistic about a final compromise this year, although he cautioned, ‘there’s nothing definite’ in lawmaking. ... House Majority Leader Tom DeLay, R-Texas, told reporters during the day that Republicans would be holding 80 town hall meetings of their own during Congress’ August vacation, aimed at building support for the GOP measure. ... Officials said one provision in the Senate-passed measure alone accounted for \$40 billion over 10 years in the CBO calculation. It would require pharmacy benefit managers, the companies that administer drug coverage programs and

negotiate for discount prices, to provide information about the prices they pay to the Justice Department and Department of Health and Human Services inspector general’s office. The same provision bars public release of the information.”

The [Los Angeles Times](#) (7/23, Kemper) reports, “With the Medicare conference committee still basically inactive 25 days after the House and Senate passed competing reform bills, cost estimates released Tuesday show that both measures exceed President Bush’s 10-year, \$400-billion spending limit.” An analysis “of the bills prepared by the nonpartisan Congressional Budget Office offered a little something for everyone -- except, perhaps, Medicare beneficiaries hoping for a more generous prescription-drug benefit.” While “the budget office on Tuesday projected that the House bill, for example, would cost taxpayers \$571 billion over 10 years, Thomas and Rep. W.J. ‘Billy’ Tauzin (R-La.) said in a joint statement that the CBO had pegged the bill’s cost at \$408 billion.”

**Employer-Provided Health Coverage Drops, Said To Make Drug Benefit More Urgent.** The [AP](#) (7/23, Meckler) reports, “Employers are increasingly dropping health insurance coverage for their younger retirees, a study finds, suggesting the problem of providing prescription medicine for the elderly may be growing more urgent.” The AP adds, “The new study, being released Wednesday, finds that in 2000, 39 percent of people ages 65 to 69 got health insurance from an employer. That’s down from 46 percent in 1996. There was a similar decline in employers offering drug benefits to young retirees -- from 40 percent to 35 percent, according to the study in the online version of the journal *Health Affairs*.” The AP notes, “About one in three Medicare beneficiaries gets drug coverage from an employer. ... ‘The future of employer-sponsored health insurance looks bleak,’ said Bruce Stuart of the University of Maryland School of Pharmacy, the study’s lead author. ‘In the face of continued rising prescription drug costs, employers may choose to abandon providing any coverage at all.’”

The [New York Times](#) (7/23, Abelson) reports, “The study shows that future decreases in the number of retirees covered under their employers plans is ‘starting from a base that is lower than most people believe,’ Bruce Stuart, one of the study’s authors, said. ... The findings, Mr. Stuart said, emphasize the need for a Medicare benefit as well as the importance of structuring the government coverage in a way that helps preserve employer-sponsored coverage.” The Times continues, “Many retirees rely on their employers’ coverage to pay for prescription drugs that are not covered under the Medicare program, and there is concern that the Medicare benefit could leave them with coverage that is significantly less generous than what they receive from an employer. ... ‘People are going to be very, very disappointed in what they get,’ Mr. Stuart said.” The Times adds, “The study also showed that while retirees were able to obtain drug

coverage from other sources, like private health plans offering Medicare coverage, fewer individuals are buying policies that offer supplemental coverage. Retirees are probably not going to turn to such policies in the future because of the rising cost, Mr. Stuart said.” The Times notes, “In short, we can expect that greater numbers of new retirees will face the prospect of having no viable source of outpatient prescription drug coverage,” the study’s authors concluded.”

**CBO Study Finds Seniors Unlikely To Choose Medicare Private Health Plans.** The [Washington Post](#) (7/23, A2, Goldstein) reports, “Landmark Medicare legislation is unlikely to prompt older Americans to sign up for private health plans, a central goal of bills passed last month to transform the nation’s insurance program for the elderly, the Congressional Budget Office told lawmakers yesterday. ... The analysis by the nonpartisan budget office says that...the proportion of elderly patients in such health plans would be lower in a decade than it is today.” The Post adds, “Taken together, the enrollment predictions and cost estimates cast doubt on how well the legislation would achieve its basic purposes: adding to Medicare drug coverage that the nation could afford, and nudging people in the program into preferred-provider networks, HMOs or other forms of private health plans. ... Conferees did not comment on a conclusion in the CBO estimate that one provision of the Senate bill would cost \$40 billion.” The Post notes that “Tommy G. Thompson, briefing reporters on Medicare, said the administration is ‘cautiously optimistic’ that the House and Senate will resolve their differences. Thompson said Bush, who is to meet with the congressional negotiators this afternoon, would seek to place pressure on them to complete the work but would refrain from setting a deadline.” The Post continues, “I’ve never seen such a big difference in judgment,” Thomas A. Scully...said yesterday. Scully said the difference stemmed from a disagreement over whether private health plans would prove less expensive to run than the traditional version of Medicare, and thus able to offer patients lower premiums.”

**GAO Recommends More Consistent Federal Boxing Rules.** The [AP](#) (7/22, McDonough) reports, “Inconsistent regulation of boxing has led to permanent and sometimes fatal injuries, economic exploitation of boxers and corruption, congressional investigators said Tuesday.” The AP continues, “The General Accounting Office report found professional boxing is regulated predominantly on a state-by-state basis, which often results in varying degrees of oversight.” The AP adds, “The lack of consistency among state commissions does not adequately assure professional boxers even minimum protections established in federal law, said the GAO, the investigative arm of Congress.” The AP notes, “Last week, in Cedar City, Utah, a 35-year-old boxer collapsed in the ring and died. The victim had previously been

defeated 25 consecutive times over a 3-year period, but the local boxing commission allowed him to enter the ring. ... The GAO’s conclusions and the latest tragedy are further evidence of the need for uniform minimum standards for boxing, said Sen. John McCain, R-Ariz., chairman of the Commerce, Science and Transportation Committee. ... The 1996 Professional Boxing Safety Act established minimum health and safety standards for professional boxing and provided for limited federal oversight by the Justice Department and Federal Trade Commission. The Muhammad Ali Boxing Reform Act of 2000 amended the 1996 act to better protect boxers and the integrity of the sport.”

**GOP Senators Make EITC Compromise Offer To House.** The [Wall Street Journal](#) (7/23, Murray, Hitt) reports, “A Democratic-led effort to spread tax benefits further down the income ladder is fading. And that’s just fine with many Republicans.” The Journal continues, “Democrats seized on the omission as a billboard for Republicans’ elitist fiscal policies. Republicans promised to correct the slight -- after some goading from President Bush, who lectured Congress to add the low-income benefit. On June 9, for example, a Bush spokesman strongly endorsed the Senate bill and prodded House Republicans to act quickly.” The Journal adds, “But House and Senate negotiators never met on the compromise, underscoring how quickly momentum can ebb in Washington. ... Mr. Bush’s new press secretary, Scott McClellan, said Tuesday that the president favors the child-credit expansion, and said White House officials are working ‘publicly and privately’ to move the initiative along. ‘That remains a priority,’ Mr. McClellan said. The urgency hasn’t been conveyed to Senate Finance Chairman Charles Grassley (R., Iowa), who said it has been awhile since he has heard from the White House on the child-credit issue -- though his staff has been in touch with the White House on the matter.” The Journal notes, “Sens. Lincoln and Snowe...vow to keep up the pressure in their chamber. In the House, Democrats are threatening to disrupt floor action if the matter doesn’t come to a vote before Friday, when the House recess is scheduled to begin.”

The [AP](#) (7/23) reports, “Senate Republicans working to expand the child tax credit for more low-income families tried to spur talks with the House on Tuesday with a first offer for compromise. ‘I think we ought to get it done this week,’” said Sen. Don Nickles. “In a letter to House Majority Leader Tom DeLay and Ways and Means Committee Chairman Bill Thomas, the Senate Republicans said they could some accept items included in the House bill. Those items include bigger tax credits for wealthier married couples and tax breaks for military personnel.” The AP adds, “DeLay...called the offer ‘a very interesting proposal.’ ... But DeLay said he did not think House Republicans will be receptive to a child

tax credit bill that does not extend the benefit through the decade.” The AP notes, “Friday...will see the first round of child credit rebate checks, worth up to \$400 per child, being mailed to middle-income families. ... The Washington-based Center for Community Change unveiled advertisements Tuesday that will run this week in Washington, DC. English and Spanish versions will run in Florida, Texas and California. The ads argue that Hispanic families with 4.1 million children will not get a rebate.”

The [Washington Post](#) (7/23, A6) reports, “The senators did not insist that the product match the Senate's bill by raising enough revenue to pay for the entire tax cut. They did ask negotiators to discuss offsetting part of the cost.” The Post adds, “The White House said that expanding the child tax credit remains a priority, and that it is urging Congress ‘publicly and privately’ to act.”

The [New York Times](#) (7/23, Firestone) reports, “The offer came with an increase in political activity just four days before the government will begin mailing \$400-per-child checks to 25 million middle-income families eligible to receive the tax credit. On Thursday, President Bush is scheduled to visit a federal office in Philadelphia that is printing the checks, using the opportunity to remind voters that the checks are to stimulate the economy.” The Times continues, “Democrats plan a series of protests on and off the floors of Congress this week to demonstrate their anger that 6.5 million low-income families were left out of the economic stimulus package and will not be receiving the checks. Representative Nancy Pelosi...said members of her party would make this ‘the week from hell’ for Republicans. On Wednesday, as part of one protest, 700 children are scheduled to descend on the Capitol to make a similar point.” The Times notes, “Although today's proposal moves much closer to the House bill, its size is likely to raise serious problems for many Democrats and moderate Republicans in the Senate. ... Senator Charles E. Grassley...acknowledged that a majority of the Senate did not want the package to add to the deficit, but he said it was necessary to put an offer on the table to get the stalled talks moving.” The Times continues, “Although President Bush has said he wants the House and Senate to reach agreement on providing the credits to low-income families, the White House has not yet moved to broker a compromise, despite weeks of political criticism from religious groups, Democrats and advocates for children.”

**Fifty House GOP Conservatives Push For Balanced Budget Amendment Vote.** [The Hill](#) (7/22, Bolton) reports, “A soaring federal budget deficit has prompted a group of 50 conservative House Republicans to revive the fight for a balanced-budget amendment to the Constitution, but to their surprise they have run into resistance from their party leadership.” The Hill adds that “after eight and a half years in power, a period in which the

budget surplus climbed to \$236 billion and then plummeted, resulting in today's \$455 billion projected deficit, GOP leaders have no appetite for bringing the amendment to the floor. Rep. Ernest Istook (R-Okla.) says ‘[t]he leadership still requires some persuasion’ on a balanced-budget amendment. Instead, fiscally concerned conservatives are finding allies across the aisle. In recent weeks, centrist Democrats have launched a discharge petition to force Republican House leaders to bring the amendment up for a vote.” The Hill continues, “Some people are masquerading as fiscal conservatives,’ Istook said of colleagues who criticize government spending yet vote for expensive legislation, such as the Medicare prescription drug bill or last year's farm bill. ... ‘I'm aggressively doing everything I can to get it to the floor for a vote,’ said Rep. John Culberson (R-Texas). ‘I think it's the single most important piece of legislation in light of our \$7 trillion debt.’” The Hill notes, “House Majority Leader Tom DeLay (R-Texas) denied the assertion by several conservatives that the leadership has resisted scheduling a vote on a balanced budget amendment.”

**Broder Decries Deficit, Calls For Public Campaign To Change Spending Policy.** In a [Washington Post](#) (7/23) column, David Broder writes, “Where is Ross Perot now that we need him? That was the thought that crossed my mind when the Bush administration announced last week that the budget deficit for the current year would hit a record \$455 billion and grow next year to \$475 billion.” Broder continues, “Josh Bolten...pronounced the deficits ‘manageable,’ but almost everyone who is not directly engaged in defending them found the long-term implications of the massive borrowing scary as hell.” Broder adds that “for a few brief years at the end of the 1990s, we enjoyed a ‘virtuous cycle’ of budget surpluses that reduced the national debt and the government's annual interest payments. But now both are spinning out of control again. So we need another Perot -- not as an independent presidential candidate but as an explainer with enough financial backing to commandeer TV time and enough political smarts to put it in ways that all of us can understand. I can think of a couple people right away who fit the bill, and maybe they could combine their talents. One is Warren Rudman” and the other “is Leon Panetta...” Broder notes, “I haven't broached this notion to either man, and both of them are plenty busy with other projects. But I have to believe that if super-investor Warren Buffett, Microsoft honcho Bill Gates, Sandy Weill, the retiring CEO of Citigroup, Bob Rubin, the former treasury secretary and Wall Street powerhouse, and others like them -- including Perot -- raised the money for such a media campaign, Rudman and Panetta would seize the opportunity.” Broder concludes, “The way to change the government's policy, as Perot demonstrated, is to inform the people -- and let them tell their leaders what must be done.”

## **“Buy America” Measures Expected To Be Approved Despite DOD Opposition.**

The [New York Times](#) (7/23, Wayne) reports, “There is no better friend of the Pentagon than Duncan Hunter, chairman of the House Armed Services Committee. A conservative and a hawk on defense, Mr. Hunter has long been someone the military could count on to push its dream projects through Congress.” The Times continues, “So there is considerable dismay, and some outright consternation, over sweeping ‘buy America’ provisions that Mr. Hunter inserted into the House version of legislation authorizing the coming year’s Pentagon budget. Countries that failed to help the United States in the Iraq war, he argues, should not enjoy the spoils of American military contracts or put the Pentagon in a position of depending on them for critical components. That view has set Mr. Hunter on a collision course with his many friends at the Pentagon and among American military contractors that buy everything from microprocessors to jet engines and airplane wings overseas.” The Times adds, “Opposition to Mr. Hunter’s proposal is so fierce that the defense secretary, Donald H. Rumsfeld, has said he will recommend that President Bush veto the entire \$400 billion 2004 Pentagon budget if Mr. Hunter does not back down. According to a White House statement, Mr. Hunter’s proposals are ‘burdensome, counterproductive and have the potential to degrade U.S. military capabilities.’ Such harsh words hardly faze Mr. Hunter, a 12-term California Republican and former Army Ranger, who is joined by other conservative House members and a number of small companies and unions that might benefit. At the moment, for all the power...of his opponents, Washington analysts say Mr. Hunter will most likely get some of what he wants.”

## **Credit Card Industry Pushing Hard To Renew Fair Credit Reporting Act.**

[Roll Call](#) (7/23, Bouchard) reports, “The nation’s credit card industry is bankrolling a massive lobbying campaign on Capitol Hill to ensure banks, retailers and credit card companies continue to be governed by a single set of national regulations.” Roll Call continues, “Relying on a new lobbying coalition, a set of pricey lobbyists and an innovative tactic, the credit industry hopes to renew a law that lets it avoid the hassle of 50 separate sets of state-imposed regulations on the industry. The law, added to the Fair Credit Reporting Act in 1996, will sunset at the end of the year. If it expires, banks, credit bureaus, retailers and other financial service organizations would suffer ‘very serious’ consequences because state regulators would replace the federal government in overseeing credit information sharing, said Ken Clayton, of the American Bankers Association, the nation’s largest banking trade organization.” Roll Call adds, “The House Financial Services Committee plans to mark up the legislation today. The measure is ‘job No. 1 of the

committee,’ said Scott Duncan, a spokesman for the House panel.” Roll Call notes, “Rep. Spencer Bachus (R-Ala.), the author of the House bill that will be marked up today, compared the national credit system to the national interstate system. ... But some organizations and lawmakers do not agree, and a handful of groups are fighting just as vehemently to allow states to adopt their own standards for sharing credit information. Stephen Brobeck, executive director of the Consumer Federation of America, said his organization’s ‘most important effort is to try to convince Members to support strong consumer protections.’”

## **OTHER NEWS:**

### **Administration Remains Noncommittal On Sending US Peacekeepers To Liberia.**

The [Washington Post](#) (7/23, A19, Loeb) reports, “Secretary of State Colin L. Powell yesterday pledged support for a West African peacekeeping operation in Liberia after speaking by telephone with U.N. Secretary General Kofi Annan.” But the Bush administration “continued to resist entreaties from Annan to promptly announce plans to deploy US peacekeeping forces and ‘spare no effort’ in supporting a ‘vanguard’ contingent from Senegal, Nigeria and other West African states. ... Powell’s spokesman, Richard Boucher, explained later that any decision to deploy peacekeepers first must be made by member nations from the Economic Community of West African States. ‘I think you’ll have to ask the West Africans what sort of conditions they would believe they could go in under,’ Boucher said, adding that rebel factions and the government of Liberian President Charles Taylor must also be held accountable for abiding by the terms of a recent peacekeeping agreement negotiated in Ghana. “‘It’s hard to keep the peace if there’s no peace to keep.’”

The [New York Times](#) (7/23, Stout) reports, “The White House refused today to say when, or if, the United States would send a peacekeeping force to Liberia. But it said it “remains actively engaged” in trying to bring calm to the African nation. ‘We continue to call on all parties to immediately cease military action,’ the White House spokesman, Scott McClellan, said at an afternoon news briefing.” McClellan “fielded several questions about the bloodshed in Liberia and the fact that the United Nations secretary general, Kofi Annan, and several West African countries have practically begged the United States to send in troops. Asked when there might be an announcement about an American peacekeeping force, Mr. McClellan said, ‘The discussions remain ongoing.’ A moment later, he added, ‘I would not try to put a time line on this.’”

**Powell Makes Case For US Involvement.** The [Washington Times](#) (7/23, A1, Krale) reports, “Powell said yesterday that the United States has no vital strategic

interests in Liberia's civil war but that it does have an obligation as the world's only superpower not to allow West Africa to 'come apart.' In a self-criticism, he said that the Bush administration, which has demanded deployment of an African force before it sends any US troops, has been slow in identifying what exactly that force needs from the United States." Powell, "speaking to reporters and editors from The Washington Times, made a strong case for American involvement in bringing stability to the war-torn nation, although he noted that the mission will be limited in 'scope and duration.' 'In Liberia if you ask the question, 'What is our strategic, vital interest?' it will be hard to define it that way,' he said. 'But we do have an interest in making sure that West Africa doesn't simply come apart. We do have an interest in showing the people of Africa that we can support efforts to stabilize a tragic situation as we work with others to bring relief to people -- people who are desperately in need.'"

#### ***Shows Believes US Should Send Troops To Liberia.***

[Roll Call](#) (7/23, Mullins, Grass) reports in its "Rainmakers" column, "Two former Members of Congress got a close-up look at the civil war in Liberia last week when they met with embattled Liberian President Charles Taylor. Ex-Reps. Ronnie Shows (D-Miss.) and Bob Clement (D-Tenn.) were among a handful of Americans who visited the country as part of a weeklong humanitarian trip through Africa. But Shows and Clement do not plan to lobby on behalf of Taylor in Washington. The two former lawmakers were there on a humanitarian trip and were acting as 'private citizens,' Shows said. Still, Shows said he agreed with Taylor that the United States should send troops into the country to keep the peace before the dictator's expected departure. ... 'I tend to agree that they need some troops in there before he leaves,' Shows said. 'Basically, you would have a vacuum in there. It would be chaos. I didn't hear one person saying, 'Leave now without troops being there.'"

***Taylor Says He'll Resign Within 10 Days.*** The [New York Times](#) (7/23, Sengupta, Goodstein) reports, "President Charles G. Taylor tonight offered the most specific timetable for his promised departure. Rebels here also said they had ordered their troops to stop attacks, after four days of shelling and gunfire that the government estimated had killed more than 600 people. It was unclear whether the rebel group, Liberians United for Reconciliation and Democracy, was aware of Mr. Taylor's latest departure plans, which he disclosed in a telephone interview." In a telephone interview "arranged by an American evangelist, the Rev. K. A. Paul, whom Mr. Taylor described as 'my religious leader' and who also took part in the interview, Mr. Taylor said he would step aside 'within 10 days.' He said he would hand power to a confidante, the speaker of the Liberian House of Representatives, Yundueh Monorkomna. Mr. Taylor said he would make the formal announcement on Saturday, a national holiday here."

***Rebel Leaders Announce Tenuous Ceasefire.*** CBS (7/22, story 6, Rather) reports, "In Liberia today, rebel leaders announced a ceasefire, but it didn't take hold. Government and rebel fighters traded machine gun and mortar fire in Monrovia, the capital, where at least 100 people, including many civilians, were killed in fighting yesterday. A US Navy task force carrying 2,000 Marines is headed to the region, but the US is not committed to landing a substantial number of troops in Liberia."

The [AP](#) (7/23) reports, "In Monrovia Tuesday, Marines at a U.S. Embassy compound evacuated foreign aid workers and journalists in helicopters." Liberian Defense Minister Daniel Chea "claimed Tuesday that the death toll from recent fighting was well over 600 people, but there was no way to independently confirm the figure. Aid groups and hospitals have put the number of dead above 90, but say they expect that number to rise."

The [Los Angeles Times](#) (7/23, Simmons) reports, "Rebel leaders outside Liberia called on their soldiers Tuesday to stop a blistering onslaught on this war-torn capital as senior West African officials met, seeking a way to deploy peacekeepers. Despite the call for a cease-fire, sporadic gunfire and shelling continued throughout the day and night." The civilian death toll "from three days of fighting between the rebels and the government of President Charles Taylor climbed to at least 120, according to humanitarian groups. Government officials put the number of fatalities at 600."

#### ***Syria, Iran Reject Bush Claim They Harbor Terrorists.***

The [AP](#) (7/23) reports, "Syria and Iran on Tuesday rejected President Bush's accusations they harbor terrorists. The United States accuses Iran of harboring al-Qaida agents and says hard-line Palestinian groups continue to operate out of Damascus. 'This behavior is completely unacceptable,' Bush said Monday during a news conference at his ranch in Texas. "States that support terror will be held accountable." Syria "recently closed the offices of the Palestinian groups, but most of their officials continue to work from their homes in Damascus or from neighboring Lebanon, a country over which Syria has great influence. The include Hamas and Islamic Jihad, which have carried out suicide attacks on Israeli civilians. 'It is not possible for Syria to consider the Palestinian struggle for freedom, independence and ending Israeli occupation to be terrorism,' Foreign Ministry spokeswoman Buthaina Shaaban told reporters in Damascus Tuesday." Shaaban "called Bush's criticism 'part of continued old and new pressures (exerted) because of Syria's clear stands regarding events in the region,' Shaaban said." Iran also "rejected Bush's criticism. 'Iran has not been harboring terrorists, but has been fighting against terrorists,' Iranian Foreign Minister Kamal Kharrazi said during an official visit to South Africa, according to the South African Press Association."

## **US May Give Non-Aggression Guarantee To North Korea.**

The [AP](#) (7/23) Reports, "The Bush administration might be willing to give North Korea a written guarantee that the United States has no intention of attacking without provocation, the State Department said Tuesday. At the same time, White House spokesman Scott McClellan said the administration is working for a diplomatic solution to the impasse over the North Koreans' nuclear arms program but said it would not give inducements to achieve it. Spokesman Richard Boucher was asked about a statement early this year by Deputy Secretary of State Richard Armitage that the United States was willing to put in writing an assurance against unprovoked attack. 'That still stands,' Boucher said. The issue 'is not whether the United States provides a piece of paper, the issue is whether North Korea stops developing nuclear weapons, and that's where the focus has to be,' Boucher said."

**Eleven Nations Agree To Intercept North Korean Ships Suspected Of Carrying, Weapons, Drugs.** [USA Today](#) (7/23, Slavin) reports, "The Bush administration is preparing to tighten an economic noose around North Korea, even as it considers new talks to persuade the regime of Kim Jong Il to give up nuclear weapons. The administration has lined up 10 other nations to join a so-called proliferation security initiative. These countries -- Japan, Australia, Britain, France, Germany, Italy, Poland, the Netherlands, Bulgaria and Spain -- have agreed to intercept North Korean ships suspected of carrying weapons and illegal drugs, major sources of hard currency for Kim's government. A State Department official who is familiar with the program but asks not to be named says, 'We're ready to rock and roll right now' on the interception program. 'All we need is actionable intelligence' on a suspect North Korean shipment, he says."

**Perry Urges Negotiation With North Korea.** Former Defense Secretary William Perry writes in the [Washington Post](#) (7/23, A23), "If it keeps on its present course, North Korea will probably have six to eight nuclear weapons by the end of the year, will possibly have conducted a nuclear test and may have begun deployment of some of these weapons, targeted against Japan and South Korea. By next year, it could be in serial production of nuclear weapons, building perhaps five to 10 per year. ... The administration to this point has refused to negotiate with North Korea, instead calling on the countries in the region to deal with the problem. The strategy underlying this approach is not clear, but the consequences are all too clear." Perry adds, "There are three basic approaches for dealing with this dangerous situation. The administration can continue to refuse to negotiate, 'outsourcing' this problem to the concerned regional powers. ... A second alternative is to put economic pressure on North Korea and hope for 'regime change.' Or the United States could take military action to bring this change about. ... The

third alternative is to undertake serious negotiations with the North Koreans to determine if there is a way to stop their nuclear program short of war." Perry continues, "Any negotiations with the North Koreans are likely to be difficult and protracted, so they should be predicated on a prior agreement that North Korea will freeze its nuclear activities during the negotiations. For negotiations to have a chance of success, they would need to have a positive dimension, making it clear to North Korea that forgoing nuclear weapons could lead it to a safe and positive future. But they would also need a negative or coercive dimension, both to induce North Korea to take the right path and to give us and our allies more credible options if diplomacy should fail."

## **CA County Election Officials Confirm Sufficient Petition Signatures To Force Recall.**

The Los Angeles Times (7/23, Finnegan, Hoffman) reports, "County election officers have confirmed more than 1.1 million valid signatures on the petition for an election on whether to recall Gov. Gray Davis — well above the threshold to qualify for the ballot, a Los Angeles Times survey found on Tuesday." The tally "makes a recall vote in late September or early October all but inevitable. But in an interview Tuesday, Lt. Gov. Cruz Bustamante raised doubts about the widespread assumption that Californians would simultaneously vote on recalling Davis and on choosing a potential successor." For years, local recall elections in California "have offered voters a two-part ballot. The first part asks whether the elected official should be recalled. The second lists possible replacements." Potential candidates "to succeed Davis — including U.S. Rep. Darrell Issa (R-Vista), Los Angeles businessman Bill Simon Jr. and actor Arnold Schwarzenegger — have been expecting Bustamante to call a traditional two-part election." But Bustamante "refused to say whether he would call for the election of a Davis successor on the same ballot as the recall question." Bustamante, though, said it "was not his role to decide whether a Davis recall ballot would include a vote on potential successors. 'My job is to set the date,' he said." Asked who "would decide whether a simultaneous vote on a Davis successor occurs, Bustamante invoked the obscure Commission on the Governorship."

CNN's "Inside Politics" (7/22, Woodruff) reports, "California Secretary of State Kevin Shelly now says that he has verified almost half of the signatures required to force a recall election. ... Davis' opponents say they have more than enough support to put the issue on the ballot."

**Davis Says He Does Not Fear Recall Election.** The [AP](#) (7/23, Werner) reports Gov. Gray Davis "said Tuesday he did not fear a recall election, which appeared nearly certain to qualify for the ballot this week." Davis said, "If the people want me to present my credentials again, I do not fear them." Davis "predicted voters would reject a recall." Davis said, "This election is not about changing governors. It's about

changing direction and I am confident the voters of this state will not opt for a right-wing agenda over a progressive agenda.”

[Washington Post](#) (7/23, Sanchez) reports, “The last stand of California Gov. Gray Davis (D) has begun. With almost no hope of stopping a recall from reaching the ballot this fall, the embattled governor is launching a fierce but risky counterattack to convince voters that dumping him in an extraordinary special election would reward extremists, cost the state more than \$30 million even though it is broke, and harm just about everything in California but the sunshine.” Davis’ “poll numbers look bleak. His administration is in the grip of a \$38 billion deficit, the worst financial crisis in state history. And many Democrats fear he is doomed. But Davis is promising to fight the recall to the finish with the same hardball style that has defined his long political career.” Democratic leaders have “closed ranks behind the governor, but are deeply worried about his chances of surviving.” Leon Panetta said, “There’s a lot of apprehension. We’re in uncharted waters.” The Post adds, “But many Republicans are nervous, too, because they say Davis does few things better than fight for his political life.”

**Aside From Issa, Other Republicans Appear To Be Waiting On Schwarzenegger.** [Reuters](#) (7/23, Tanner) reports, “As a recall vote against Democratic Gov. Gray Davis appeared all but certain, speculation intensified as to whether and when Austrian-born actor Arnold Schwarzenegger, a Republican, would declare his candidacy.” The line up of candidates “is expected to take shape very quickly after the official certification of a recall vote which is in effect a popular vote of confidence in the governor. Republican U.S. Congressman Darrell Issa, who has personally bankrolled much of the recall effort, has already declared himself a candidate.” Other Republicans – “including former Los Angeles Mayor Richard Riordan -- appear to be waiting first for word from Schwarzenegger, who is widely expected to run. Analysts say that despite no experience in office, the actor has the name recognition and wealth to mount a quick campaign.”

**Reiner Not Entering Race.** [Reuters](#) (7/23, Keating) reports, “Democratic activist and film director Rob Reiner said on Tuesday that he would not enter the race for California governor on a recall ballot this fall, labeling the Republican-led recall petition drive ‘bad for democracy.’”

**Democrats Target Issa For Past Misdeeds.** The [New York Times](#) (7/23, LeDuff) reports in a front page story that recall backer Rep. Darryl Issa is “bombarded at every turn with calls for an explanation to those nagging questions about two arrests for car theft in his youth.” Issa said, “This stuff is 30 years old.” The Times adds Issa has “a Congressional seat and a \$100 million fortune, and angry Democrats are determined to tar him, saying Mr. Issa’s political record is shorter than his police record. They also say that his

conservative views about abortion, guns and immigration are out of step with most of California.”

### **Attorney Clears Hurdle In Defamation Action Against ABA.**

The [Legal Intelligencer](#) (7/23, Duffy) reports, “Attorney Richard A. Sprague has cleared another significant hurdle in his defamation lawsuit against the American Bar Association and its monthly magazine, the ABA Journal, now that a federal judge has ruled that a jury could conclude the magazine acted with actual malice when it described Sprague as a ‘fixer.’” The Intelligencer continues, “U.S. District Judge William H. Yohn Jr. found that since the magazine’s employees were aware that the term ‘fixer’ has both positive and negative meanings, a jury could conclude that they ‘either deliberately cast this description in an ambiguous light in the hope of insinuating a false import to the reader, or that defendants knew or recklessly disregarded the possibility that its words would be interpreted by the average reader as false statements of fact.’ ... But Yohn also emphasized that his ruling was no indication of his own opinion on the merits of Sprague’s case. Instead, he said, the decision merely recognized that the case presents a question that must be decided by a jury. ... ‘I in no way intimate what I believe the correct resolution of this question should be. From the court’s restricted procedural posture of considering defendants’ summary judgment motion, I find simply that there is evidence that, if believed and weighed as plaintiff urges, could support a jury finding, by convincing clarity, that defendants’ publication was imbued with actual malice,’ Yohn wrote in his 17-page opinion in Sprague v. The ABA.” The Intelligencer adds, “Sprague’s first victory in the case came in November 2001 when Yohn refused to dismiss the suit, ruling that the magazine’s description of Sprague in an October 2000 article as ‘perhaps the most powerful lawyer-cum-fixer in the state’ was capable of defamatory meaning, according to court records. ... The ABA’s lawyers had argued that the description was clearly intended as a compliment since the term ‘fixer’ is often used to describe ‘a prominent, highly successful lawyer, widely known and sought after for his effectiveness as a problem-solver and trouble-shooter in connection with politically sensitive issues and cases.’ ... But Yohn sided with Sprague and found that ‘fixer’ also has a negative meaning that includes the criminal act of ‘fixing’ cases.”

### **Falun Gong Supporters Rally On Capitol Hill.**

The [Washington Times](#) (7/23, Powell) reports, “About 1,500 practitioners and supporters of Falun Gong rallied on the Capitol’s west lawn yesterday, where they held a mock trial of former Chinese President Jiang Zemin. It was the fourth consecutive annual Washington demonstration, following Mr. Jiang’s July 1999 crackdown on the meditation sect. The group says its members are routinely tortured while detained

in China and that about 750 Falun Gong practitioners have died in custody. China has outlawed the group, which it calls an 'evil cult.' Yesterday's event was the culmination of several days of activity that began with the arrival late last week of about 5,000 Falun Gong proponents from around the world."

The [Washington Post](#) (7/23, C1, Kennicott) reports, "Four years into the struggle between Falun Gong and the Chinese government, there is a sense that this has become an insular squabble, charge and countercharge, claim and rebuttal, all of it becoming rather too internecine for casual observers to sift the facts from the chaff. At a meeting in the Rayburn House Office Building on Monday, Falun Gong practitioners argued that the Chinese government's repression has extended its long reach to the United States. They say Chinese officials hire thugs and illegal immigrants to intimidate, threaten and beat up Falun Gong believers. People told of vandalized apartments, arson, and ominous calls from Chinese consulate officials to hotel proprietors, newspaper publishers and anyone else who hosts, or supports, or helps Falun Gong spread its message. A Chinese Embassy spokesman denies it, but there's enough concern that Rep. Henry Hyde raised the issue of an attack on a Falun Gong practitioner in Illinois when the Republican met with Li Peng, a top Chinese official, last year. Li responded, according to sources familiar with the meeting, with a familiar line: Falun Gong is an evil cult."

**French Embassy In Havana Hosts Cuban Dissidents.** The [Washington Times](#) (7/23, Carter) reports, "The French Embassy in Havana recently put liberty, equality and fraternity on display by inviting Fidel Castro's political opponents to eat canapes and drink vintage Bordeaux at its annual Bastille Day soiree. ... The invitations to the dissidents this year were part of an effort by EU nations to protest the Cuban government's recent crackdown on dissidents. In March, Cuba arrested 75 opposition figures and sentenced them to as long as 28 years in prison. The Cuban government found dissidents guilty of treason after the U.S. Embassy began a concerted effort in the fall to invite Mr. Castro's opposition to the U.S. Interest Section in Havana for parties and other functions." The Times adds, "According to press accounts and French officials, some of Cuba's more prominent opposition figures, including Oswaldo Paya and Elizardo Sanchez, attended the Bastille Day party."

## WASHINGTON'S SCHEDULE:

### Today's Events In Washington. White House:

PRESIDENT BUSH — Remarks with the Secretary of Defense and the Presidential Envoy to Iraq, Rose Garden, White House; meets with the former president of the Czech Republic, Oval Office, White House; meets with the President of Argentina, Oval Office; President and Mrs. Bush participate in a ceremony for the 2003 recipients of the Presidential Medal of Freedom, East Room, White House.

VICE PRESIDENT CHENEY — Delivers remarks at a ceremony for the unveiling of the official portrait of Chairman C.W. Bill Young. Room 2359, Rayburn Building.

**US Senate:** FLOOR SCHEDULE \_ 9 a.m. \_ The Senate convenes for a period of morning business, to include consideration of H.R. 2555, The Department of Homeland Security Appropriations Bill.

9:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION \_ Full Committee. Hearing on the obligations of local broadcasters and the role they play in the delivery of local news and public affairs programs. Attorney Robert Corn-Revere; Barry M. Faber, vice president and general counsel, Sinclair Broadcasting Group Inc.; Dave Davis, general manager, WPVI-DT; Martin Kaplan, associate dean and school director, University of Southern California, Annenberg School for Communication; L. Brent Bozell III, president, Media Research Center. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES \_ Full Committee. Meeting to consider pending calendar business. Location: Room 366, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS \_ Full Committee. Markup of legislation allowing health providers to report medical errors. Location: Room 430, Dirksen.

10 a.m. INDIAN AFFAIRS \_ Full Committee. Hearing on S. 556, the Indian Health Care Act Reauthorization of 2003. Location: Room 485, Russell.

10 a.m. JUDICIARY \_ Full Committee. Oversight hearing. FBI Director Robert Mueller and Homeland Security Undersecretary Asa Hutchinson. Location: Room 216, Hart.

11:30 a.m. SELECT INTELLIGENCE \_ Full committee. Meets to hear briefing by staff on the 9-11 report. Location: 219, Hart.

2 p.m. JUDICIARY \_ Full Committee. Hearing on executive nominations, including that of Rene Acosta to be assistant attorney general for the Civil Rights Division of the Justice Department. Location: Room 226, Dirksen.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS \_ Housing and Transportation Subcommittee. Hearing on increasing private sector involvement in public transportation. Margie Wilcox, Taxicab, Limousine, and Paratransit Association; Irwin Rosenberg, American Transit Services Council; Peter Pantuso, American Bus Association; Bob Molofsky, Amalgamated Transit Union. Location: Room 538, Dirksen.

2:30 p.m. SELECT INTELLIGENCE \_ Full Committee. Briefing on pending matters. Closed. Location: Room 219, Hart.

2:45 p.m. FOREIGN RELATIONS \_ Full Committee. Hearing on the Iraqi reconstruction effort. John Hamre, President, Center for Strategic and International Studies. Location: Room 216, Hart.

4 p.m. JUDICIARY \_ Antitrust, Competition Policy and Consumer Rights Subcommittee. Hearing on agricultural consolidation and the Smithfield-Farmland deal. Location: Room 138, Dirksen.

**US House:** FLOOR SCHEDULE \_ 10 a.m. \_ Meets for legislative business. Highlights: H.R. 2800 - Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act for Fiscal Year 2004. Suspensions (3 bills): 1) H.R. 2086 - Office of National Drug Control Policy Reauthorization Act of 2003; 2) H.R. 1707 - Prison Rape Reduction Act of 2003; 3) H.Res. 323 - Supporting the goals and ideals of National Marina Day. H.R. 2210 - School Readiness Act of 2003. H.R. 2738 - United States-Chile Free Trade Agreement Implementation Act. H.R. 2739 - United States-Singapore Free Trade Agreement Implementation Act.

10 a.m. AGRICULTURE \_ Full Committee. Hearing on the 2002 wildfire season and the prospects for this year. Location: Room 1300, Longworth.

10 a.m. ARMED SERVICES \_ Full Committee. Hearing on the plan for the Air Force to lease air tanker planes from Boeing. Michael Wynne, acting undersecretary of Defense for acquisition, technology and logistics; Marvin R. Sambur, assistant secretary of the Air Force for acquisition; Niel Curtin, GAO; John L. Plueger, president and chief operating officer, International Lease Finance Corp.; Maj. Gen. Paul W. Essex, director, Plans and Programs, Headquarters, Air Mobility Command. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE \_ Subcommittee on Oversight and Investigations. Hearing on "Issues Relating to Ephedra-containing Dietary Supplements." Ernie Bechler and Pat Bechler, San Diego, Calif., parents of the late Baltimore Orioles pitcher Steve Bechler; Kevin Riggins, Sean Riggins Foundation for Substance-Free Schools, Lincoln, Ill., father of the late 16-year-old high school football player Sean Riggins; Steven Heymsfield, deputy director, Obesity Research Center, New York; Raymond Woosley, vice president for health sciences, Arizona Health Sciences Center; Douglas Zipes, director, Cardiology Division, Krannert Institute of Cardiology, Indiana University School of Medicine; Cynthia Culmo, formerly of the the Texas Department of Health; Marcia Crosse, acting director, Health Care and Public Health and Science Issues, GAO; Michael Ellis, founder & co-owner, Metabolife International, Inc., San Diego; David Brown, former president and chief executive officer,

Metabolife International; Daniel Rodriguez, head nurse, Metabolife International; Russell Schreck, chief executive officer, Metabolife International; Robert Hermann, vice president, Metabolife International; Carol Boozer, Obesity Research Center, St. Luke's Roosevelt Hospital Center, New York; Robert Chinery, president, Cytodyne Technologies, Manasquan, N.J.; Kelly Conklin, Cytodyne Technologies, Manasquan, N.J.; Carlon Colker, chief executive officer and medical director, Peak Wellness, Inc., Greenwich, Conn.; Robert Occhifinto, president, NVE Pharmaceuticals, Newton, N.J.; Roseanne Fox, NVE Pharmaceuticals, Newton N.J. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES \_ Full Committee. Markup of H.R. 1533 - To amend the securities laws to permit church pension plans to be invested in collective trusts; H.R. 253 - Two Floods and You Are Out of the Taxpayers' Pocket Act; H.R. 2420 - Mutual Funds Integrity and Fee Transparency Act; H.R. 2622 - Fair and Accurate Credit Transactions Act; and H.R. 2179 - Securities Fraud Deterrence and Investor Restitution Act. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM \_ Civil Service and Agency Organization Subcommittee and the Criminal Justice, Drug Policy, and Human Resources Subcommittee. Joint hearing on problems with the federal law enforcement pay system following 9-11. Colleen Kelley, president, National Treasury Employees Union; Iggy Gentile, president, National Immigration and Naturalization Service Council; Nancy Savage, president, FBI Agents Association; Richard Gallo, former president, Federal Law Enforcement Officers Association; T.J. Bonner, president, National Border Patrol Council; Louie Cannon, president, Grand Lodge Fraternal Order of Police. Location: Room 2154, Rayburn.

10 a.m. SELECT HOMELAND SECURITY \_ Infrastructure and Border Security Subcommittee. Hearing on the best business practices to secure the borders. Location: Room 2318, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS \_ Full Committee. Markup of H.J.Res. 63 - Compact of Free Association Amendments Act; H.R. 1813 - Torture Victims Relief Reauthorization Act; and H.R. 2620 - Trafficking Victims Protection Reauthorization Act. Location: 2172, Rayburn.

10:30 a.m. JUDICIARY \_ Full Committee. Markup of H.R. 1829 - Federal Prison Industries Competition in Contracting Act; H.R. 292 - Korean War Veterans Recognition Act; H.Res. 234 - Condemning bigotry and violence against Arab-Americans, Muslim-Americans, South Asian-Americans, and Sikh-Americans; H.R. 2655 - To amend and extend the Irish Peace Process Cultural and Training Program Act of 1998; H.R. 1417 - Copyright Royalty and Distribution Reform Act; and H.R. 1837 - Services Acquisition Reform Act. Location: Room 2141, Rayburn.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE \_ Full Committee. Markup of H.R. 2557 - Water Resources Development Act. Location: Room 2167, Rayburn.

1:30 p.m. INTERNATIONAL RELATIONS \_ Middle East and Central Asia Subcommittee. Hearing on terrorism, religious extremism and regional stability in Central Asia. Location: Room 2172, Rayburn.

2 p.m. GOVERNMENT REFORM \_ Civil Service and Agency Organization Subcommittee. Markup of H.R. 2751 - GAO Human Capitol Reform Act. Location: Room 2203, Rayburn.

2 p.m. SMALL BUSINESS \_ Full Committee. Hearing on additional tax relief to small businesses. Thomas Sullivan, chief counsel for advocacy, Small Business Administration; Nina Olson, taxpayer advocate, IRS; Dan Mastromarco, principal, The Argus Group; Thomas Pitrone, principal, The Integrity Group, Roy Quick Jr., principal, Quick Tax and Accounting Service; Janet Poppen, Poppen and Associates CPAs. Location: Room 2360, Rayburn.

2:30 p.m. GOVERNMENT REFORM \_ Government Efficiency and Financial Management Subcommittee. Hearing on additional resources for the SEC. Richard Hillman, director of financial markets and community investment, GAO; Peter Derby, managing executive for operations, Office of the Chairman, SEC; Jim McConnell, executive director, Office of the Executive Director, SEC. Location: Room 2247, Rayburn.

3 p.m. ENERGY AND COMMERCE \_ Subcommittee on Environment and Hazardous Materials. Hearing on H.R. 382, the Solid Waste International Transportation Act of 2003; H.R. 411, to direct the Administrator of the Environmental Protection Agency to carry out certain authorities under an agreement with Canada respecting the importation of municipal solid waste, and for other purposes; and H.R. 1730, the Solid Waste Interstate Transportation Act of 2003. Location: Room 2123, Rayburn.

**Other:** FEDERAL EXECUTIVES \_ The Federal Executive Board Conference holds its annual meeting. Highlights: 8:30 a.m. OPM Director Kay Coles James discusses homeland security, senior-level pay and the administration's Management Agenda. Location: Fairmont Hotel, 2401 M St. NW.

MARITIME SECURITY \_ 9 a.m. - 5 p.m. The Coast Guard holds a public meeting on new maritime security regulations. Highlights: 1:15 p.m. Media availability with Rear Adm. Larry Hereth, Director of Port Security, Coast Guard; Kathleen Conway, Director, Interdiction and Security, Bureau of Customs and Border Protection; Steven Rybicki, Director of Cargo Security, Transportation Security Administration, others. Location: Grand Hyatt Hotel, 1000 H St. NW.

FREE TRADE \_ 8 a.m. The U.S. Chamber of Commerce holds a rally for support of the free trade agreements with Chile and Singapore. Location: 1615 H St. NW.

PENTAGON-IRAQ \_ 8 a.m. Lt. Gen. Ricardo Sanchez, commanding general, CJTF-7, conducts a satellite-video-teleconference briefing live from Baghdad at 8 a.m. Location: DOD Briefing Room, Pentagon 2E781.

U.S.-JAPAN \_ 8:30 a.m. The Center for Strategic and International Studies holds a panel discussion on U.S.-Japan space policy, with the release of a report to strengthen U.S.-Japanese cooperation. Location: B-1 conference level, 1800 K St. NW.

HOUSE DEMOCRATS \_ 9 a.m. Meeting of the House Democratic Caucus. Closed. Location: Room HC-5, Capitol.

HOMELAND SECURITY \_ 9:15 a.m. The Progressive Policy Institute holds a news conference to release a report card on the administration's homeland security record. Location: National Press Club.

NATIONAL SECURITY \_ 9:15 a.m. The National Security Advisory Group to the Senate Democratic Leadership holds a news conference to release a study on recommendations on critical national security challenges, including North Korea, WMDs, Iraq and homeland security. Location: Room S-211, Capitol.

GOVERNMENT-NEWS \_ 9:30 a.m. The Council for Excellence in Government holds a briefing to release a study on how the news media coverage of the federal government has changed over the past 20 years. Location: Crystal Room, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

MEDICAL MARIJUANA \_ 9:30 a.m. Educating Voices drug prevention organization hosts a news conference to warn doctors about "medical marijuana," with Rep. Mark Souder, R-Ind.; Peter Bensing, former director of the Drug Enforcement Administration, presents a white paper detailing the potential legal liability of physicians who recommend medical marijuana to their patients. Location: Room HC-8, U.S. Capitol.

THE STATE OF BLACK AMERICA 2003 \_ 9:30 a.m. National Urban League President Marc Morial presents the National Urban League's "The State of Black America 2003," a collection of essays focusing on the Black family in America. Authors giving presentations of their work, followed by a Q&A session, include Dr. Carolyn West, James Teele, Robert Hill, Ernest Drucker, James Lanier, Kimberly Scott, Kenya Covington Cox, and Lee Daniels, editor of the collection and publications director of the National Urban League. Location: National Press Club, First Amendment Room.

SMALL BUSINESS \_ 10 a.m. Democrats on the House Small Business Committee hold a news conference to release a progress report on the Bush small business

agenda, which he released in March of last year. Location: House Radio-TV Gallery.

**DROUGHT PLAN** \_ 11 a.m. Sens .Pete Domenici, R-N.M., and Max Baucus, D-Mont., host a news conference to outline their efforts to pass the National Drought Preparedness Act, which would provide relief for drought victims and establish a coordinated policy for dealing with future droughts. They will introduce the legislation on Thursday, and will be joined by Reps. Dennis Rehberg, R-Mont., and Alcee Hastings, D-Fla., who will offer companion legislation in the House. Location: Room 366, Dirksen Building.

**SCHUMER-SPAM** \_ 11 a.m. Sen. Charles Schumer, D-N.Y., holds a news conference to release a new national survey showing that email users overwhelmingly favor a federal do-not-spam list. Location: Room SC-4, Capitol.

**DEMOCRATS-INTERNS** \_ 12 p.m. The 21st Century Democrats' continue their Youth Summer Speakers Series, with remarks by Reps. Dennis Kucinich, Linda Sanchez, Tim Bishop, Jesse Jackson, Jr., and Sen. Ted Kennedy. Location: Room 138, Dirksen.

**IMMIGRATION-CUSTOMS** \_ 12 p.m. The Heritage Foundation hosts a lecture on "Immigration and Customs Enforcement: Balancing the Needs of Openness and Homeland Security," with Michael Garcia, Assistant Secretary of Bureau of Immigration and Customs Enforcement, Department of Homeland Security. Host is Michael Franc of the Heritage Foundation. Location: Heritage Foundation, Lehman Auditorium, 214 Massachusetts Ave. NE.

**TELECOM-TERRORISM** \_ 12:15 p.m. The New America Foundation hosts a brownbag meeting in an ongoing series on Broadband related issues, with Frank Ianna, president of AT&T Network Services, who will discuss telecom network security and terrorism. Location: New America Foundation, 7th floor, 1630 Connecticut Ave. NW.

**BREMER** \_ 12:30 p.m. Amb. Paul Bremer, Director of the Coalition Provisional Authority in Iraq, speaks on the reconstruction process at a National Press Club luncheon. Location: National Press Club.

**CHILD TAX CREDIT** \_ 12:30 p.m. Youths whose households are denied child tax credits surround the White House for a rally. Participants include Marian Wright Edelman of the Children's Defense Fund, Sen. Tom Daschle and Rep. Nancy Pelosi. Contacts: Toby Chaudhuri, 202-662-3609.

**GOP-PRYOR** \_ 12:30 p.m. Senate Judiciary Committee GOP members ,including Senate Majority Whip Mitch McConnell and Sen. Jeff Sessions, R-Ala, hold a press conference to discuss committee action on the appeals court nomination of Alabama Attorney General Bill Pryor to the 11th Circuit. Location: Senate Radio/TV Gallery.

**FOOD SECURITY** \_ 1 p.m. HHS Secretary Thompson and FDA Commissioner Mark McClellan hold a news conference to give an update on Thompson's food security

initiative. Location: HHS Auditorium, 200 Independence Ave. SW.

**INDONESIA-PENTAGON** \_ 1 p.m. Deputy Secretary of Defense Paul Wolfowitz hosts an honor cordon to welcome Indonesia's Coordinating Minister for People's Welfare Yusuf Kalla to the Pentagon. Location: Steps of the Pentagon River Entrance.

**JUDICIAL ACCOUNTABILITY** \_ 1 p.m. Representatives Lamar Smith and Congressman Steve Chabot hold a news conference to announce the "House Working Group on Judicial Accountability." Smith and Chabot will co-chair the Group. House Majority Leader Tom DeLay will attend. Location: Room H-219, Capitol.

**SOCIAL SECURITY** \_ 1 p.m. Sen. Lindsey Graham, and Reps. Charles Stenholm and Jim Kolbe hold a news conference to announce a bipartisan cease-fire on Social Security. Location: Room SC-6, Capitol.

**BREMER** \_ 2 p.m. Administrator for the Coalition Provisional Authority Amb. Paul Bremer holds a briefing for foreign media only on the reconstruction efforts in Iraq. Location: Foreign Press Center, National Press Building.

**CHILD TAX CREDIT** \_ 2:30 p.m. Democratic Leaders Daschle and Pelosi hold a news conference on the child tax credit. Location: Upper Senate Park. Notes: Rain site is Room 138, Dirksen Building.

**TRADE REPRESENTATIVE ZOELICK HONORED** \_ 5:30 p.m. - 9 p.m. The Washington International Trade Association (WITA) and the Washington International Trade Foundation (WITF) present US Trade Representative Robert Zoelick with a Distinguished Service Award at their 9th Annual Awards Dinner. Location: Ronald Reagan Building and International Trade Center, Atrium Ballroom, 1300 Pennsylvania Ave. NW.

## **THE BIG PICTURE:**

### **Headlines From Today's Front Pages.**

#### ***Los Angeles Times:***

"M-I-C-K-E-Y: He's The Leader Of The Brand"  
"US Kills Hussein's Sons In Firefight At Mansion"  
"The FBI's Least Wanted"  
"Bound By Blood And Torn By Rivalry"  
"9/11 Report: No Evidence Of Critical Mistakes"  
"In Cycling, Winning With Honor Means Everything"  
"Numbers Add Up To Fall Recall Election"  
"City Still Mulling Appeal Of Verdict"

#### ***USA Today:***

"Shuttle Manager Defends Actions In Foam Analysis"  
"When Uday And Qusay Didn't Give Up, Bullets Started Flying"  
"US Hopes Attacks On Troops Will Fade"

**New York Times:**

"Hussein's 2 Sons Dead In Shootout, US Says"  
"Mayor's New Immigrant Policy, Intended To Help, Raises Fears"  
"Pataki Approves City Water Plant"  
"Judge Dismisses Terror Charges Against Lawyer"  
"With Hussein's Heirs Gone, Hopes Rise For End To Attacks"  
"Media Role Appears In Jeopardy In House"  
"Private Lynch Comes Back Home To A Celebration Fit For A Hero"  
"Yips, The Curse Of Golfers, Are Put To The Test"

**Washington Post:**

"Hussein's Two Sons Killed In Firefight With US Troops"  
"As US Lowered Sights, Information Poured In"  
"Bush Aides Disclose Warnings From CIA"  
"Jury's Verdict In Death Reversed"  
"Grateful W. Virginians Embrace Pfc. Lynch"  
"Drug Firms Gain Church Group's Aid"  
"She Was Joy': For Salsa Queen, A Regal Sendoff"

**Washington Times:**

"Iraqi Rebels Savor Problems Of Bush, Blair"  
"Powell Says US Should Not 'Look Away' From Liberian Plight"  
"Obscenity Law In Ohio Targeted By Lawyer"  
"Saddam's Sons Dead"  
"Delegates Vow Iraqis Won't Let Tyranny Return"  
"Crying Babies Receive Thumbs-Up At Theaters"  
"President Makes Overtures To Blacks"

**Detroit Free Press:**

"Hussein's Sons Killed"  
"US To Send 10,000 Guard Troops To Iraq"  
"GOP Splits On Affirmative Action"  
"US To Tether Its Illegal Immigrants"

**Atlanta Journal-Constitution:**

"Saddam's Sons Killed"  
"Jessica's Homecoming"  
"Weary Brigade Told It'll Leave Iraq"  
"Heartbroken' Sen. Dole Mourns Her Dear Friend"

**Dallas Morning News:**

"Coach Arranged Pay For Dennehy, Father Says"  
"Overhaul Proposed For Mental Health"  
"Study: 1.9 Million Texans Assaulted"  
"Storms Bring Hail, May Have Sparked Fires"  
"State's Budget Cuts Threaten Prevention Programs' Future"

**Houston Chronicle:**

"Metro Plan Adds 9 Miles Of Rail To Minority Areas"  
"Elimination Of Hussein's Sons May Help Stabilize Iraq"  
"Lower-Ranking Operatives Point To Iraqi Big Shots"  
"NASA Official Defends Work For Columbia"  
"Failures Leave NASA Lacking New Way To Fly"  
"City Sprawl Racks Up Mileage, Empties Wallets"

**Story Lineup From Last Night's Network News:**

**ABC:** Saddam's sons killed; Baghdad celebration; Bremer interview; Saddam's sons; White House-Niger uranium; PFC Lynch homecoming; Iraqi leadership; Tipster reward; 507<sup>th</sup> ambush hero.

**CBS:** Saddam's sons killed; Baghdad celebration; Saddam's sons; White House-Niger uranium; PFC Lynch homecoming; Liberian violence; Congress-9/11 report; Eiffel Tower fire; Missing basketball player; Severe weather; MT wildfire; Indonesia volcano; Cruz funeral; LA real estate prices.

**NBC:** Saddam's sons killed; Baghdad celebration; Iraq-US KIA; Iraq-troop rotation; White House-Niger uranium; Liberian violence; North Korean nukes; Missing basketball player; Saddam's sons; Severe weather; Medical report; Cruz funeral; Dole birthday; PFC Lynch homecoming.

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# THE ATTORNEY GENERAL'S *NEWS BRIEFING*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF JUSTICE

**TO: THE ATTORNEY GENERAL AND SENIOR STAFF**

**DATE: WEDNESDAY, JULY 23, 2003, 7:45 AM EDT**

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## TERRORISM NEWS:

### **Judge Dismisses Two Terror Charges Against Civil Rights Lawyer.**

The [Wall Street Journal/AP](#) (7/23) reports, "A judge dismissed the two main terror counts against a civil rights lawyer and her co-defendants Tuesday, saying charges they conspired to support a terrorism organization were unconstitutionally vague. US District Judge John G. Koeltl left intact charges that attorney Lynne Stewart and the others conspired to defraud the US and that Ms. Stewart made false statements. 'It certainly is a great relief,' Ms. Stewart said of the ruling. 'It's also wonderful to know that the case maybe has opened a way for the use of this law to be circumscribed, curtailed a little bit.' US Attorney James B. Comey said in a statement that he still believes the 1996 law prohibiting material support for terrorism is constitutional, and that an appeal is possible. Ms. Stewart, who hasn't been jailed, was charged last year with helping deliver messages from her client, Sheik Omar Abdel-Rahman, who is serving a life sentence for conspiring to blow up New York City landmarks and assassinate Egyptian President Hosni Mubarak. Prosecutors say she and co-defendants Mohammed Yousry, an Arabic translator, and Ahmed Abdel Sattar, a US postal worker, helped relay messages from the blind Egyptian cleric to the Islamic Group, a radical terrorist group based in Egypt. According to an indictment, they conspired to provide communications equipment, personnel, currency, financial securities and financial services to the Islamic Group. All three pleaded innocent. The judge didn't attempt to strike down the 1996 anti-terrorism law, but said the defendants were correct to argue against a prosecution based on the mere use of telephones and other means of communication."

The [Washington Post](#) (7/23, A9, Powell. Haughney) reports, "A federal judge tossed out two major terrorism charges today against a prominent attorney for radicals, saying the charges were unconstitutionally vague and 'reveal a lack of prosecutorial standards.' ... Koeltl wrote that prosecutors had taken too expansive a reading of federal laws that prohibit conspiring to provide material support to a foreign terrorist organization, adding that the indictment in this case threatened to criminalize the 'mere use' of telephones. He wrote that the government appeared to define defense

lawyers in this case as 'quasi employees' of their clients and therefore subject to criminal prosecution. ... It was unclear how far Koeltl's ruling goes, in challenging the material support law or in giving defense lawyers a foothold to attack the law elsewhere. Koeltl found the material support law unconstitutional as prosecutors applied it. But he also wrote that the law had 'plainly legitimate applications,' such as prohibiting people from providing false documents, money and explosives to a terrorist organization. Mark Corallo, a Justice Department spokesman, said last night that lawyers are still reviewing the ruling. He said they believe the judge has not thrown out the material support statute altogether, but instead has simply ruled that its application in this case is unconstitutional."

The [AP](#) (7/22, Neumeister) reports, "A judge dismissed the two main terror counts against a civil rights lawyer and a translator Tuesday, saying charges they conspired to support a terrorism organization were unconstitutionally vague." The AP continues, "U.S. District Judge John G. Koeltl left intact charges that attorney Lynne Stewart and two others conspired to defraud the United States and that Stewart made false statements. ... 'I'm relieved and elated,' Stewart said. She declined to comment further until she had read the decision." The AP adds, "Stewart was charged last year with helping deliver messages from her client, Sheik Omar Abdel-Rahman, who is serving a life sentence for conspiring to blow up New York City landmarks and assassinate Egyptian President Hosni Mubarak." The AP notes, "When Attorney General John Ashcroft announced the indictment last year, he said Stewart illegally aided Abdel-Rahman, during a visit with him at the federal prison in Rochester, Minn., in May 2000. Abdel-Rahman has since been transferred from the prison hospital."

Reuters (7/22, Thomasch) reports, "The U.S. attorney's office has accused her of helping Abdel-Rahman communicate from prison with an organization the U.S. government deems a terrorist group, the Egyptian-based Islamic Group." Reuters continues, "Stewart has denied wrongdoing, and the case has drawn widespread attention from other defense attorneys who fear it could pose a threat to lawyers who represent unpopular clients." Reuters adds, "The ruling by Judge Koeltl throws out the first two counts of the indictment against Stewart, both of which center on providing, or conspiring to provide, material support to a foreign terrorist organization. ... Those charges were also dismissed against

other defendants in the case, including Ahmed Abdel Sattar, a top aide to Abdel-Rahman, and Mohammed Yousry, an Arabic interpreter, and Yassir Al-Sirri, who did not participate in the motion. ... The U.S. attorney's office said it is reviewing its appellate options "

The [New York Law Journal](#) (7/23, Hamblett) reports, "The indictment accused her and co-defendants Ahmed Abdel Sattar, Yassir Al-Sirri and Mohammed Yousry with staffing a 'communications pipeline' between the sheikh and the Islamic Group, an organization that had claimed credit for the massacre of 62 people at an archeological site in Luxor, Egypt, in 1997. The Islamic Group had a tentative cease-fire with the Egyptian government in which it was refraining from terrorist attacks, and Stewart and her co-defendants were accused of communicating Sheikh Abdel Rahman's withdrawal of support for the truce." The Journal continues, "On the material support for terrorism, Stewart was accused of providing "communications equipment" and "personnel" to the Islamic Group in violation of §2339B. ... However, Stewart's lawyer Michael Tigar and Kenneth Paul, the lawyer for Sattar, argued that the law criminalized innocent behavior. ... 'The defendants are correct and by criminalizing the mere use of phones and other means of communication the statute provides neither notice nor standards for its application such that it is unconstitutionally vague as applied,' Koeltl said. 'A criminal defendant simply could not be expected to know that the conduct alleged was prohibited by the statute.' ... Tigar also argued that it put Stewart in an untenable position as a lawyer for Sheikh Abdel Rahman, an opinion Koeltl appeared to embrace. 'The Government accuses Stewart of providing personnel, including herself, to [the Islamic Group],' Koeltl said. 'In so doing, however, the Government fails to explain how a lawyer, acting as an agent of her client, an alleged leader of an FTO [foreign terrorist organization], could avoid being subject to the criminal prosecution as a "quasi-employee" allegedly covered by the statute.'"

**FBI May Extradite Radical Muslim Cleric.** The [Washington Times](#) (7/23, Doyle) reports, "The FBI is examining evidence from a sting operation mounted against the radical Muslim cleric Abu Hamza al-Masri in Britain to determine whether it bolsters the case for his extradition to the United States on terrorism-related charges. A cache of secret video and audiotapes was given by al-Masri to a researcher, who infiltrated his group based at the Finsbury Park mosque in London. One of the tapes includes a

documentary in Arabic detailing the engineering methods used in building the World Trade Center's Twin Towers. Recorded before the September 11 terrorist attacks, the tape also details the construction of the Petronas Twin Towers in Kuala Lumpur, Malaysia, currently the world's tallest structures. In footage of a meeting of militant Islamists on one of the tapes, a voice can be heard repeatedly shouting in the background: 'Brother Atta.' Mohamed Atta was the lead hijacker in the September 11 terrorist attacks. ... Other material on the tapes shows al-Masri talking at a private meeting about so-called suicide bombers and three Britons being interviewed about their experiences fighting jihad in Bosnia-Herzegovina. Another of the videos shows him holding a meeting with James Ujaama, who used to oversee al-Masri's Web site in London and has been convicted in the United States of aiding the Taliban. Ujaama, 37, pleaded guilty in April to conspiring to provide cash, computers and services to the Taliban, the radical Muslim sect that ruled Afghanistan until being ousted by a U.S.-led coalition after the September 11 attacks."

**US Rules Out Death Penalty For British Detainees.** The [New York Times](#) (7/23, Lyall) reports, "The Bush administration has assured the British government that it will not seek the death penalty for two Britons being held as terrorist suspects at the American naval base in Guantánamo Bay, Cuba, British and American officials said today. In a statement released in Washington, where he had just concluded several days of discussions about the fate of the two men, Feroz Abbasi and Moazzam Begg, the British attorney general, Lord Goldsmith, said he had made significant progress in efforts to ensure that they be tried fairly. Mr. Begg, 35, from Birmingham, England, and Mr. Abbasi, 23, from London, were on a list of six detainees identified by President Bush earlier this month as likely to be tried by military tribunals at Guantánamo Bay. The news immediately raised protests in Britain, America's staunchest ally in the war against Iraq, with politicians, civil rights groups and editorial writers accusing the government of Prime Minister Tony Blair of failing to ensure the civil rights of British citizens in the face of American legal proceedings. Among other things, Lord Goldsmith said today, the Americans have promised that, should the tribunals proceed, the Britons' conversations with their defense lawyers would not be monitored or reviewed by American authorities. In addition, he said, the trials would be open to reporters and subject to security restrictions, and the

two men would be allowed to consult British lawyers, even though they would be officially represented by American lawyers. Lord Goldsmith's statement only referred to the two men, although seven other Britons being held at Guantánamo Bay have been included in his negotiations. ... In Washington, government officials said the death penalty had never been seriously considered in the cases of the two Britons."

The [Washington Post](#) (7/23, A18, Graham, Branigan) reports, "The United States assured Britain yesterday that US prosecutors will not seek the death penalty against two British citizens facing possible trial on terrorism charges before military tribunals. ... Blair's government has sought the repatriation of the Britons and, failing that, assurances of fair trials free of the prospect of the death sentence, which is outlawed in Britain. Expressions of concern in Britain rose to new levels this month after President Bush listed Britons Feroz Abbasi, 23, and Moazzam Begg, 35, among the first six prisoners eligible for military trial as early as this summer. Pressed personally by Blair, who was in Washington last week, Bush announced that his administration would reconsider whether and under what circumstances to bring before American military tribunals Britons and at least one Australian captured in the Afghanistan war. But the move opens the president to criticism that he is showing favoritism to his allies and not dispensing justice equally in the war on terrorism."

[Reuters](#) (7/22) reports, "The United States has told Britain that it will not seek the death penalty in the case of two Britons held at Guantanamo Bay in Cuba, British Attorney General Lord Goldsmith said in a statement on Tuesday." Reuters continues, "At the request of British Prime Minister Tony Blair, the United States last week suspended military court proceedings against the two Britons -- Moazzam Begg, 35, and Feroz Abbasi, 23, who were among suspected al Qaeda members detained in Afghanistan or Pakistan and moved to the U.S. base in Cuba." Reuters adds, "Goldsmith's statement, released by the British Embassy in Washington, said the prosecutions of Begg and Abbasi remained suspended but implied that they were expected to resume. ... 'The prosecution will not seek the death penalty in the cases of Feroz Abbasi and Moazzam Begg,' it said. ... 'Begg and Abbasi will be able to be represented by an appropriately qualified U.S. civilian lawyer of their own choosing, subject to security clearance,' it added." Reuters notes, "The men's families and other campaigners want much more from the United States, including the repatriation of the detainees for

trial in Britain. ... Their cases have become one test for what Blair is able to obtain from the United States as a reward for his strong support for the U.S. invasion and occupation of Iraq. ... Goldsmith visited Washington on Monday and Tuesday to follow up on Blair's visit last week. He had talks with senior U.S. officials in the Defense Department, State Department, Justice Department and the White House."

## **HOMELAND RESPONSE:**

**Ashcroft Praises Anti-Terror Efforts On Northwest Swing.** The [Seattle Post-Intelligencer](#) (7/23, Shukovsky) reports, "U.S. Attorney General John Ashcroft traveled to Seattle yesterday to praise and encourage regional leaders in the war on terrorism." The P-I continues, "In early-morning meetings with federal, state and local law enforcement chiefs from around the state, Ashcroft gave what U.S. Attorney John McKay of Seattle called a 'strong pep talk that was well-received.'" The P-I adds, "McKay said the attorney general did not carry news of any new federal dollars for people or equipment for the agencies that Ashcroft praised in a news conference yesterday at Coast Guard headquarters. ... 'American citizens are safer, and our liberties are more secure,' Ashcroft said in lauding the work of the state anti-terrorism task force. ... But McKay said that having Ashcroft meet reporters on an Elliott Bay dock 'was eye-opening for him to see the port and its vulnerability.'" The P-I notes, "However, Ashcroft did not answer when he was asked about the growing budget deficit's effect on funding internal security measures such as bringing the number of FBI agents in Washington up to the per-capita average of other states. ... Rather, he spoke in general terms about what he characterized as the administration's successes in the war on terrorism. He congratulated local agents and prosecutors for their work in convicting accused al-Qaida terror-camp manager James Ujaama. Ujaama recently pleaded guilty to reduced charges in return for his providing testimony and cooperation to the government in other terrorism-related cases. ... About 45 demonstrators gathered in front of the Coast Guard's Pier 36 headquarters on Alaskan Way South as a woman bearing a bullhorn proclaimed: 'Before he (Ashcroft) became attorney general, he ran for office against a dead man and lost,' in apparent reference to Ashcroft's candidacy for the U.S. Senate from Missouri. ... The demonstrators carried signs such as one reading: 'Defend civil liberties, repeal the Patriot Act.'"

The [Seattle Times/AP](#) (7/22) reports, "Attorney General John Ashcroft praised Northwest law enforcement agencies in a visit today to Seattle. ... He spoke at a Coast Guard pier with a cutter and gunboat in the background." The AP continues, "In his speech, Ashcroft defended the (USA Patriot Act) for 'taking down the wall' between intelligence gatherers and law enforcement agencies to improve security." The AP adds, "Ashcroft also mentioned a couple of anti-terrorism successes in Washington: The arrest of 'millennium bomber' Ahmed Ressam, who was apprehended by Customs officials in Port Angeles while trying to enter from Canada in a car full of explosives in December 1999, and the plea bargain in which James Ujaama pleaded guilty in Seattle to conspiring to help the Taliban and agreed to testify against others."

The [Tacoma \(WA\) News Tribune](#) (7/23, Hagey) reports, "U.S. Attorney General John Ashcroft delivered an upbeat progress report Tuesday on the fight against terrorism during a stop in Seattle to meet with members of Washington's antiterrorism task force." The News Tribune continues, "Since the Sept. 11, 2001, attacks, law enforcement agencies have dramatically improved communication with each other, Ashcroft said during a press conference at a Coast Guard pier along the Seattle waterfront." The Tribune adds, "The result, he said, is the dismantling of terrorist cells worldwide, the seizure of millions of dollars worth of assets and hundreds of arrests.... Terrorists, he said, 'have heard and felt the united power of American justice.' ... But law enforcement officers still need more tools, Ashcroft said, including some of the same subpoena powers already available in the war on drugs. And Washington state, with its international border and vast coastline, remains particularly vulnerable. ... 'It's important that we do well here,' he said." The News Tribune notes, "Outside the Coast Guard building, about two dozen demonstrators carried signs saying 'Ashcroft Sabotages Rights' and 'Civil Liberties, Bring 'em On.' ... The protesters said they object to the USA Patriot Act, the federal law passed in the wake of the terrorist attacks that expanded the government's surveillance and detention powers. ... Elizabeth Simmons-O'Neill of Lake Forest Park brought her children to the protest. 'I feel like he is trampling on the Bill of Rights, the Constitution and some of the things that make America great,' she said of Ashcroft. ... The crowd was smaller than one that protested Ashcroft's visit to Portland on Friday, where an estimated 200 to 250 carried signs and chanted."

The [Anchorage \(AK\) Daily News](#) (7/22, Pesznecker, Tsong) reports, "United States Attorney General John Ashcroft told federal and local officials Monday the USA Patriot Act should be expanded, not softened, even as protesters gathered nearby and the Anchorage Assembly and state Legislature have passed resolutions protesting the national anti-terrorism law." The News continues, "Ashcroft charged critics with misconstruing a law that he said broadens the government's ability to nab terrorists. He would like to amplify those powers, he said. ... 'This is not something novel or new or different,' Ashcroft said. 'The Patriot Act is simply a way to extend a robust set of tools.'" The News adds, "Ashcroft addressed Alaska's Anti-Terrorism Task Force, which includes representatives from 60 federal, state and local agencies. It's one of 93 such task forces around the United States; Ashcroft said he has personally visited about 40 of them. ... The attorney general said that in the pursuit of terrorists it's critical that federal and local governments work together. Without the Patriot Act, Ashcroft said, these efforts would be 'difficult if not impossible.'"

***Ashcroft's Visit Meets With Minor Protests, Few Middle Easterners.*** The [Seattle Times](#) (7/23, Rivera) reports, "U.S. Attorney General John Ashcroft encountered minor protests during his brief stop in Seattle yesterday, as he has in most places he visits these days. ... But notably absent among his sign-waving detractors were immigrants from Middle Eastern and Muslim nations." The Times continues, "Some fear being tagged anti-American. Others worry that being spotted at a protest — much less arrested — could spell trouble when they try to renew their visas or obtain permanent residency. ... 'I've had clients who have been terrified by what's happening,' said Bob Free, an immigration lawyer with MacDonald, Hoague and Bayless in Seattle. 'I've urged some to go to the press and make complaints and vocalize what's happening to them, and they won't because they don't trust America at this point.'" The Times adds, "Ashcroft's visit, part of a three-state swing through the Northwest, drew about two dozen protesters to the U.S. Coast Guard station at Pier 36, where Ashcroft was meeting with local and federal anti-terrorism officials. ... Some of the protesters waved signs espousing socialism, some called for anarchy, and a few attacked the Patriot Act and Ashcroft's record on civil rights. ... 'I think that's what the Bush administration has done, try to foster fear,' said protester Margaret Viggiani." The Times notes, "Foreign nationals had once been a common sight outside federal buildings in

Seattle and across the country protesting the treatment of immigrants after the terrorist attacks of Sept. 11, 2001. ... But the arrest and detention late last year of hundreds of Middle Eastern men and teenagers — mostly in Southern California — who voluntarily complied with a new federal immigrant fingerprinting and registration program sparked fears already dwelling in many immigrants.”

**Columnist Blasts Ashcroft For Ignoring Ujaama.** In a column in the [Seattle Post-Intelligencer](#) (7/23), Robert L. Jamieson, Jr., writes, “John Ashcroft’s ‘Bustin’ Bad Boyz’ Tour rolled through Seattle yesterday. The nation’s band leader of anti-terror was crooning his greatest hits. ... Had Ashcroft been inclined, he could have moseyed down 10 miles south of his news conference at Pier 36 and held a jam session with a prize catch few people even knew was back in town: James Ujaama.” Jamieson continues, “Ring a bell? ... Ujaama is our very own Seattle Taliban, the local guy with Afghan ties. ... He pleaded guilty and was quietly whisked far away this spring to Homeland Security’s Never Never Land. ... But he returned to Seattle more than a week ago. Ujaama reportedly had been in New York to testify before a grand jury investigating a London cleric suspected of recruiting for al-Qaida.” Jamieson adds, “Given the history between John (the law) and James (the lawbreaker), one would have thought this terror-twined duo would be up for a reunion. ... But Ashcroft didn’t call. ... He didn’t write. ... Just like a G-man!” Jamieson notes, “If Attorney General Ashcroft had inquired, he would have discovered his homeboy is doing fine and has been quite busy since slipping from the headlines. ... Ujaama is being held at the federal detention center in SeaTac, where, in exchange for his cooperation, he is serving two years out of a possible 10-year-sentence.... He could be out of prison as early as April.” Jamieson concludes, “Ashcroft is a busy man. He’s on tour, rockin’ and rollin’ America as we know it, trampling our civil rights, shredding the Constitution, all in the name of the ‘Patriot Act.’ ... Is that really how a patriot acts?”

**House Votes To Roll Back “Sneak and Peek Provision In Patriot Act.** [Reuters](#) (7/22, Clark) reports, “The U.S. House of Representatives voted overwhelmingly on Tuesday to roll back a key provision, which allows the government to conduct secret ‘sneak and peek’ searches of private property, of a sweeping anti-terrorism law passed soon after the Sept. 11 attacks.” Reuters continues, “The House voted 309-118 to attach the provision

to a \$37.9 billion bill funding the departments of Commerce, State and Justice. It would be the first change in the controversial USA Patriot Act since the law was enacted in October, 2001.” Reuters adds, “The move would block the Justice Department from using any funds to take advantage of the section of the act that allows it to secretly search the homes of suspects and only inform them later that a warrant had been issued to do so.” Reuters notes, “Supporters of the change say that violates both the U.S. Constitution and the long-standing common law ‘knock and announce’ principle - - which states the government cannot enter or search private property without first notifying the owner. ... ‘Not only does this provision allow the seizure of personal and business records without notification, but it also opens the door to nationwide search warrants and allowing the CIA and NSA to operate domestically,’ said the amendment’s sponsor, Idaho Republican Rep. C.L. ‘Butch’ Otter. ... The Justice Department recently told Congress that it had already executed 47 ‘sneak and peek’ searches and had sought to delay notification of search warrants in a total of 250 cases, said Ohio Democratic Rep. Dennis Kucinich. ... ‘I would suggest to you that just one would constitute a threat to our Bill of Rights,’ he said. ... U.S. Attorney General John Ashcroft -- who has become a lightning rod for concerns over the possible erosion of U.S. civil liberties -- defended the Patriot Act on Monday, saying criticism of it was based on exaggerations and falsehoods.”

**CO Bookstores, Libraries, Urge McInnis To Oppose Patriot Act Provision.** The [Durango \(CO\) Herald](#) (7/22, Kostka) reports, “Three Durango bookstores and two libraries gave their petition opposing a section of the Patriot Act to U.S. Rep. Scott McInnis’ local office Monday with hopes that its 1,179 signatures influence the congressman.” The Herald continues, “Peter Schertz, owner of Maria’s Bookshop, began a local petition drive six weeks ago to show support for the Freedom to Read Protection Act. The act seeks to overturn Section 215 of the Patriot Act, which allows federal investigators to obtain customer-purchase and library-usage records and monitor Internet traffic at public computer terminals without notification or court order.” The Herald adds, “Maria’s Bookshop, The Bookcase, Southwest Book Trader, the Durango Public Library and Reed Library at Fort Lewis College displayed the petition for people to sign. ... ‘It’s a logical cause for all of us,’ Schertz said.” The Herald notes, “Schertz decided to take the petition to McInnis’ office two weeks earlier than planned because of an amendment to the

2004 Commerce, Justice, State and Judiciary Appropriations Bill that Congress may consider soon. The amendment would eliminate U.S. Justice Department funding for searches of bookstore and library records under the Patriot Act, according to the American Booksellers Foundation for Free Expression, an organization that supports causes for independent bookstores. Schertz learned about the amendment through the organization. ... McInnis, R-Colo., has said in the past that he would not support the Freedom to Read Protection Act because he does not want to take away tools from the people who are trying to protect U.S. citizens. Blair Jones, McInnis' press secretary, said Monday that McInnis receives several petitions every month, and he will review this petition."

***National Review Editor Defends Ashcroft Against Patriot Act Criticism.*** In an op-ed in the [Washington Times](#) (7/23), Jonah Goldberg, editor at large of National Review Online, writes, "My wife is an aide and senior speechwriter to Attorney General John Ashcroft. This can be a big drag. ... (O)n a day-to-day basis, the most annoying aspect is that whenever I mention John Ashcroft, I have to follow it up with ... 'full disclosure.' ... The fact that my wife works for the AG means that I'm automatically in the tank for him. ... What makes this so annoying is that I honestly don't understand what Ashcroft has done wrong." Goldberg continues, "According to a recent article by Adam Nagourney of The New York Times, there is no single figure more universally loathed by liberals, Democrats and - Nagourney seems to imply - all intelligent and decent carbon-based life forms. ... This is all nonsense on stilts - on top of a ladder, on the roof of a very tall building. First of all, someone needs to tell these people that America isn't populated entirely by irrational liberal Ashcroft-phobes." Goldberg adds, "A Harris Interactive poll last month found that 54 percent of respondents had a positive view of Ashcroft's job performance and only 32 percent had a negative view. This makes Ashcroft more popular than Al Gore, Ted Kennedy, Joe Lieberman, Hillary Clinton, Dick Gephardt or John Kerry. His positive rating is higher than the Congressional Democrats as a group and Congressional Republicans as a group. He is 20 points more popular than the avuncular Denny Hastert and a few points better than Dick Cheney. ... Now I don't put much stock in polls, and I'm sure other polls say different things, but only someone deeply enmeshed in groupthink could believe that Ashcroft is the most hated man in America. It reminds me of when Richard Nixon said that it's obvious the world's

overpopulated since everywhere he goes he sees huge crowds." Goldberg notes, "The Ashcroft-haters also say that all clear-thinking, liberty-loving people know that Ashcroft's demon child - the Patriot Act - is a Great Evil. The problem is that 99 percent of these people don't know what they are talking about. When I ask people why they think my wife's boss is the devil or what's wrong with the Patriot Act, I get ill-informed mush or untrue propaganda. ... Just to be quick: Despite the ACLU's insistence that the Patriot Act gave the executive branch 'sweeping new powers that undermine the Bill of Rights,' all of the snooping, sneaking, spying and other prying powers allegedly granted to the Feds still have to be approved by judges, as always. ... Most of these powers already existed for criminal investigations, but the government thought it might be a good idea to use them against al-Qaida as well as the mob." Goldberg concludes, "I'm not saying a sane person cannot quibble with the Patriot Act or that you have to be crazy to dislike John Ashcroft. But the rhetoric is so far above the reality on both scores, it makes many people and institutions look crazy. ... In fact, the Patriot Act is so reasonable it passed the Senate 98 to 1 and the House by 357 to 66. Indeed, with the exception of Dennis Kucinich, all of the senators and representatives currently running for president on John Ashcroft's back voted for it. ... So again, I ask, what in the world are these people talking about?"

***More Commentary.*** The [Boulder \(CO\) Daily Camera](#) (7/23) editorializes, "Being John Ashcroft means never having to say you're sorry. When the U.S. Justice Department is indicted for civil-liberties abuses, Attorney General Ashcroft changes the subject. And demands more power." The Camera continues, "Last week, the Justice Department's Office of the Inspector General released its third regular report on the implementation of the USA PATRIOT Act. The report revealed dozens of 'credible allegations' of civil-rights and civil-liberties violations. ... The Justice Department downplayed the report. Spokeswoman Barbara Comstock said 'the small number of credible allegations will be thoroughly investigated.' ... Meanwhile, Ashcroft's reaction was incredible. This week, he said the USA PATRIOT Act (the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act) should be broadened, so the government would have greater powers of secret detention, warrantless search, and citizen surveillance." The Camera adds, "Ashcroft has used this diversionary tactic before. Last month, the inspector general released a 239-page report identifying

"significant problems" in the Justice Department's treatment of the 762 foreigners held after 9-11. The detainees, suspected of relatively trivial immigration offenses, were secretly held for long periods without charges, without access to attorneys, and often with physical or verbal abuse." The Camera concludes, "Ashcroft and his minions, downplaying allegations of invasive PATRIOT actions, note the relatively small number of credible complaints, as if 60 abuses a year were trivial. ... This week, Ashcroft dismissed any 'so-called invasion' of privacy as 'falsely reported and non-existent.' This comes from a man who seems profoundly averse to admit any error and deeply fond of government stealth. Should he get even more power to act secretly and unaccountably? Any answer but 'no' would be incredible."

The [Albany \(NY\) Times-Union](#) (7/22) editorializes, "For the second time in as many months, the Justice Department stands accused of trampling civil liberties in the name of fighting terrorism. That would be unsettling enough. What makes the latest warning even more alarming is that, once again, the accuser is none other than the department itself." The Times-Union continues, "When Mr. Fine's June report was issued, Justice Department officials were quick to promise that they would vigilantly protect civil rights and civil liberties. In one sense, the latest report is a sign that the department is indeed keeping watch to ensure that these rights are being upheld. But in another sense, the fact that there are now back-to-back reports indicates that more vigilance is needed." The Times-Union adds, "The question is, how much more? And another question: Who will know when all the proper safeguards are in place? It will be hard to get the answers when the emphasis is on secrecy. It's past time for Congress to reform this legislation and make government more -- not less -- accountable for its actions."

The [Astoria \(OR\) Daily Astorian](#) (7/22) editorializes, "The USA Patriot Act helped unleash an ugly and disturbing period of racism among a few U.S. Justice Department employees, according to a new report by the department's inspector general." The Astorian continues, "In response to the report by Inspector General Glenn A. Fine, who is a semi-independent watchdog, a Justice Department spokeswoman said the department takes seriously its responsibilities. But as with an earlier report on Patriot Act abuses, she and the department as a whole prefer to minimize the issue, stressing 'the small number of credible allegations.' ... That thoroughly misses the point. While no one would suggest the Justice Department is dominated by racists or that the Patriot Act is

uniformly rotten, there is no more important issue than rooting out anyone in federal law enforcement who would apply a racist jackboot to the backs of immigrants caught up in the post-9/11 furor." The Astorian concludes, "In wartime, it seems virtually inevitable that some citizens will improperly tar all members of certain racial and ethnic groups. In the wake of 9/11, the Justice Department has acted with commendable professionalism in dealing with examples of race crimes by private citizens against people of Middle Eastern origin. ... But in minimizing and downplaying abuses by federal employees, it seriously undercuts its own case for continuation of the broad powers granted by the Patriot Act. We have every right to insist that federal agents, guards and others act with scrupulous attention to due process and basic fairness. Anything less calls into question the legitimacy of our actions and our government. ... This is a time to nurture and protect Americans of Muslim and Arab origin, to make them proud and happy about their choice of a home. The Justice Department should be leading the way."

The [San Francisco Chronicle](#) (7/22) editorializes, "An unsettling report by the internal watchdog of the U.S. Justice Department serves as a reminder that use of the so-called Patriot Act to guard Americans from terrorism must not veer into abuse of innocent people's civil rights." The Chronicle continues, "The top leadership of the department under U.S. Attorney General John Ashcroft stood unapologetic on the ground of 'aggressively protecting innocent Americans from another terrorist attack.' But perhaps because of Ashcroft's desire for expanded powers under the Patriot Act, the department then embraced many of Fine's recommendations for deciding who should and should not be considered terrorist suspects, and how they should be treated." The Chronicle adds, "The case for respecting everyone's rights under U.S. law requires no argument. But Inspector General Fine's scrutiny of the Justice Department's performance is sadly needed."

### **Congressional 9/11 Report Said To Omit Information On Saudis' Links To Terrorists.**

CBS (7/22, story 7, Rather) reports, "Congress is getting ready to release its official findings on one of the most painful questions surrounding 9/11. Could anything have been done to uncover and stop the terror plot on America?" CBS (Chen) adds, "A joint congressional inquiry has concluded there was no smoking gun, no single piece of information that could have prevented the attacks. But in an 800-plus page report

due to be released this Thursday, the panel casts a critical eye on the nation's intelligence agencies. A congressional source says the report did find there were a number of missed opportunities, mishandled elements which could have helped investigators uncover and foil the plot. Among them: Contacts with two of the hijackers, who had lived with a paid FBI informant in San Diego. Though their connection to Osama bin Laden was known, US intelligence failed to put them on a watch list until they had already entered the US." Eleanor Hill, staff director, Joint Intelligence Inquiry: "If the FBI had had those names, and if they had acted on them, they might have had a break and then might have been able to find out what was going on." Chen: "But the FBI did know the first names of two of the Pentagon hijackers, thanks to the informant. Still, a spokesman insists that wasn't enough to conduct any further investigation. What may be more troubling: A section of the report which sources say shows widespread financial links between the Saudis and the terrorists has been taken out, reportedly for security reasons. But a key Senator says it's for purely political reasons." Sen. Bob Graham: "It has more to do with protecting agencies from the spotlight of responsibility for their gaffes, gaps, and incompetence that contributed." Chen: "Other members are also grumbling about what was left out. Said one, 'We're right back where we started, there's just too much we don't know here.'"

The [Wall Street Journal](#) (7/23, ) reports, "The Central Intelligence Agency and the Federal Bureau of Investigation missed numerous clues in the months leading up to the Sept. 11, 2001, terror attacks, but correcting any of those lapses wouldn't have stopped the plot, according to a report of the House and Senate intelligence committees due out Wednesday -- 22 months after the attacks. 'This inquiry has uncovered no intelligence information in the possession of the intelligence community prior to the attacks of Sept. 11 that if fully considered would have provided specific advance warning of the details of those attacks,' the report states, according to two people with copies. Nonetheless, US authorities come in for heavy criticism for failing to communicate with one another and missing a series of clues, people familiar with the report said. The report says, for instance, that President Bush was warned a month before the attacks that al Qaeda wanted to strike targets in the U.S., possibly with airplanes. That and other information in the report has been aired before."

The [Los Angeles Times](#) (7/23, Schmitt, Meyer) reports, "The 900-page report is to be released Thursday after months of haggling between congressional investigators and intelligence authorities over which portions of the hefty document should be declassified or remain top secret. A preliminary version detailing a summary of the concerns was published last winter. ... The congressional report provides new hues and shades to an already dim portrait of US preparedness before the attacks. Although the report's general outlines have been previously known, the timing of its release and the light it is expected to shed on what Bush administration officials knew in advance of the attacks comes at a politically sensitive time — as the administration attempts to fend off criticism that it relied on faulty intelligence about Iraqi plans to develop weapons of mass destruction before going to war."

The [AP](#) (7/23, Guggenheim) reports, "Sept. 11 hijackers lived freely in San Diego, even after they were linked to al-Qaida. Warnings that terrorist groups were training pilots were ignored. Intelligence officials were more focused on stopping attacks abroad than at home. A congressional investigation into the Sept. 11 attacks has already revealed major intelligence problems. On Thursday it will reveal more as its final report on the attacks is released, officials and congressional panel members say. ... 'When the story line comes out, it is explosive and riveting not so much that there is one single huge burst of information, but a host of new nuggets that kind of have a snowballing effect on the mountain that will hopefully rivet the American people's attention on the continuing problem of terrorism,' said former Rep. Tim Roemer, D-Ind., who served on the joint inquiry by the House and Senate Intelligence Committees. Roemer is also a member of the independent commission on the Sept. 11 attacks that is following up the joint inquiry. ... Some senior lawmakers have said Congress shares the blame. They say intelligence agencies did not receive adequate funding after the Cold War. ... But Sen. Ron Wyden, D-Ore., said he was troubled that intelligence agencies were 'woefully unprepared for a threat' despite previous terrorist attacks against US targets in the United States and abroad. 'Basically at a time when governments and intelligence leaders should have been mobilizing, too many hit the snooze button,' he said."

The [Washington Post](#) (7/23, A8, Schmidt) reports, "The new disclosures indicate once again that the FBI was tantalizingly close to some of the terrorists in the months before the attacks, and suggest that some of the hijackers

had deeper connections in the United States than was previously known. The inquiry has not uncovered new intelligence in the possession of the intelligence community 'prior to the attacks of September 11 that, if fully considered, would have provided specific advance warning of the details of those attacks,' the report concluded, according to the sources. The panel said the attacks could not have been prevented had the intelligence gathered by the FBI and the CIA been better handled. It said it is impossible to conjecture what would have happened had more connections been drawn."

**Columnist Criticizes Cheney In Mock Letter To Saudi Arabia.** In her column appearing in the [New York Times](#) (7/23) Maureen Dowd writes in the fictitious voice of Vice President Cheney, in a letter to a Saudi Arabian leader, "Thank you, my friend, for the falcon. It survived the trip on your Gulfstream. It is now eating small endangered woodland creatures at my Jackson Hole ranch. ... We've classified the entire section of the 9/11 report that deals with the family's support of charitable groups that benefit terrorists, including mentions of your wife's checks inexplicably winding up in the bank accounts of two of the hijackers. ... I know you're worried that the whiny widows of 9/11 will throw another hissy-fit when they see all the blacked-out material, like they did when you whisked Osama's family out of the US on a private jet right after the attacks. But we didn't go this far down the road of pushing aside incriminating evidence about you guys and blaming 9/11 on Saddam to turn back now because a few thousand families can't get their darn closure. Buddy, we go back a long way."

**Senate GOP Denies Increased Funding For Homeland Security.** The [Washington Post](#) (7/23, A7, Dewar) reports, "Senate Republicans yesterday turned back the first of several Democratic attempts to add to proposed spending for homeland security next year, ensuring the issue a role in the 2004 congressional elections. A proposal by Sen. Robert C. Byrd (D-W.Va.) to add \$1.75 billion to the \$29.3 billion appropriations bill for the new Department of Homeland Security was defeated on a largely party-line vote of 50 to 43 -- 17 votes short of the 60 needed under Senate rules because the proposal exceeded budget allocations. But, just as they did last week in forcing a series of losing votes on initiatives challenging President Bush's Iraq policy, the Democrats were seeking to make a political point. They plan other, more narrowly targeted efforts to increase anti-

terrorism spending. The Democrats' contention, disputed by Republicans, is that the administration and the GOP-controlled Congress are shortchanging the nation's domestic security needs." Byrd attempted to "add \$602 million for transit security; \$729.5 million for police, firefighters and 'first responders'; \$238.5 million for border protections; \$100 million to safeguard air cargo; and \$80 million to protect chemical facilities."

The [New York Times](#) (7/23, Stolberg) reports, "The Senate today began consideration of its first annual appropriations bill financing the new Department of Homeland Security, and promptly beat back an effort by Democrats to add \$1.8 billion to the \$29 billion measure. Democrats have been arguing for months that while the Bush administration presses tax cuts, the nation's domestic security needs are being shortchanged. But the \$1.8 billion amendment, expected to be the first of a series of Democratic efforts to increase spending in the bill, failed tonight to garner the 60 votes that budget rules required for it to be considered." Senator Robert Byrd said, "The country's focus has been on the daily battles in Iraq. While the president arguably says that the mission in Iraq has been accomplished, the mission to protect our citizens here at home is far from complete." Republicans respond by saying the "money in the bill is more than sufficient, and note that they are providing the new department \$1 billion more than the president requested. They argue that giving the fledgling department too much money would only create problems for it." Senator Thad Cochran said, "There is a capacity only to spend so much money at one time. ... The rush to spend money can put the agency in disarray." The Senate bill is "nearly identical to one the House adopted by a vote of 425 to 2 in June; a vote on the full bill in the Senate could come as early as Wednesday. The bill would provide \$4.9 billion for customs and border protection; \$5.4 billion for the Transportation Security Administration, which oversees passenger and baggage screening at airports; \$6.9 billion for the Coast Guard; and \$1.1 billion for the Secret Service. It also includes financing for emergency preparedness and defense against biological weapons."

**Bureau Of Customs Will Seek Advance Notice Of Shipment Details.** The [AP](#) (7/23, Aversa) reports, "The Bush administration, in a new move to keep out terrorists and their weapons, is set to order that details of cargo be provided electronically before its arrival in the United

States by air, rail or truck. The Bureau of Customs and Border Protection is proposing rules to bring this about, the bureau's commissioner, Robert Bonner, said Tuesday. The amount of time a company would have to detail its cargo before its arrival would vary by the mode of transportation: air, rail or commercial truck. Bonner said customs authorities currently receive some advance information on cargo carried by airplanes, rail cars and trucks, but the information is provided voluntarily and isn't always complete. For many shipments, especially on commercial trucks, customs currently receives cargo information on paper, not electronically, and upon arrival in the country, Bonner said. The bureau already has rules in place that require sea carriers to provide detailed information on contents of containers 24 hours before the cargo destined for the United States is loaded onto ships at foreign ports. The proposal unveiled Tuesday, however, would require sea carrier companies to provide this information electronically. 'My job is to increase security of the United States ... against the terrorist threat, but part of my job is to do this ... without choking off the flow of legitimate trade,' Bonner said. 'These proposed regulations do that.'

The [Washington Post](#) (7/23, A8, Hamilton, Goo) reports, "The rules create a system that requires all shippers to electronically transmit information about their goods and the recipients far enough before arrival to allow Customs to determine whether it needs to intensively inspect the cargo. The system seeks to increase the efficiency of inspections by ruling out 'the larger percentage of cargoes that don't pose risks' in order to target those either identified as risks by intelligence or 'about which we don't know anything,' said Robert C. Bonner, commissioner of the Customs Service, which is now overseen by the Department of Homeland Security. He said Tom Ridge, Homeland Security director, had signed off on the regulations."

**State Department Official Announces New Visa Documentation Rules.** In an op-ed appearing in [USA Today](#) (7/23) Maura Harty, assistant secretary of State for consular affairs writes, "Stopping dangerous people from entering the USA is our top priority. But the State Department must also efficiently document the millions of legitimate visitors who come to our country for business, school, family visits and exchange programs. There is both a tension and a balance between our need to provide for both secure borders and open doors. The eye of a trained officer on a case,

making use of the language skills, country-specific knowledge and counterterrorism training he or she has received is a crucial element of our adjudication process. Access to information from other agencies of the US government is also invaluable. While security has always been a priority, visa screening in the aftermath of Sept. 11, 2001, has become an essential element in our counterterrorism arsenal. We need to focus our resources, however, where they can be most effective. Starting Aug. 1, we will require that most foreign visitors explain their proposed travel to a US consular officer, who will have reviewed their visa applications beforehand and may have relevant questions to ask. While increasing the number of interviews may delay some applicants, we intend to take this measure in conjunction with others, such as increasing consular staffing abroad and streamlining certain data-entry procedures, to ensure timely processing of legitimate travelers. Our goal is to work with our partners throughout the US government to give each applicant the scrutiny in an interview appropriate to his or her circumstances, no more and no less. Most applicants will be able to establish quickly their qualifications for a visa."

**More Commentary.** [USA Today](#) (7/23) editorializes, "The State Department's plans to screen foreign visitors more closely starting Aug. 1 seems like an overdue step to reduce the risks of terrorists slipping into the country. In the nearly two years since Sept. 11, 2001, upgrades to the nation's system for issuing US visas have lagged other security fixes. In spite of the fact that all 19 of the 9/11 terrorists entered the country on visas — and three never were interviewed first — the State Department has resisted the methodical, clear-eyed approach to closing security loopholes that accounts for today's safer air-travel system. But now an otherwise promising plan for securing the visa system through more personal interviews is being undermined by the same resistance, coupled with a distressing lack of realism. Troubling questions abound about everything from the agency's readiness to the fallout that could result from enhanced screening without adequate resources to take on the task. Instead of making US borders more secure, the department risks replacing one flawed program with another that gives the public a false sense of security. The new system calls for a sharp increase in interviews of visa seekers by US officials. They now personally question fewer than a third of applicants in many countries because consulates have broad discretion to waive interviews. ... The State

Department says it already has beefed up visa screening through more interviews and a computer database of terrorism intelligence. While improvements, the measures don't ensure that the department is ready to take on this further expansion. Doing it haphazardly or on the cheap is not the answer. Credible screening without unreasonable delays may force visa applicants to pay even more than the current \$100 fee. The war on terror requires sound solutions, not half-measures that merely give the appearance of tighter security."

### **WTC Leaseholder Spars With Insurance Company Over Limitations Of Coverage.**

[Reuters](#) (7/23) reports, "World Trade Center leaseholder Larry Silverstein battled with insurers in a federal appeals court Tuesday, in a suit that will influence what replaces the complex destroyed on Sept. 11, 2001. Silverstein's lawyers argued that since the collapse of the Twin Towers was caused by two separate plane crashes, their client is entitled to two insurance payouts totaling more than \$7 billion. The insurers, led by Swiss Re and Travelers Property Casualty, countered that the attacks formed a single coordinated event, worth only one claim on his \$3.5 billion policy. Lawyers for Silverstein argued that the two plane crashes must be considered separate causes of the loss, not the underlying plan to attack using hijacked jets. They said this was because, under New York law, immediate circumstances must be considered in establishing the cause of a loss, not remote circumstances. 'A terrorist plot is not a cause, a terrorist plot has to be executed,' said Herbert Wachtell, a lawyer representing Silverstein at a hearing before the US Circuit Court of Appeals for the Second Circuit of New York. Insurers said there was only one cause, and only one insured event. 'We are talking about a highly coordinated military style precision attack,' said Harvey Kurzweil, a lawyer representing Travelers. He argued that the two plane crashes were part of one plan, which was the sole cause of the destruction."

### **NYTimes Urges NYFD And NYPD To Agree To Protocols Of Cooperation.**

The [New York Times](#) (7/23) editorializes, "They are called, respectively, New York's bravest and finest. Both the city's Fire and Police Departments have produced a bounty crop of heroes over the years. But put them together and the superlatives can become lost in a historic rivalry that often winds up embarrassing both. Two recent examples were downright

petty, with officers and firefighters clashing over how to dislodge a suspected thief from a chimney and how to search for a drowning victim. Now, with millions of dollars in federal antiterrorism aid at stake, Mayor Michael Bloomberg has ordered a plan for coordinating emergency responses that the commissioners for the police and the firefighters have agreed to accept. It's about time. ... Nowhere was the missing symbiotic relationship more evident than in the response to the World Trade Center attack. Separate command posts were established, and the police and the firefighters exchanged little information, even issuing separate evacuation orders. Yet in the aftermath, Police Commissioner Raymond Kelly and Fire Commissioner Nicholas Scoppetta rejected the idea that there was a need to set rules for cooperation. It went the way of the 1997 protocols for cooperation, which were signed by Mayor Rudolph Giuliani but never adopted by the Police Department."

### **WAR NEWS:**

#### **Saddam's Sons Uday And Qusay Killed By US Troops In Mosul.**

ABC (7/22, lead story, Gibson) reports, "Saddam Hussein's two sons, Uday and Qusay, were killed today by US forces. The commander of allied troops in Iraq said, 'We are certain Uday and Qusay are dead.' Two of the most feared figures in prewar Iraq, men who tortured or killed Iraqi citizens seemingly on a whim, were themselves killed in a military raid on a home in the northern Iraqi city of Mosul. It is, of course, very big news." ABC (Raddatz) adds, "When the gunfire stopped, the US retrieved four bullet riddled bodies from the residence, among them, Saddam Hussein's sons." Lt. Gen. Ricardo Sanchez: "We have since confirmed that Uday and Qusay Hussein are among the dead." Raddatz: "Senior officials tell ABC News that the bodies were positively identified by Abid Hamid Mahmoud, seen here on the left. He was Saddam Hussein's most trusted adviser, the Ace of Diamonds in the deck of the most wanted. Mahmoud was captured by US forces last month. But this raid was launched after a tip from an unexpected source -- a Mosul resident who approached the US military." Gen. Sanchez: "It was a walk-in last night that came in and gave us the information that those two individuals were in that residence, and the other two that were killed in there, we're still working to get final confirmation on who they are."

CBS (7/22, lead story, Rather) reports, "US forces in Iraq had wanted -- almost as much as Saddam Hussein -- his two sons. And today, they got them -- Uday and Qusay -- shot them dead. Acting on a tip that Saddam's sons were inside a villa in the northern Iraqi city of Mosul, US troops moved in, and the shooting began. Around the world this is widely viewed as a major success for the US military, American intelligence and President Bush, the most important victory since the fall of Baghdad." CBS (Stewart) adds, "Even before the first shots were fired just after 8:00 AM local time, US commanders were pretty certain they were closing in on the two brothers. But it took a six-hour-long gun battle before 101st Airborne Division troops could move in and find the proof." Lt. Gen. Ricardo Sanchez: "Four persons were killed during that operation, and were removed from the building. And we have since confirmed that Uday and Qusay Hussein are among the dead." Stewart: "In the official version, the shootout sequence began when an Iraqi informer walked into a US military location in Iraq Monday night, and provided information that the two brothers were staying in a villa on the north side of Mosul. Sources say US intelligence, however, had already sniffed out the same lead, and the tipster only confirmed their suspicions. Inside the villa, troops uncovered small arms, several documents linked to the brothers, plus the body of Mustafa Hussein, Saddam's 14-year-old grandchild and Qusay's son who was known to travel with his father, plus the body of a lower level bodyguard."

NBC (7/22, lead story, Brokaw) reports, "Their names were Uday and Qusay, the sons of Saddam Hussein. And in Iraq they were as notorious as their father. Sadistic and cold blooded, they terrified even members of the inner circle. Tonight they're dead, killed in a fierce firefight in the western city of Mosul after they were spotted in a villa owned by a Saddam cousin. This is a major victory for the US forces and it touched off celebrations among Iraqis in Baghdad." NBC (Miklaszewski) adds, "After searching for more than three months, the US caught its big break when an Iraqi informant walked into military headquarters in Mosul and led American troops straight to the sons of Saddam Hussein. Uday and Qusay were finally hunted down and killed in this house in Mosul in northern Iraq. Acting on a tip, troops from the Army's 101st Airborne surrounded the house. The Hussein brothers barricaded themselves inside and opened fire. It was clear Uday and Qusay, known as ruthless killers, would not be taken alive." Two others, "including the 14-year-old son of Qusay and apparently a bodyguard were also killed. The

bodies were flown by helicopter to Baghdad International Airport, where former Iraqi leaders now in US custody positively identified Uday and Qusay. US forensics experts also identified Uday from a bullet wound to his left leg suffered in a 1996 assassination attempt. Military investigators are sifting through what's left of the house in Mosul, searching for clues that may lead to the whereabouts of the father, Saddam Hussein himself, but so far apparently no luck. But General Sanchez predicts Saddam's days are numbered." Gen. Sanchez: "We remain totally committed to the Hussein regime never returning to power and tormenting the Iraqi people." Miklaszewski: "As for the Iraqi who tipped off the Americans, it appears he's eligible for \$30 million in rewards. And after weeks of bad news and controversy out of Iraq, this is extremely welcome news for the White House. But officials here say while Saddam is on the loose and American troops are still being killed, the war is far from over."

Fox News' "Special Report" (7/22, Hume) reports, "White House reaction to early word that Hussein brothers might be dead was notably muted." Fox (Angle) adds, "The White House was reluctant at first, until they got confirmation, the president got that just before Centcom announced that it had, in fact, determined the two men were dead. They called White House Chief of Staff Andy Card who told the president, who had already been aware that they thought they might have gotten them." Fox adds that "a White House spokesman also said that the president now believes that this is positive news for the Iraqi people and further assurance to the Iraqi people that, in fact, the Saddam Hussein's government is gone. And that is what officials believe is one of the biggest results of this. And that is that people who might have been...some worrying that Saddam would come back, others hoping that he would come back. That idea has now been put to rest because his two sons are now dead and that he may be worried about his own future."

The [Wall Street Journal](#) (7/23, Cloud, Barrionuevo) reports that the US hopes the strike "will undercut resistance from the former Iraqi regime and quiet criticism of American effectiveness in making the country secure. ... Although Mr. Hussein himself remains at large, removal of his sons seems likely to have a significant practical and psychological impact. Their elimination may discourage paramilitary forces believed to be behind the almost daily attacks on U.S. forces. ... The death of the sons also may encourage other Iraqis to come forward with information about Mr. Hussein's whereabouts, said US officials, noting that the informant who

led them to his sons was likely to receive at least a portion of the \$15 million reward offered for information leading to each of them. Mr. Hussein himself has a \$25 million price on his head.”

The [Los Angeles Times](#) (7/23, Daniszewski) reports, “President Bush ‘was pleased to hear the news,’ White House Press Secretary Scott McClellan said. ‘Uday and Qusai were two leaders of a very brutal regime, and this is further assurance to the people of Iraq that the regime is gone and will not be back.’” Bush “is scheduled to discuss operations in Iraq during an appearance in the Rose Garden this morning.”

The [Houston Chronicle](#) (7/23, Hedges) reports, “Bush did not directly comment on the deaths. A White House statement said, ‘We were pleased to learn from the Department of Defense of today’s action against Uday and Qusay Hussein. Over the period of many years, these two individuals were responsible for countless atrocities committed against the Iraqi people and they can no longer cast a shadow of hate on Iraq.’”

The [Financial Times](#) (7/23, Spiegel, Clover) reports, “The bodies of the four people killed in the attack were quickly taken from the house to be identified. Donald Rumsfeld, US defence secretary, briefed George W. Bush, the president, shortly after the raid that troops on the ground believed they had killed the two sons. ... Mosul has been mainly calm after April’s war, but its predominantly Sunni population and sheer size made it a potential hiding place. Although US officials suspect that Mr Hussein himself is still alive and hiding inside Iraq, the killing of his sons will be a blow to irregular Iraqi forces, which American military leaders believed were regrouping in central and northern Iraq.” The Times adds, “The demise of the two heirs is the biggest success for US troops since Mr Bush declared the end of major combat on May 1. The Bush administration and its allies have come under increasing pressure because of troops’ failure to find weapons of mass destruction in the country.” British Prime Minister Tony Blair “described the death of Saddam’s sons as a ‘great day for the new Iraq.’”

The [Christian Science Monitor](#) (7/23, LaFranchi, Bowers) reports, “The deaths of Saddam Hussein’s two ‘most-wanted’ sons in an attack by US forces Tuesday brings a major morale boost both to US troops and to Iraqis beginning to doubt that the old regime was gone for good. ... Their deaths are evidence that US forces ‘are stripping away the places where [Hussein] has been or could be hidden,’

says Judith Yaphe, an Iraq expert at the National Defense University in Washington. ‘It sends a clear message that we are here and we will get you.’ That will be significant not just to the US, Ms. Yaphe adds, but perhaps more importantly to Iraqis themselves, who know and lived with the sons’ rule.”

The [Washington Post](#) (7/23, A1, Ricks) reports, “Until early June, when the Army launched the first of three major offensives in the an area known as the Sunni triangle north and west of Baghdad, US officials didn’t fully grasp the extent of Baathist resistance in the area, one Army official said. The first offensive, dubbed Peninsula Strike, wasn’t aimed so much at Baathists as at hostile remnants of the Iraqi military that remained active in the Sunni town of Thuluya, on the Tigris River between Baghdad and Tikrit. ... Later in June, the next offensive, Desert Scorpion, began with scores of simultaneous raids aimed at, among other things, shutting down escape routes available to the former Iraqi leaders.” That “series of raids yielded information on what analysts said was a surprisingly large network of Hussein loyalists. ... As a result, U.S. commanders changed their minds about sending the entire 3rd Infantry Division home, as they had hoped to do by the end of last month.” The raids also “led to a sharp increase in U.S. casualties in June, with a soldier dying nearly everyday.”

The [New York Times](#) (7/23, MacFarquhar) reports, “General Sanchez said the other two bodies had yet to be identified, although Arab satellite television reports said one was the teenage son of Qusay, Mustapha, and the other was a bodyguard who had traveled with Uday since he was incapacitated by an assassination attempt in 1996. Government officials in Washington also said the teenager might be Qusay Hussein’s 14-year-old son, although they did not give the son’s name and emphasized that there had been no final determination of the identity. The officials also said the fourth person might have been a bodyguard.” The Times adds, “A retired Iraqi general who lived near the house said he thought others might have been involved in the gun battle and either escaped or were arrested.”

ABC (7/22, story 4, Gibson) reports, “The sons of Saddam Hussein were also among his closest aides. They gave them enormous authority in the government. They were notorious for abusing their power and terrorizing Iraqis.” ABC (Ross) adds, “They were pampered, powerful and as brutal, if not more brutal, than their father. And loyal to the end.” Dr. Hamid al Bayati, Council for Islamic Revolution for Iraq: “Both sons were involved in the resistance against allied troops.”

Ross: "The two sons are believed to have continued to control Saddam's Fedayeen and other militia elements still fighting in the US." Lt. Gen. Ricardo Sanchez: "I believe this will have an effect. This will prove to the Iraqi people that at least these two members will not be coming back into power." Ross: "They are a threat no more. Their deaths a huge symbolic victory for the US and a sense of justice for the families of hundreds of thousands of Iraqis who were raped or murders on their orders."

CBS (7/22, story 3, Rather) reports, "The people of Iraq had every reason to fear the sons of Saddam Hussein: Handed life-and-death power, they wielded it without mercy. But Uday and Qusay did have their differences of both style and substance." CBS (Orr) adds, "In a country ruled by fear, Uday and Qusay Hussein were the top enforcers. Their deaths are a powerful blow to Saddam's diehard loyalists, and may help convince skeptical Iraqis that regime change is a fact." Middle East analyst Patrick Clawson: "It will deprive resistance fighters of much of their hope that the Ba'athists will one day be able to come back to power." Orr: "Intelligence sources say the brothers had been traveling together since the fall of Baghdad, purposely separated from their father." Ambassador Paul Bremer: "I've said all along it's only a matter of time before we find Saddam Hussein, and I hope that day is a day earlier now." Orr: "The military continues to check out tips concerning Saddam's possible whereabouts. And there is some optimism, since it was a tip, in part, that led to his sons."

NBC (7/22, story 9, Brokaw) reports, "NBC News 'In Depth' tonight, more on Saddam Hussein's sons Uday and Qusay killed today in a raid in Mosul. Their rule, as their father's two most trusted deputies, were of the most brutal and sadistic in history." NBC (Mitchell) adds, "They were, by all accounts, the embodiment of evil." The brothers "were Saddam Hussein's most trusted aides. Qusay, in charge of security, the Republican Guard, even believed to be the point man for hiding weapons of mass destruction. He once ordered the executions of thousands of political prisoners and thousands more of Shiias after the first Gulf War. Uday, so hated he was severely injured in an attempted assassination nearly seven years ago, ran Iraq's media and its Olympic Committee."

The [New York Times](#) (7/23, A1, Schmidt, Shanker) reports, "Evidence of the deaths," US officials said, "will allow them to make the most convincing case that senior leaders of the Hussein government would never return to power -- and

that Iraqis need no longer fear openly supporting the United States. Before today, Defense Secretary Donald H. Rumsfeld routinely cited the climate of fear imposed by Mr. Hussein over the decades of his rule as a significant brake on efforts to pacify and rebuild Iraq. Mr. Hussein's sons served as his two most senior advisers and their survival at the very least helped inspire the insurgency."

The [Washington Post](#) (7/23, A13, Constable) reports, "They were known to many Iraqis as 'the wolf' and 'the snake.'" Uday "was the wolf -- a sadist who tortured athletes for losing matches and had henchmen snatch women and girls off the street, a tantrum-thrower who beat underlings and rivals to death, a showoff who collected fast cars and jungle pets." Qusay "was the snake -- a son who was subservient to his father in public but who quietly amassed enormous power through his control of state intelligence and security services, oversaw the brutal crushing of rebellious political movements and emerged as Hussein's heir apparent."

[USA Today](#) (7/23, Page) reports, "They were their father's sons in more ways than biology. Uday Hussein, the oldest of Saddam Hussein's five children, was unstable, capricious and cruel, known for his rapacious sexual appetites and his fondness for the *falaqa*, a medieval instrument of torture he was quick to use on those who crossed him. Qusay Hussein, two years younger, was organized and ruthless, an enforcer who modeled even his bushy mustache and style of dress on the father he was being groomed to succeed." USA Today adds, "The announcement that the two brothers had been killed in a six-hour firefight with U.S. forces in Mosul on Tuesday was the most powerful sign since the fall of Baghdad that the circle was closing on Saddam's regime. The sons who were once the public face in Iraq of Saddam's control, on the lam for months, were dead."

The [New York Times](#) (7/23, Miller) reports that Uday and Qusay "personified the terror of their father's rule. Their deaths, therefore, are the clearest indication to date that Mr. Hussein's era is over and power has passed to the Americans and their Iraqi and foreign allies." Qusay Hussein "headed Iraq's intelligence and security services, including the Republican Guard and its elite units that were responsible for protecting the leadership. Former United Nations weapons inspectors said he was also responsible for overseeing Iraq's unconventional weapons."

The [Washington Post](#) (7/23, C1, Waxman) reports, "Both were pampered sons of a murderous tyrant, handed the

power to inflict pain and demand pleasure at will from an early age. What could anyone expect? They learned to abuse their power with pathological glee and unbridled egotism. Wouldn't anybody? Here's a small example: When Uday built yet another massive palace in the middle of Baghdad, he was dissatisfied with the noise of fast-moving traffic passing beside the compound. So he had a single-lane overland bridge built nearby to divert the cars and slow them down. It created traffic jams in the city, but at least his yard was quiet. ... Uday would go out to the city's private clubs and 'invite' a group of girls back to his house. He'd get them drunk, and drug their drinks. But then when he couldn't perform sexually, he'd beat them. Doctors would be called to remove the victims."

#### ***Deaths Of Uday, Qusay Seen As Boost For Bush.***

The [Los Angeles Times](#) (7/23, Wright) reports, "The deaths of Saddam Hussein's powerful sons Tuesday is a badly needed boost for the Bush administration, a major strategic gain for U.S. forces battling Iraqi resistance and a boon for the fragile new governing council in Iraq." The White House "has been struggling to take back political ground lost during the debate about President Bush's claim in his State of the Union address that the Iraqi regime had tried to acquire uranium from Africa to reconstitute a nuclear weapons program. 'It sucks up all the air and reminds us once again of the great victory that we had over there,' Yaphe said."

The [Washington Post](#) (7/23, A14, Balz) reports that Democrats "learned how quickly events and images can change the context of the political debate at home. The reports from Baghdad competed on afternoon television with the poignant West Virginia homecoming for former POW Jessica Lynch. An adviser to one Democratic presidential candidate described the news as 'a firebreak' for the White House, while an adviser to another candidate said, 'There's no doubt this is a short-term boost to an administration that has been on the rocks on foreign policy, particularly Iraq.'"

CBS (7/22, story 4, Rather) reports, "Coming on a day when yet another American soldier was killed in an ambush north of Baghdad, news of the deaths of Saddam's notorious sons had also been killed was especially welcome at the White House." CBS (Roberts) adds, "President Bush was elated at today's news, saying it was a positive step for the Iraqi people. It was also a bright spot for the President after what has been a terrible couple of weeks dealing with the issue of Iraq and uranium."

CNN's "Inside Politics" (7/22, King) reports, "The White House believes that something like this gives the president momentum, if you will in the day-to-day political debate here in the United States. The long term policy effects how it will effect the situation on the ground in Iraq is an open question right now. The White House some momentum to make the case that the operation is a success and the planning is good planning and the intelligence is good as we see from this raid today. As to whether it will have any dramatic impact on the political debate, that is an open question."

The [Atlanta Journal-Constitution](#) (7/23, Kaplow, Edmonson) reports, "The Bush administration has been facing criticism, largely from Democrats, over its handling of post-war Iraq. And some public opinion polls have shown a decline in support for Bush's actions in Iraq. Eliminating two major figures from the regime could give a boost to the administration, some political analysts said, especially if the action is viewed positively by Iraqis."

[Time](#) (7/23, Karon) reports on its website, "Just when the U.S. desperately needed some good news out of Iraq, the special task force hunting for Saddam Hussein turned up, if not their top prize, the next best thing."

ABC's "Nightline" (7/22, Bury) reports, "The White House has so far responded cautiously to the deaths of Saddam's sons, considering how much President Bush could use some good news on Iraq. Since the day before he declared the end of hostilities in Iraq, the President's overall approval rating, while still strong, has fallen from 71% to 59% in ABC News polls. Over the same period of time, public approval for his handling of Iraq has dropped a bit more, from 75% to 58%. Even now, the two of the three most wanted Iraqi leaders are dead; it's clear more difficult and dangerous work lies ahead."

Bill Schneider said on CNN's "Inside Politics" (7/22) that this development "could shift the momentum in President Bush's favor. Since the war ended, Americans have been more and more critical of the way President Bush handled the situation in Iraq. The number who say the president is doing a good job in Iraq dropped over the last two months from 69 percent in May to 55 percent this month. As we know since the war ended Americans have been getting killed at one a day. The U.S. is facing what the military commander said a an increasingly well organized guerrilla campaign. And the cost of the occupation has been put at about \$1 billion a week. So a lot of people have been asking exactly what is the U.S. accomplishing in Iraq. Now we have at least a partial

answer. Two very dangerous figures have been eliminated. Figures that have at least inspired, if not directed, that increasingly growing guerrilla campaign."

**Noose Said To Be Tightening On Saddam.** ABC (7/22, story 7, Gibson) reports, "With the deaths today of Uday and Qusay Hussein, 36 of the 55 Iraqis most sought by the US government have been killed or captured. 19, including Saddam Hussein, remain at large. How have US forces been going after these former Iraqi officials? And are we now closer to getting Saddam Hussein himself?" ABC (Moran) adds, "The raid in Mosul today was the product of one of the most intense and secretive operations in post war Iraq, the vast manhunt for Saddam Hussein and his inner circle. Intelligence is key, and officials say it is coming from several sources. Captured Iraqi leaders, newly cooperative Iraqi civilians, intercepted communications, and satellite surveillance of the country. The methodical roundup of top officials from Saddam's regime, analysts say, has been an intelligence bonanza." ABC consultant Dick Clarke: "Every arrest therefore leads to the next rung up the ladder in the pyramid. And on top of the pyramid is Saddam." Moran: "While today's raid took place in Mosul, the manhunt has mostly focused in the north-central part of Iraq, the so-called Sunni Triangle where Saddam was born and many remain loyal. A force of several hundred American and British soldiers have combed this area for weeks." Clarke: "They're elite. They don't have any bureaucratic hurdles. They have a very simplified command structure. They're able to act quickly when they get information." Moran: "That information is increasingly coming from ordinary Iraqis, and officials in new Iraqi leadership say they're feeding the US all the tips they can gather." Ahmed Chalabi, Iraqi National Congress: "We have developed a great deal of information, which we share with the US, and we are working hard to finish this job by finding Saddam." Moran: "As for Saddam Hussein himself, intelligence veterans say today's arrests have significantly tightened the noose." Former CIA officer Robert Baer: "I think that it's going to step up the hunt for Saddam. I don't think we're that many weeks off from finding him." Moran: "Finding Saddam Hussein is now more likely, because more Iraqis may be more willing to come forward with information. But no one thinks it's going to be easy."

**Tipster Expected To Be Eligible For Reward.** ABC (7/22, story 8, Gibson) reports, "One note about the reward mentioned earlier by ABC's Martha Raddatz. \$15 million for a tip leading to the death or capture of Qusay Hussein, \$15

million more for Uday. Well nobody's going to get the money right away. It calls for up to \$15 million for such a tip. And someone has to apply for the money itself. There's actually a formal process administered by the State Department. And we wondered whether the money is taxable. Unclear at this point."

USA Today (7/23, Diamond, Squitieri) reports, "The informant -- identified in some reports as the house's owner, a cousin of Saddam Hussein and a local tribal leader -- came to U.S. forces with word that Saddam Hussein's two elder sons, integral and brutal officials in his regime, were hiding out in a Mosul neighborhood. It was like hundreds of tips U.S. troops and intelligence officers field every day in Iraq." But "this one included detail that captured the attention of US commanders: The house in question had already been under surveillance as a suspected way station for members of Saddam's ousted regime trying to escape to Syria."

The Washington Post (7/23, A1, Sullivan, Chandrasekaran) reports, "Neighbors identified the owner of the house as Nawaf Zaidan, a businessman who boasted of being related to Hussein and a member of the former president's Abu Nasr tribe."

The Washington Times (7/23, A1, Gertz) reports, "US officials said that in addition to the informant, other intelligence sources helped confirm that Uday and Qusay were hiding in the three-story building."

**Bremer Prepared For Retaliatory Attacks, But Expects Security To Improve.** ABC (7/22, story 3, Gibson) reports, "At the very least, the death of Saddam Hussein's sons changes at least part of the dynamic for the US military and the Americans trying to run Iraq. We are joined from the pentagon by Paul Bremer, the Bush Administration's chief Administrator in Iraq. There's certainly a psychological lift in this, but practically, does it change anything in the way you try to rebuild Iraq? Or in the safety for US soldiers?" Ambassador Bremer: "Well, I think it does change the dynamic a bit here. It's really good news. It's good news for the Iraqis, as you've just shown on your piece before this. It's good news for our soldiers. It does marginally improve the safety, although we could see attacks in the next few days as revenge. But you have to remember that a lot of the attacks are taking place are being based on the idea that somehow the Saddams are coming back, he and his sons are coming back. Well, they're not coming back. Two are dead. It won't be long before we get the father." Gibson: "I was just wondering if you were worried about retaliatory attacks?"

Ambassador Bremer: "I think we should expect that the kind of renegades that are attacking and killing our soldiers – they, after all, are supporters of Saddam -- I think we should expect in it the days ahead. There may be a higher risk of some retaliatory attacks." Gibson: "Does this mean we're any closer to getting their father?" Ambassador Bremer: "I think so. You see what's happened here in the last few weeks, we noticed it about three weeks ago. We're starting to get Iraqis coming and giving us information about what's going on, what's going on where the Ba'athists are. We have the possibility of somebody coming with the big one, somebody who really wants to get the \$25 million reward. It will move the day closer when we get our hands on the father." Gibson: "Was it really a tipster who led you to these two or are you protecting a source?" Ambassador Bremer: "No. You heard General Sanchez earlier say it was somebody who walked in, and as I said, this is something that we've seen. This example of additional cooperation between Iraqis and our police and our military, this is something that's happening and it will happen more now that people have seen that it really does work."

***Baghdad Celebrates, But Iraqis Want Proof Uday And Qusay Are Dead.*** ABC (7/22, story 2, Gibson) reports, "In Baghdad today, though, there was an eruption of emotion when people did learn that Uday and Qusay had been killed. They were such towering symbols of the old regime." ABC (Kofman) adds, "It rained bullets in Baghdad as the city celebrated. These have not been easy weeks for people here, but now finally some good news. News that at first seemed too good to be true." In the "months since Saddam Hussein's regime was toppled, the streets here have become unsafe, electricity and water have become erratic. Some here want to believe that today's news will mark a turning point."

CBS (7/22, story 2, Rather) reports, "Experts are checking DNA samples taken from the bodies, identified as Uday and Qusay, though US commanders say they're sure the identifications are correct." CBS (Pitts) adds, "Tonight, the sky over Baghdad is alive with gunfire. We're on the roof of our hotel, where the shots have often been close and loud. This all started at about the time news began to spread across this city that Saddam Hussein's two sons might have been killed by US forces. We can't be certain if those are shots of anger or jubilation, or a combination of both. But it remains a night like this city has not seen since days leading up to the fall of Baghdad nearly four months ago -- tracer fire;

the rattle of AK-47s; explosions. Much of this reaction may have been joy, but not in Mosul. In this former Saddam stronghold, it was all anger. A crowd pelted soldiers with rocks, and the soldiers fired back."

NBC (7/22, story 2, Brokaw) reports, "The first word that NBC News received this Uday and Qusay were possibly killed in a firefight began to circulate this morning in Baghdad where it is welcome news indeed." NBC (Aspell) adds, "While they were unaccounted for, Uday, Qusay and their father were a threat because Iraqis feared they might make a comeback. Gunfire in Baghdad tonight, celebration as word spread that Saddam Hussein's two sons are dead. Some Iraqis have access to foreign news broadcasts. Arabic TV carried the news, but no pictures of the bodies yet." Political scientist Saad Jawad: "This story will go on and on and on and if they don't show the bodies on TV, the people will keep on saying that they were not killed and this is not true."

***Saddam's Daughters Still In Hiding.*** The [Washington Post](#) (7/23, C1, Frey) reports, "Their hated father is hunted and in hiding. Their husbands are gone: Two were shot to death long ago at the behest of their father; the third -- the 'loyal' one -- is now in the custody of US officials. The palaces where they once lived in grandeur and privilege have been blasted by American bombs. Now, as of yesterday, their brothers are dead. In Baghdad -- in the city where citizens celebrated the downfall of the father three months ago -- Iraqis took to the streets to rejoice over the deaths of Saddam Hussein's sons Uday and Qusay. And so Hussein's three daughters -- Raghda, Rana and Hala -- hide. And wait. And care for their children." The Post adds, "Like their father, Uday and Qusay were known worldwide for the horrors and atrocities they perpetrated on the Iraqi people, and have been hunted since the start of the war. The sisters, though, are a different story. They mostly lived in the background, as is traditional for Muslim women, while their father and brothers committed their terrible crimes. Their names and faces are not well known outside Iraq. And their future is anyone's guess."

***More Commentary.*** The [New York Times](#) (7/23) editorializes, "Few Iraqis will mourn the deaths of Saddam Hussein's two sons, Uday and Qusay. Like their father, they were mercurial, cruel killers who terrorized and plundered their country so they could live in imperial style. ... That Saddam Hussein and his sons somehow managed to escape Baghdad and elude American searchers for so long has been one of the war's many surprises. Washington's

inability to find some of its most prominent enemies - Osama bin Laden, Mullah Muhammad Omar and Saddam Hussein - has been frustrating for all Americans. The capture of Mr. Hussein would be especially helpful in pacifying Iraq. ... Much more than the capture of Saddam Hussein is needed to turn around what has so far been a tense and troubled occupation. Electricity and other vital services have to be restored on a round-the-clock basis throughout Iraq. Reliable Iraqi police and security services need to be trained and vetted, new jobs found for the unemployed, and the oil industry restored to full production. Paul Bremer III, Washington's chief civilian administrator in Iraq, plans to unveil today the most specific plan to date for reviving Iraq's economy and public institutions, complete with target goals for the next 60 and 120 days. Realizing his hopes will require more money than Washington originally planned and the active support of the Iraqi people. The demise of the Hussein brothers should make it easier to win that support."

The [Washington Post](#) (7/23, A22) editorializes, "The confirmation that Saddam Hussein's sons, Uday and Qusay, had been killed by U.S. troops who surrounded their hideout in Mosul meant a serious blow to the diehard resistance that has plagued the postwar administration, and a huge boost for the majority of Iraqis, who hated and feared the old dictatorship. ... An opportunity exists for the United States to make this a turning point for the postwar administration. As it happened, the successful operation by troops of the 101st Airborne Division coincided with the first appearance of the new Iraqi Governing Council before the United Nations Security Council, another step by that body in establishing its authority and credibility. The occupation authority under L. Paul Bremer showed flexibility in agreeing to grant the Iraqi council more powers than originally intended. The Pentagon has also embraced one of the Iraqis' ideas in forming militia units that can take over some of the patrol and guard duty now done by Americans. This process of replacing American with Iraqi faces and modifying U.S. plans to accommodate Iraqi initiatives should be accelerated in the coming weeks. ... Meanwhile, U.S. forces must pursue the Iraqi resistance aggressively: Despite yesterday's breakthrough, the recent predictions by U.S. commanders that the guerrilla war would continue and even worsen may well hold. But Mr. Bush should also aggressively seek stronger international support, including that of traditional U.S. allies in Europe and elsewhere who did not support the war. ... Just as Mr. Bremer has accommodated the desire of Iraqis to play a larger role in

the evolving postwar government, the White House should create room in Iraq for all who can help."

The [Wall Street Journal](#) (7/23) editorializes, "Word yesterday that American troops have killed the bloody sons of Saddam Hussein is the second piece of good news to come out of Iraq in the past week. The first is that U.S. officials are finally inviting the anti-Saddam Iraqi majority into the fight. The deaths of Uday and Qusay -- Caligulas to their father's Nero -- are the most important coalition victory since the fall of Saddam on April 9. The insurgency against U.S. forces has since been led by Baath Party survivors, including the sons, who want to restore their dictatorship. And after 35 years of murder and torture, many Iraqis simply won't believe that Saddam's day is done until they know that he and his sons are killed or captured. ... This Iraqi tip [that led US forces to Saddam's sons] also underscores the wisdom of the U.S. decision this week to recruit and train a new Iraqi militia to fight alongside U.S. troops. Many recent U.S. casualties have come because GIs are doing jobs that could be done by Iraqis themselves, such as guarding banks and key buildings. U.S. forces, the best in the world, are better reserved for more vital military missions. ... Many of the coalition's post-April 9 troubles have come because U.S. officials took a victory lap and underestimated the desperate ruthlessness of Baath loyalists. The new Iraqi security force is a welcome change in tactics to meet this threat, assuming Mr. Bremer really lets it fight. If we mean what we say about Iraqis running a free Iraq, there's no better way to prove it than letting Iraqis fight and die for it."

[USA Today](#) (7/23) editorializes, "A steady diet of depressing developments in Iraq came to a halt Tuesday with the news that two of the most important -- and ruthless -- members of Saddam Hussein's inner circle had received their just desserts. ... The U.S. still faces major problems in the coming months and years. Not the least of which are restoring order and basic services to Iraqis and creating viable self-rule among rival ethnic groups and factions. While none of these can be solved simply, each will go more smoothly once the remaining 19 cards in the deck, particularly the leader of the pack, is removed from Iraq -- and from Iraqis' minds -- once and for all."

F.J. Bing West, a former assistant secretary of defense, writes in the [Wall Street Journal](#) (7/23), "Because shipwrecks make news, headlines about sinking ships are not a reliable measure of maritime safety. Late last March, the press rushed so quickly from one side of its own Good Ship Integrity to the

other that it almost capsized. There were reports about U.S. forces bogged down in the desert and a flawed Pentagon strategy. While these stories were coming in, Baghdad fell. Phew, that was close. Similarly, today the media may be overemphasizing the problems in Iraq. We understand that Baghdad is sweltering, electricity is intermittent, Iraqis are sullen, American soldiers are sweaty and their wives want them home. Each American casualty is featured as if our troops were stuck in a quagmire of increasing combat. ... The emotional effect of suggesting a quagmire is to induce pessimism or, as Shakespeare would say, to take counsel from one's fears. ... It is not clear, though, that the sky is falling. Iraq is a large country with multiple story lines"

Robert Orr, Vice President on the Council on Foreign Relations, said on ABC's "Nightline" (7/22), "Well, this is significant in one respect. That there's a large chunk of the sunni population, in particular, which has been kind of frozen in fear. They still fear Saddam coming back. They don't want to return to those days, but they haven't really been willing to work with the coalition too much to restore basic services and get life back to normal. If this is one step towards easing that fear and getting them back to life as normal, that will help the coalition in its efforts significantly.

Peter Galbraith, former US ambassador to Croatia, said on ABC's "Nightline" (7/22), "In the short term, there may be a step-up in attacks on the American troops, as some Saddam loyalists seek revenge. But these attacks I do not think are coordinated from the top. They certainly are coordinated in places, but its local resistance. And the problem is not... that people fear Saddam will return are unwilling to cooperate. It is that there is some genuine resistance among the Sunnis, who are a small minority in Iraq, to the American occupation, and it has been made worse by the fact that the United States came in so weakly. When you occupy a country, you have to depend on the respect of the people you occupy. The Americans came in. They allowed Baghdad to be systematically looted for a month after they arrive. They've had a very confused approach to the government of Iraq."

Richard Wolffe [Newsweek's website](#) (7/23), "Maybe, just maybe, the deaths of Saddam's sons will galvanize Britain -- and the rest of Europe -- to understand that the hard work in Iraq has only just begun. That work does not involve the pre-war intelligence, important though that is. It involves the post-war job of building a new Iraq that we can all respect."

## **Top White House Aide Takes Responsibility For Niger Uranium Claim.**

ABC (7/22, story 5, Gibson) reports, "The White House today again revised its story on how language about Iraq trying to buy uranium from an African nation got into the State of the Union speech. White House officials say they've discovered two memos from the CIA issued long before the speech, warning them the intelligence about the Iraqi-African connection was false. The chief presidential speechwriter saw the memos. Top national security advisers saw the memos, but the language went in there anyway. The question is: what does it all mean?" ABC (Moran) adds, "It means that the White House has now discovered a paper trail that has forced top officials to take some responsibility for that now very questionable claim that the President made in the State of the Union speech that Iraq was trying to buy uranium in Africa. The man at the center of the controversy: Steven Hadley. He is the deputy national security adviser, one of the President's top advisers on foreign policy. He was responsible for vetting the speech. He told reporters today he got a phone call from George Tenet, the director of Central Intelligence, and two memos, waving the White House off of that claim. That happened in October, before the President made a big speech in Cincinnati about the war. Nevertheless, in January, before the State of the Union, that claim made it back into the President's speech. The President, we are told, still has confidence in Mr. Hadley, has not asked for his resignation and considers the matter closed."

NBC (7/22, story 5, Brokaw) reports, "At the White House tonight, someone has stepped forward to take some of the blame for the controversial claim that Iraq was trying to get uranium from Africa. The President used that line in his State of the Union speech, of course. Now, a top National Security Council aide says he got two memos and a phone call warning against using the uranium claim." NBC (Brown) adds, "After initially pointing the finger squarely at the CIA, a top White House official today offered the President his resignation, conceding officials here deserve part of the blame. Steve Hadley, the second highest ranking official on the President's national security team, today offered what amounted to an apology. Saying he along with his boss, national security advisor Condoleezza Rice, let the President down by allowing misleading information into the President's State of the Union address. Hadley said today the President's chief speech writer, Mike Gerson, discovered a memo in his file over the weekend. It was one of the two memos from CIA

Director George Tenet written to Hadley back in October, three months before the State of the Union. The memos addressed an earlier speech the President was giving in Cincinnati. The CIA Director urged the President to not make any reference to Iraq trying to acquire uranium from Africa -- that the CIA believed much of the evidence provided by the British was not solid. That was in addition to a phone call Tenet made to Hadley. So the President made no mention of uranium from Africa in that speech. Hadley said today he should have remembered Tenet's earlier warning and kept the misleading charge out of the State of the Union as well, saying 'I failed in that responsibility.' White House sources the President refused to accept Hadley's resignation, his spokesman saying he has full confidence in Hadley and the CIA."

CBS (7/22, story 4, Roberts) reports that "the White House's troubles aren't over yet. Today, deputy national security adviser Steven Hadley said it was his fault that statement ended up in the State of the Union. Over the weekend the White House uncovered a couple of memos to Hadley from CIA Director George Tenet warning back in October that that intelligence was dubious. Today, Hadley said he forgot about those memos and failed in his responsibility to ensure that the State of the Union was sound. So in just a week, this has gone from the buck stops at the CIA to the buck now stopping at the highest levels of the White House, and you can be sure that the President's critics won't let it stop there."

[Reuters](#) (7/23, Mikkelsen) reports that Hadley "is the second administration official to take responsibility over the mistake in a major presidential speech that is carefully written and closely vetted over a period of weeks. Hadley's revised version of how the sentence was included came amid an internal White House inquiry launched by Chief of Staff Andrew Card in an attempt to quell a controversy that has dogged the president for two weeks." The revelation "came on a day that the news was dominated by the deaths of Saddam Hussein's sons Uday and Qusay in a gunbattle with US troops in northern Iraq."

[USA Today](#) (7/23, Keen) reports, "Hadley's admission, made in a rare briefing with reporters, shifts culpability for the error back to the White House. The newly discovered memos are sure to perpetuate the controversy and prompt demands from Congress for the resignations or firings of officials involved in the matter." Florida Sen. Bob Graham "said the admission 'raises sharp new questions as to who at the White

House engaged in a coverup and why President Bush told the nation something that was blatantly false in making his case to go to war." Bartlett "said Bush has full confidence in his national security team. 'The process failed,' he said."

The [AP](#) (7/23, Raum) reports, "Hadley said the offending passage was excised from a speech on Iraq the president gave in Cincinnati last Oct. 7. But Hadley suggested that details from the memos and phone call had slipped from his attention as the State of the Union was being put together. 'The high standards the president set were not met,' Hadley said. He said he apologized to the president on Monday."

The [Washington Post](#) (7/23, A1, Milbank, Pincus) reports that the new information "significantly alters the explanation previously offered by the White House. The acknowledgment of the memos, which were sent on the eve of a major presidential speech in Cincinnati about Iraq, comes four days after the White House said the CIA objected only to technical specifics of the Africa charge, not its general accuracy. In fact, the officials acknowledged yesterday, the CIA warned the White House early on that the charge, based on an allegation that Iraq sought 500 tons of uranium in Niger, relied on weak evidence, was not particularly significant and assumed Iraq was pursuing an acquisition that was arguably not possible and of questionable value because Iraq had its own supplies." The Post adds, "Yesterday's disclosures indicate top White House officials knew that the CIA seriously disputed the claim that Saddam Hussein was seeking uranium in Africa long before the claim was included in Bush's January address to the nation." The Post also reports that "strategists in both political parties said the lifespan of the criticism, and the possibility of congressional hearings in the fall, largely depends on whether the occupation of Iraq continues to be as violent and chaotic as it has been." Bartlett "said he was 'almost positive' Bush saw a draft of the October speech containing the Africa claim. 'He has no memory of this subtraction being made,' Bartlett said." Bartlett also "said that while the president is 'obviously not pleased,' he 'accepts the explanation' offered by his aides and has 'the highest level of confidence' in his staff."

The [New York Times](#) (7/23, Sanger, Miller) reports, "Hadley's account of events today once again shifted the White House explanation of events. ... Mr. Hadley's acceptance of the blame seemed likely to fuel the calls for an investigation in Congress. But it also appeared to be part of an effort to end an open feud between the C.I.A. and the White

House over who was responsible for the State of the Union imbroglio.”

The [Wall Street Journal](#) (7/23, Cummings) reports that “the revelations likely will fuel Democratic calls for an independent investigation and give new life to a controversy the administration had hoped was behind it.” Sen. John Kerry “called on Mr. Bush to ‘take responsibility for using flawed intelligence.’”

The [Houston Chronicle](#) (7/23, Roth) reports, “Until now, the administration had blamed the CIA for not lobbying hard enough to have the discredited information taken out of the January address, and Tenet has apologized for not raising an objection. ... In retrospect, the deputy security adviser said he and a number of other administration officials should have flagged the suspect statement on nuclear weapons.” White House “officials said that Rice, who briefs the president regularly, almost certainly received one of the CIA memos that included the uranium warning. However, they could not say if she read the document.”

The [Dallas Morning News](#) (7/23, Hillman) reports, “The British still stand behind their statement, but the administration has acknowledged that it should not have been in the speech because of questions about the intelligence and analysis behind it, especially whether it was largely based on documents that later were found to be forged.” The new revelations “drew more harsh criticism, particularly from Democrats, about the administration’s use of intelligence analysis to build the case for war against Iraq. ‘Apparently, at the Bush White House, the buck stops everywhere but the president’s desk,’ said Tony Welch, spokesman for the Democratic National Committee. ‘After two memos, a call from the CIA and 175 days [since the State of the Union address], only one thing is clear: We still haven’t heard the truth from the administration.’”

***No Firings Or Resignations Expected In Wake Of Hadley’s Admission.*** On the lead segment of MSNBC’s *Hardball* (7/22), host Chris Matthews said, “Now we learned that the CIA warned the White House last fall not to use the stuff. Why now? Why is the White House finally coming clean?” NBC Correspondent Campbell Brown said, “In part, because there is a lot of pressure from the CIA. [CIA Director] Tenet, so far, is the only person who has taken the fall for this, or taken the blame for it, and clearly CIA officials have been privately leaking to reporters in print and television that that’s not the case. And today, the White House has evidence that they knew was going to come out eventually so they put it

forward.” Matthews asked, “Are we going to hear more of firings? Are there going to be any firings at all? Is Stephen Hadley going to walk the plank, or is there going to be more investigations within the White House about this? Who got the President to say something that was wrong?” Brown said, “It clearly was a little bit of both, because we also have reports this week that at the same time that Hadley was forgetting about these memos, the CIA was circulating new memos to the White House, bringing up the claim yet again. Right now, again, Hadley has offered his resignation, the president refusing it, voicing his confidence in both Tenet and Hadley. And at the moment, it doesn’t look like anyone’s leaving.”

ABC’s “Nightline” (7/22, Moran) reports, “Hadley had a private conversation with the President. We understand that the President did not ask for his resignation. And we are told that the President has full confidence in him and in his team and still believes that the case against Iraq was overwhelming on many other counts, and that this is just one incident that he wants to put behind him, obviously.”

***Powell Warns Iraqi Holdouts, Bush Critics That SOTU Issue “Will Fade Into Insignificance.”*** The [Washington Times](#) (7/23, A1, Coombs) reports, “Secretary of State Colin L. Powell yesterday warned pro-Saddam holdouts fighting US troops in Iraq not to take comfort in the political wrangling over intelligence matters in this country and Britain. ‘To the extent that they believe [British Prime Minister Tony] Blair and President Bush have been weakened in some way, I think that gives them certainly something they would welcome,’ Mr. Powell said in an interview with senior editors and reporters of The Washington Times, held in the secretary’s conference room at the State Department. ‘But they are deceiving themselves if they welcomed it for very long because I think this will all pass in due course,’ he said. ‘People will see that what President Bush, Prime Minister Blair and other members of the coalition did was right. As more graves are opened, as more mass killings are made known and as Mr. [David] Kay [the former United Nations weapons inspector heading the US search] completes his work in Iraq searching for the evidence needed to make clear to everybody that we knew what we were talking about with respect to weapons of mass destruction, I think this issue of what was in the State of the Union address will fade into insignificance.’ ... Mr. Powell said in the interview yesterday that intelligence ‘is not always perfect knowledge.’ He could recall many times ‘when something looked very good at a

particular point in time and looked better over time or looked worse over time as more information came in.”

**Rockefeller Says He Suspects Cheney Aide Pressured Intelligence Agencies.** On MSNBC’s Hardball (7/22), host Chris Matthews asked Sen. John Rockefeller, “Do you believe it is the case that Scooter Libby, his chief of staff, and the vice president have been putting pressure on the CIA, intelligence agencies to come up with the right argument for the war with Iraq to justify the war?” Rockefeller said, “I do not know that, but I suspect it. And I think that’s what this is all – a lot of this has been about, is the shaping of the speech and intelligence committee to produce a product that will please the top echelons of the White House. That’s dangerous.” Asked if it was “important to their case to claim there was a nuclear threat,” Rockefeller said, “Yes, because nuclear is the ultimate destroyer. Chemicals can blow, bio can dissipate, nuclear kills millions.” Asked if the Senate Intelligence Committee will “continue to investigate this and try to find out who ultimately made the push to use this information, even if it was bogus,” Rockefeller said, “Yes, and we will also try to get people from the National Security Council. And there’s a precedent for that. Carter set up Brzezinski on the Billy Carter-Libya case, and Reagan set up Poindexter on the Iran-Contra thing, so there is – and they better not argue that there isn’t.”

The [Denver Post](#) (7/23, Ferrell) reports President Bush has “drawn most of the critics’ fire, but Vice President Dick Cheney’s promotion of now-tarnished U.S. intelligence reports about Iraqi weapons of mass destruction also is under scrutiny as details emerge about his role in making the case for war.” The White House has “conceded that it was a mistake for Bush to cite with such surety a controversial allegation that Iraq sought to buy uranium ore in Africa. And newly declassified documents released Friday show that Bush overlooked dissenting views by intelligence experts at the State Department and the Department of Energy about the immediacy of the danger posed by Iraq’s nuclear weapons program.” Cheney had “access to those dissents but was just as sure and certain as the president in selling the war in public, especially when describing Iraq’s nuclear program. In one nationally televised interview, on the eve of war, Cheney announced that Iraq had in fact ‘reconstituted’ nuclear weapons. His office says that was a mistake as well.” A “look at the record shows that Cheney, as an advocate of war with Iraq, played a significant public and backstage role as intelligence was gathered and reports generated that he and other administration officials used to persuade the public that

the threat posed by Saddam Hussein and his weapons of mass destruction was grievous and imminent.”

**Some Democrats Angry Rockefeller’s “Moderate Tone” Undermines Attacks On Bush.** [Roll Call](#) (7/23, Pierce) reports, “Sen. Jay Rockefeller’s (W.Va.) unwillingness to consult Senate Democratic leaders on his strategy for tackling the White House’s potential misuse of intelligence data is raising the hackles of some in his Caucus who fear a lack of a coordinated message could foil Democratic attempts to take full political advantage of the situation. ‘He’s not the team player we need him to be,’ one senior Senate Democratic aide said of the ranking member of the Intelligence Committee.” [Roll Call](#) adds, “With Democrats raising questions about whether the White House intentionally publicized suspect intelligence to justify the need to invade Iraq, Rockefeller has become a coveted TV news guest. But some Democrats complain that his moderate tone and cautious approach to his panel’s inquiry into the White House’s use of intelligence is making it more difficult for other Democrats to aggressively criticize the administration and is sending the public mixed messages about the gravity of the situation. ‘The leadership can’t really do anything about it,’ the Democratic aide said.” Minority Whip Harry Reid “denied there was any anger toward Rockefeller, but he noted that the 18-year Senate veteran does not take kindly to leadership interference in his activities.”:

**Bill Clinton Says Bush’s “Mistakes” Understandable.** The [AP](#) (7/23) reports, “Bush’s erroneous reference to an Iraqi-Africa uranium link was understandable, former President Clinton said Tuesday, in part because Saddam Hussein’s regime had not accounted for some weapons by the time Clinton ended his term in 2001. Clinton’s comments reinforce one of the pillars of Bush’s defense of the war in Iraq – that his Democratic predecessor was never satisfied that Saddam had rid himself of weapons of mass destruction. ‘When I left office, there was a substantial amount of biological and chemical material unaccounted for,’ Clinton said on CNN’s ‘Larry King Live.’” Clinton “said he never found out whether a US-British bombing campaign he ordered in 1998 ended Saddam’s capability of producing chemical and biological weapons. ‘We might have gotten it all, we might have gotten half of it, we might have gotten none of it,’ he said.” Clinton “suggested that Bush’s mistake was par for the course – and that it was time to move on now that Bush had acknowledged the error. ‘You know, everybody makes mistakes when they are

president,' he said. 'I mean, you can't make as many calls as you have to without messing up once in a while. The thing we ought to be focused on is what is the right thing to do now.'

**Durbin Says White House Falsely Accusing Him Of Intelligence Leak.** [Roll Call](#) (7/23, Preston) reports, "Sen. Dick Durbin (D-Ill.) sharply criticized the White House on Tuesday of falsely accusing him of leaking sensitive intelligence information and leading a campaign to discredit him for speaking out against the administration's handling of the Iraqi war. Using the Senate floor to air his grievance before a national television audience, Durbin claimed White House press officials told reporters Friday that Republican Senators were considering taking steps to try to remove him from the Intelligence Committee -- an action supported by the administration -- for speaking publicly about a closed-door briefing with CIA Director George Tenet." Durbin "described the White House efforts as an attempt to 'intimidate' people such as himself for criticizing President Bush's handling of the war and vowed not to be bullied by the administration's tactics. 'If Members of the Senate are going to be subject to this kind of effort by the White House and discouraged from meeting our responsibility, I don't think we are doing the people's business,' Durbin said in an interview after delivering his biting floor speech. 'When it goes to the point of questioning my integrity over my service on the Intelligence Committee that really is as serious as it gets.' 'There is no truth to that at all,' Allen Abney, a spokesman for the White House, said of Durbin's allegations."

[Reuters](#) (7/23) reports, "White House spokeswoman Claire Buchan, asked about Durbin's charges on Tuesday, said, 'Nobody knows anything about it.'" Reuters adds, "The flap stems from Durbin charging last Thursday that Director George Tenet told the intelligence committee that a White House official had insisted on including a disputed allegation about Saddam Hussein's push for nuclear weapons in Bush's State of the Union speech last January."

**Blair Denies Authorizing Leak Of Kelly's Name Effort To Discredit BBC.** The [New York Times](#) (7/23, Hoge) reports, "Prime Minister Tony Blair sharply denied today that he approved making public the name of the weapons inspector David Kelly in the running battle between his government and the BBC that led to the scientist's suicide last week. 'Emphatically not,' Mr. Blair told reporters during a flight from Beijing to Hong Kong. 'I did not

authorize the leaking of the name of David Kelly.'" Kelly's name "was disclosed to British newspapers earlier this month by the defense ministry, where he worked, as the likely source for a BBC report saying that one of Mr. Blair's top aides had 'sexed up' an intelligence dossier to overcome public doubts about military action in Iraq. Dr. Kelly had confided to officials that he had met with the BBC reporter involved and could discount the reporter's version of the conversation." The Times adds, "The leak, part of a government campaign to discredit the broadcaster, was intended to show that the source of the hotly contested report was not a high level intelligence official as the BBC described him and therefore could not have made the report's damaging contention that Downing Street had inserted into the intelligence document a claim that Saddam Hussein had chemical and biological weapons deployable in 45 minutes."

The [Financial Times](#) (7/23, Newman, Kong, Blitz) reports, "Blair on Tuesday gave his most robust defence of the government's conduct in the David Kelly affair, insisting that it had 'acted properly throughout' and dismissing as 'completely untrue' charges that he had personally authorised the leak of the weapons expert's name to the media." But "as the repercussions of Mr Kelly's apparent suicide continued to dominate British politics, Geoff Hoon, the defence secretary, came under growing scrutiny over whether he had sanctioned a policy that helped journalists identify the former MoD scientist after information was released about him." Blair and Hoon "may be asked in a forthcoming independent inquiry into Mr Kelly's death to explain whether such a strategy existed and whether more should have been done to protect Mr Kelly's identity." The BBC "defended its decision to broadcast the claims at the origin of the row. ... In a statement, the BBC board of governors quashed reports of a dispute in their ranks, standing firmly by a unanimous declaration issued two weeks ago that it was 'in the public interest' to broadcast the story by BBC reporter Andrew Gilligan." The BBC also "told the FT that it intends to defend its decision to broadcast Mr Gilligan's report by supplying the independent inquiry by Lord Hutton with tape recordings of conversations between Mr Kelly and another BBC reporter, Susan Watts."

**More Commentary.** Chris Smith, British secretary of state for culture, media and sport from 1997 to 2001, writes in the [Financial Times](#) (7/23), "All of us in the Westminster village -- politicians, government officials, journalists -- ought to be ashamed of ourselves. All too often we treat the political

debate as a game: who's up, who's down, who said what to whom, who can be tripped up with what. Then reality intrudes, in this case in horribly tragic fashion. It ought to bring us up short, to remind us of what truly matters, to concentrate our minds on the big questions. Yet within hours we are at it again, with a parade of apologists for one side or the other being dismissive or triumphalist in turns. ... I have been particularly alarmed in the past few days to hear some of my parliamentary colleagues talking about the future of the BBC's status and licence fee income, in the light of the 2006 review of its charter. This is little short of blackmail; and to make an explicit link between the events of the recent past and the BBC's overall future would be outrageous. Any decisions about how the BBC is funded and governed, and what the shape of our public service broadcasting landscape should be, must be taken at the appropriate time on their merits. They should not be influenced by any pique about a particular argument or spat, however controversial. ... A period of reflection is certainly needed, not just about the events that led up to Mr Kelly's tragic death but about the decisions that led to war, the political judgments made since and the importance of independent public service broadcasting in a democracy. Bashing the BBC's fulfillment of this role may be an easy option for some. But in reality it serves the nation ill."

Mark Huband, security correspondent for the [Financial Times](#) (7/23), writes in an opinion piece, "The cracks in the normally smooth process of intelligence sharing between London and Washington must soon force both governments to accept that the strategy of using intelligence to justify pre-emptive war in Iraq has failed. This failure is not explained by a faulty or misplaced conviction on the part of the two governments that something needed to be done about Saddam Hussein. Nor do the US Central Intelligence Agency and the UK Secret Intelligence Service (known as MI6) have any doubts about the veracity of most of the information they had assembled." The failure "has been in transforming the intelligence into a credible and enduring political argument." Huband adds, "Secret intelligence is a potent weapon. The sequence of events that led to the apparent suicide last week of David Kelly, the British scientist and former UN weapons inspector, in part stemmed from his portrayal by the BBC as a 'senior intelligence source'. As controversially, President George W. Bush cited British intelligence as the source of claims that Iraq sought to buy uranium from Niger. In fact, Mr Kelly was not an intelligence source, while Mr Bush's claim

was later proved to be based on forged documents and not on British intelligence."

**Columnist Examines Different Tone In US, British Coverage Of Blair's Speech.** Columnist Anne Applebaum writes in the [Washington Post](#) (7/23), "Late last week Tony Blair made a speech in Washington. Afterward various British journals of record summed up their prime minister's performance. The Daily Mirror found 'something quite nauseating' about the speech, in which Blair once again 'backed America in what many now view as a war based on lies.' The Daily Mail sneered at 'Blair the brilliant contortionist, trying to have it both ways.' The Guardian, meanwhile, declared that the speech represented a 'significant softening' of the prime minister's position on Iraqi weapons, and described the event this way: Blair 'stood before hundreds of members of Congress to admit that he may eventually be proved wrong.' Is that what he was doing? Funny, but if you'd been reading the American press, you'd have had quite a different impression. 'Bush, Blair Defend Motives Behind War,' read the headline in The Post, which failed to detect any 'significant softening' in the prime minister's words. The New York Post -- the closest thing Americans have to the Daily Mail -- failed to see anything remotely 'contortionist' in the speech either, writing that 'Blair's address clearly reflected a nuanced appreciation of America's role in the world.' Far from sounding 'nauseating,' Blair 'heralded the role the United States has played in fighting the broader war on terrorism,' wrote the Los Angeles Times. Not since Mikhail Gorbachev simultaneously became an international superstar and the most hated politician in Russia has a political leader enjoyed such disparate reputations at home and abroad." Applebaum adds, "In part these remarkably different descriptions of the same speech reflect the vagaries of domestic politics. ... But they also reflect a larger phenomenon that is not much better understood. America and Britain -- along with America and France, America and Russia, America and Botswana, America and anywhere, really -- live in parallel informational universes. By that I mean that the media produced in different cultures don't merely reflect different opinions about the news, they actually recount alternative versions of reality."

**US Soldier Killed In Ambush North Of Baghdad.** NBC (7/22, story 3, Brokaw) reports, "Even as word came of today's turning point, the US military was reporting still another American soldier killed in an ambush,

the sixth in five days. This latest attack happened along a dangerous road north of Baghdad.”

**Army To Begin Rotating Fresh Troops Into Iraq.** NBC (7/22, story 4, Brokaw) reports, “Also today, Pentagon sources said the Army will begin rotating fresh troops into Iraq and bringing home those who have served almost a year now. The new troops will serve a one-year tour of duty as well under this new plan.”

The [Atlanta Journal-Constitution](#) (7/23, Martz) reports, “Battle-weary soldiers of the 3rd Infantry Division’s 2nd Brigade Combat Team are not heading home to Fort Stewart yet, but they will be moving in that direction soon. About 4,000 soldiers in the unit that led the Army’s attack into Iraq were told Tuesday to begin packing their gear for a move back to base camps in Kuwait later this week. Military officials called the move ‘a change of mission’ and said it does not mean the unit has orders to deploy home. The unit has been in Kuwait and Iraq for 10 months. ‘A change of mission is not the end of mission. We will be used as the [Central Command’s] strategic reserve,’ said Lt. Col. Eric Schwartz, commander of the brigade’s Task Force 1-64. As Central Command’s strategic reserve unit, the brigade could be sent to any of the 25 countries in the Middle East and Southwest Asia. It also could be redeployed to Iraq if the situation deteriorates. And Schwartz said the orders could be canceled if problems in Fallujah, about 40 miles west of Baghdad, worsen in the next few days. But Schwartz told his staff and company commanders to be ready to leave Fallujah, a city considered one of the last pro-Saddam strongholds, by Saturday. The 2nd Brigade expects to be replaced by elements of the 3rd Armored Cavalry Regiment.”

**Iraqi Council Members Appeal To UN For Help In Reconstruction.** The [Washington Post](#) (7/23, A18, Lynch) reports, “Representatives of a U.S.-approved Iraqi political council made their international diplomatic debut today, appealing before the U.N. Security Council for help in funding the country’s reconstruction and pledging to move swiftly to pave the way for an elected Iraqi government. Speaking on behalf of the 25 members of the Governing Council, Adnan Pachachi, an Iraqi foreign minister before Saddam Hussein’s rise to power, sought to assure the council that the emerging political leadership represents the legitimate aspirations of Iraq’s 26 million people. He said his group’s primary goal is to ‘shorten the duration’ of the political

transition in Iraq and to ‘constitute an elected government under a constitution to be endorsed by the population in a free election.’ Pachachi was accompanied by Ahmed Chalabi, a former exile leader who enjoys strong Pentagon backing, and Akila Hashimi, who served in Hussein’s foreign ministry. Their appearance followed a campaign by the Bush administration and U.N. Secretary General Kofi Annan to persuade the Security Council to recognize the group’s legitimacy and to help restore Iraq’s security and resuscitate its battered economy. ‘We owe a debt to the people of Iraq that can best be honored by our demonstration -- in our word and deed -- of our collective and cohesive commitment to supporting the rehabilitation of their country, now and into the future,’ Annan’s special envoy, Sergio Vieira de Mello, said in his first extensive briefing to the council on Iraq. ‘The people of Iraq deserve no less.’ Today’s meeting -- which was designed to present a united Iraqi face to the world -- revealed some tensions within the ranks of the new Iraqi leadership. Chalabi initially threatened to boycott the event because he was not selected to address the council.”

The [New York Times](#) (7/23, O’Brien) reports, “United Nations Secretary General Kofi Annan and his special representative in Iraq, Sergio Vieira de Mello, warmly embraced Iraq’s interim Governing Council today, setting the stage for international recognition of the American-backed council and positioning the United Nations to play a more substantive role in Iraqi affairs. Speaking at a Security Council meeting convened to hear Mr. Vieira de Mello’s assessment of reconstruction efforts in Iraq, Mr. Annan cited the Iraqi council’s formation ‘as an important first step toward the full restoration of Iraqi sovereignty.’ The Times adds, “Mr. Annan also called for ‘an early end to the military occupation through the formation of an internationally recognized, representative government.’ The United States, struggling to restore order, security and public services in Iraq since the White House declared an end to hostilities there in May, is seeking sorely needed financial and military support from other Security Council members. But Germany, France and Russia, which opposed the invasion of Iraq in fractious and bitter Security Council debates earlier this year, have said they will not pledge troops or money to Iraq without a new United Nations resolution authorizing them to do so.”

The [Washington Times](#) (7/23, A1, Pisik) reports, “Delegates from Iraq’s new Governing Council told the U.N. Security Council yesterday that despite continuing insecurity and economic turmoil the Iraqi people were determined

never again to accept a tyrant's rule. 'They have tasted freedom and would never return to the era of fear and injustice,' said Adnan Pachachi, a former Iraqi foreign minister who serves on the U.S.-appointed 25-member Governing Council. 'The state intelligence services and mandatory arrests and random executions are done for once and for all.' ... The delegates were welcomed by all members of the Security Council, except Syria and two protesters who shouted catcalls, helping to set the tone for the involvement of more countries in peacekeeping operations in Iraq."

**Iraqi Police Shut Down Paper With Links To Baath Party.** The [Christian Science Monitor](#) (7/23, Tyson) reports, "For the first time, coalition authorities in Iraq have shut down an Iraqi newspaper, charging that its publication of a July 13 article calling for 'death to all ... who cooperate with the United States' and threatening to publish a list of collaborators' names was a dangerous violation of international law. A special investigative unit of the Iraqi police on Monday sealed the offices in Baghdad of the semiweekly Arabic newspaper Al Mustaqilla and took into custody its office manager. The manager, whose name was not released, is undergoing questioning. A search of the premises turned up blank Baath Party membership cards, a sign that the newspaper was 'anything but independent,' said Coalition Provisional Authority chief spokesperson Charles Healy. The case illustrates that despite the commitment of the US-led coalition to a free Iraqi press, there are lines that cannot be crossed. Coalition authorities have warned at least two other newspapers that their coverage was 'inciteful to violence' and could prompt action, Healy said. More than 100 Iraqi newspapers have sprung up since the fall of the Saddam Hussein regime, when the press consisted of propaganda strictly controlled by the government. ... Today, all around Baghdad, newspaper vendors peddle a variety of colorful Arabic-language publications that cover everything from electricity shortages and crime to salaries. While they expose the horrors of the previous regime, including the discovery of mass graves, they also criticize the American-led administration in Iraq. But despite the sudden surge in the number of media outlets, some observers say the coalition authorities need to do more to reach average Iraqis."

**Paris-Based "Reporters Without Borders" Group Criticizes Move.** The [Washington Post](#) (7/23, A18, Constable) reports, "A local newspaper has been shut down and its manager arrested because of an article that US

occupation authorities and Iraqi officials considered an incitement to violence and a threat to human rights in Iraq. ... Neighbors said troops broke down the front door, ransacked the office and detained the newspaper's manager, Abdul Sattar Shalan. ... 'The Coalitional Provisional Authority supports and encourages the development of a free and responsible Iraqi press,' the occupation agency said in a statement today. But it said Al-Mustaqila 'has chosen to threaten the basic human rights of Iraqi citizens' and published a 'clearly inciteful article,' putting it in violation of occupation press rules. The US authority has banned all Iraqi media from publishing or airing material it views as inciting political, religious or ethnic violence or promoting attacks on US forces here. It has already shut down one Baghdad radio station and one Shiite Muslim newspaper in Najaf on these grounds. In a report today, the Paris-based advocacy group Reporters Without Borders criticized the occupation press rules, saying US authorities should ease their restrictions on the Iraqi media and develop more 'liberal and democratic' regulations."

**Saddam's Ambassador To Beijing Barricaded In Embassy.** Fox News' "Special Report" (7/23, Hume) reports, "Saddam Hussein's ambassador to China has holed himself and his family up in the Iraqi Embassy in Beijing, refusing to come out and threatening to shoot anyone who tries to come in. The Ambassador Muwafaq Mahmoud al Ani says he does not recognize U.S. authorities in Iraq and will not obey their orders to return to Iraq. So, he and his wife, armed with pistols, remain barricaded in the embassy, saying they'll even shoot other Iraqi diplomats."

**US Seeks International Banking Support To Help Spur Iraqi Economic Growth.** The [Washington Post's](#) (7/23, E2) 'Business In Brief' column reports, "The U.S.-led occupation authority in Iraq invited international banks to help establish a trade finance institution in an effort to boost the country's economic growth by encouraging imports and exports. The authority, led by US Ambassador L. Paul Bremer, set up the Trade Bank of Iraq because the commercial banking system is so damaged by postwar looting that it can't offer the more specialized services that trade finance requires, the authority said."

## **Pentagon Said To Be Reviewing Role Of Attack, Reconnaissance Helicopters.**

The [Wall Street Journal](#) (7/23, Kulish, Squeo) reports, "Helicopters are arguably the most dangerous pieces of hardware in the Pentagon's arsenal. During the conflict with Iraq this year, six were shot down by enemy fire and several were totaled in other incidents, killing 23 Americans and 14 British soldiers. The toll is prompting military experts inside and outside the government to pose a provocative question with huge ramifications for future wars and the defense industry: Are helicopters' fighting days numbered? The Army has more than 3,000 helicopters and the Marine Corps has about 700. Most of the 37 helicopter-related deaths in the Iraqi conflict occurred on transport missions, and experts say there are no viable short-term alternatives for getting troops and supplies into and out of hostile territory quickly. But just as tanks replaced horses on the battlefield early in the 20th century, a similar moment may be arriving for attack and reconnaissance helicopters. No one is predicting the imminent elimination of attack helicopters. But there already is noteworthy movement away from these aircraft as technological advances and closer cooperation between military branches undercuts their role. 'We need to think about really laying out a long-range plan and decide what we need from helicopters,' said Edward Aldridge, who recently stepped down as Pentagon acquisitions chief and now is a consultant to Defense Secretary Donald Rumsfeld. 'There could be another way,' he added, to perform some helicopter tasks as 21st century innovations improve other weapons systems and aircraft, including unmanned drones. Computer processors, ever smaller and quicker, have made unmanned drones increasingly capable -- so much so that the Air Force armed some with precision bombs in Iraq. ... On the drawing board is a new family of drones specifically for bombing runs, and unmanned reconnaissance helicopters. Fixed-wing aircraft such as fighter jets and bombers are doing more missions in support of ground troops. These aircraft can stay above the danger zone, firing increasingly accurate missiles guided by satellites to specific target locations. In Iraq, more than half the 30,542 combat missions flown by Air Force, Navy and Marine fighter jets and bombers between March 19 and April 18 provided what is known as close-air support of ground troops -- attack helicopters' traditional forte. Pentagon officials say that is a big increase from fights in Afghanistan and elsewhere, and that it will accelerate."

## **PFC Jessica Lynch Returns Home To West Virginia.**

ABC (7/22, story 6, Gibson) reports, "In West Virginia today, there was a very emotional homecoming for one of America's most recognizable soldiers. Private Jessica Lynch was badly injured when her unit was ambushed and captured in Iraq. She was rescued by US forces on April 1st and has spent more than three months in a Washington hospital." ABS (Woodruff) adds, "In a Blackhawk helicopter, Jessica Lynch circled over her house and town before touching down on the soil she has not felt since last November. She has hoped to stand at the podium, but her pain was apparently too great. So from her wheelchair she spoke the first words most Americans had ever heard her speak." As "hundreds waited to greet her, she thanked everyone who had helped her and saved her warmest words for her friend Lori Pieskewa, who died in the car crash that nearly killed Jessica."

CBS (7/22, story 5, Rather) reports, "In West Virginia today, it was surely the most public homecoming ever for a US Army combat supply clerk -- and it was certainly an emotional one. Former POW in Iraq, PFC Jessica Lynch, finally came home from the hospital, a symbol of spunk and survival." CBS (Clayson) adds, "The mile-long parade through town only took 13 minutes, but it was plenty of time for hundreds of West Virginians to cheer, to cry, to see their hometown hero." Lynch: "It's great to be home." Clayson: "Private 1st Class Jessica Lynch, wearing her newly awarded medals, including the Purple Heart, finally came home." Private Lynch "spoke for only a few minutes. Her injuries -- numerous broken bones and a fractured disc -- still prevent her from walking or standing for very long. Much of her journey home today was by wheelchair."

NBC (7/22, story 14, Brokaw) reports, "Also today, the best-known prisoner of America's latest war returned home. Jessica Lynch, and as you might expect, it was very emotional time for her and for all the residents of her small hometown." NBC (Sanders) adds, "Private First Class Jessica Lynch, ambushed, injured, captured, rescued, and now, home. In her hometown, anxious neighbors not satisfied today until they saw her for themselves. Today, Lynch spoke publicly for the first time. She gave no specifics about her captivity." It's "been a long road home. One that began with an attack that Jessica Lynch says she still can't remember."

The [AP](#) (7/23) reports, "Former prisoner-of-war Jessica Lynch returned home to a flag-waving hero's welcome Tuesday, and in the Army private's first public words since her

rescue said: 'It's great to be home.' ... The 20-year-old former POW said she did not realize for 'a long time' that her ordeal had captured the hearts of millions around the globe. 'But I'm beginning to understand because I've read thousands of cards and letters -- many of them from children -- that offer messages of hope and faith,' she said."

The [New York Times](#) (7/23, Dao) reports, "Private Lynch looked briefly stunned as she was wheeled before a bank of television cameras under a huge white tent here. But she seemed to gather strength and poise as she read a brief statement, giving most Americans the opportunity to hear her voice for the first time. ... Private Lynch's capture and rescue has endured as one of the most riveting and controversial tales of the war in Iraq. ... One week later, a team of American commandos rescued her from a hospital in what seemed at the time an extraordinarily daring raid. In some initial accounts of her capture, unnamed Pentagon officials said Private Lynch had received gunshot and stab wounds and had fired her gun repeatedly at her attackers. Later, however, the Pentagon pulled back from those statements, saying that her wounds appeared to be from the crash of her Humvee and that her gun had probably jammed."

**Judge Who Served On Iraq Rebuilding Team Returns With Misgivings.** The [Marin \(CA\) Independent Journal](#) (7/22, Upshaw) reports, "Just days after returning from Iraq, former Marin Superior Court Judge Alvin Goldstein already wants to go back." The Journal continues, "Goldstein, a San Rafael civil attorney, returned last week from a months-long mission to help overhaul Iraq's legal system." The Journal adds, "He joined 24 other Americans, including federal public defender Barry Portman of Novato and former Fairfax police Chief James Anderson as paid advisers. ... Thirteen members of the team, through the U.S. Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training, represented the judiciary in the mammoth task of poring through Iraqi legal code and adding on or implementing human rights standards based on a United Nations declaration. ... 'I have mixed feelings,' Goldstein said of his return to his Loch Lomond-area home. 'There's so much to do over there. Everything is in a state of incompleteness.'" The Journal notes, "Members of the delegation reflecting on the experience said they have a sense of satisfaction, although the trip was not without its bureaucratic blips. ... During the two-month stint, the group ended its stay by delivering a set of recommendations, but

without a thorough review, he said. ... 'I have a feeling of incompleteness - we did not have the opportunity to critique the program, to review it and to make improvements,' Goldstein said. Political tensions in Washington over the mission appear to be turning the effort from a U.S. Justice Department operation into a military one, he said. ... 'I don't know how this is going to shake out,' he said. 'There's a problem. The Defense Department and the Justice Department do not see eye to eye on what needs to be done there.'"

## **DOJ:**

**Civil Rights Division Officials Depart For Law Firm.** The [Washington Post](#) (7/23, A21, Kamen) reports in its "In the Loop" column, "Ralph F. Boyd Jr., outgoing assistant attorney general for civil rights, and Robert N. Driscoll, chief of staff of the civil rights division, are joining Atlanta-based Alston & Bird's law office in Washington."

## **CORPORATE SCANDALS:**

**Administration Gives High Marks To Corporate Fraud Task Force.** The [AP](#) (7/22) reports, "Bush administration officials gave themselves high marks Tuesday for combating corporate corruption a year after the White House formed a task force in response to the Enron collapse and other white-collar scandals. ... 'I hope we've seen the worst of it,' Securities and Exchange Commission Chairman William Donaldson said after meeting with President Bush for a progress report. 'From here on out, the country and the nation, the business community is well informed of the risks' of corporate fraud, Donaldson said." The AP adds, "The White House said its anti-fraud efforts had boosted investor confidence, and Donaldson suggested the administration deserved partial credit for a stock market rally in recent months. ... 'When you're talking about confidence in a regulatory agency, and in my case the SEC, I think that our actions speak pretty loudly in terms of what we've done,' he said. 'I think there's a building confidence that the cop is on the beat.'" The AP notes, "Bush's Corporate Fraud Task Force, with members from an array of federal departments, has taken part in almost all corporate fraud cases brought by federal prosecutors over the last year, according to the White House. ... Prosecutors have won more than 250 corporate

fraud convictions, charged 354 people with corporate crime and obtained fines, forfeiture and restitution worth more than \$85 million, the administration said. ... 'We are trying to react to this problem in a swift manner, and to conduct our investigations and prosecutions in a different way and not let them linger on,' said Deputy Attorney General Larry Thompson. 'And I do think that that sends a message of deterrence.' ... Yet no charges have yet been brought against former Enron chairman Kenneth Lay, a Bush friend and contributor, or former chief executive Jeffrey Skilling."

[AFX News/CBSMarketWatch \(7/22\)](#) reports, "The Bush administration touted its record of punishing CEOs and helping restore investor confidence at a White House press conference Tuesday, marking the one-year anniversary of President Bush's corporate fraud task force. ... 'I think the work of the corporate task force has gone a long way in helping to restore the confidence of Americans in their financial markets,' said Deputy Attorney General Larry Thompson, who chairs the interagency task force." MarketWatch continues, "White House press secretary Scott McClellan said President Bush is pleased by the task force's success. ... From September 2002 through May 31, the Justice Department has obtained over 250 corporate fraud convictions or guilty pleas, including at least 25 former CEOs, the administration said. ... Federal prosecutors have investigated over 320 potential corporate fraud matters, encompassing over 500 individuals and companies." MarketWatch adds, "Over the last several months, the Justice Department has been most aggressive in its pursuit of reaching plea agreements with HealthSouth's former chief financial officers as well as senior executives in the accounting department at the Birmingham, Ala.-based operator of rehab centers. ... Notably missing from the Task Force's yearlong efforts are charges against Enron's former leaders Ken Lay and Jeffrey Skilling. ... When asked about the Justice Department's pursuit of high-profile executives yet to be charged, Thompson said federal prosecutors are not taking a 'lynch mob mentality' and intend only to bring cases that will be 'sustainable in court.'"

[UPI \(7/22\)](#) reports, "According to the Justice Department, prosecutors have opened 200 investigations of corporations nationwide." UPI continues, "The campaign against corporate fraud has set off legal brawls between the Justice Department and defense attorneys, who accuse gung-ho prosecutors of overreaching when they charge businesses -- rather than people -- with crimes." UPI adds,

"Robert Fiske, a partner at Davis Polk and Wardwell and a former prosecutor, said that an entire firm should not be punished when only a few people may have committed a crime. ... 'If prosecutors send individuals to jail, that's a far greater deterrent,' he said."

[Reuters \(7/22\)](#) reports, "U.S. officials on Tuesday trumpeted results of a year-old crackdown on corporate fraud, but declined to say if or when more top executives would be convicted in scandals such as the one that rocked Enron Corp. ... 'One of the things we are steadfast on is that, while we are going to handle these investigations and prosecutions in a vigorous and aggressive manner, we're going to do so in a fair manner that's appropriate to our justice system,' said Deputy Attorney General Larry Thompson, head of the interagency Corporate Fraud Task Force. ... 'I think we've made very good progress in all of our investigations. But we're not going to have what I would call a lynch-mob mentality with respect to any corporate executive," Thompson said in a White House press briefing." Reuters adds, "Asked if charges stemming from other corporate scandals would be brought against top executives, Thompson said: 'We're going to call them as we see them. We're only going to bring charges against individuals or organizations that are supported by the applicable facts. We're only going to bring cases that we believe can be sustainable. We're going to proceed as rapidly as we possibly can.'"

The [Financial Times \(7/22, Michaels\)](#) reports, "Headed by Larry Thompson, deputy attorney-general, the task force is 'helping to remove suspicion, doubt and uncertainty that pervaded the marketplace one year ago', the White House said on Tuesday. ... 'Investor confidence is returning and the public is recognising that the vast majority of corporate leaders are honest and ethical stewards of their shareholders and employees.'" The Times continues, "In spite of the increased actions, the enforcement authorities are under fire because they have not yet charged some of the most senior figures at companies embroiled in the scandals. ... Neither Ken Lay nor Jeffrey Skilling, formerly chairman and chief executive at Enron, has been accused of wrongdoing. Bernie Ebbers, the ex-chief executive of WorldCom, has not been charged."

[Dow Jones Newswires \(7/22, Keto\)](#) reports, "A year after President George W. Bush created the Corporate Fraud Task Force, Deputy Attorney General Larry Thompson, who helps head the task force, credited it with helping to restore investor confidence in the soundness of U.S. businesses. ... 'I think

the work of the Corporate Fraud Task Force has gone a long way to restoring the confidence of Americans in their financial markets,' Thompson said Tuesday." Dow Jones continues, "Bill Donaldson, the chairman of the Securities and Exchange Commission, said he hoped the nation has seen the worst of the corporate accounting scandals but couldn't guarantee this."

### **DOJ Asks For OFHEO's Help In Freddie Mac Probe.**

[Dow Jones Newswires](#) (7/22, Keto) reports, "U.S. Deputy Attorney General Larry Thompson said Tuesday the Justice Department has asked the Office of Federal Housing Enterprise Oversight to join the Corporate Fraud Task Force to help look into the accounting practices of Freddie Mac." Dow Jones continues, "Thompson said the OFHEO 'will work with our prosecutors and investigators and the other regulatory agencies.'" Dow Jones adds, "Last week, the Department of Justice announced that OFHEO was joining President George W. Bush's Corporate Fraud Task Force but didn't link the matter to the investigation of Freddie Mac."

***Freddie Mac Chairman Vows Company Will Disclose Information, Correct Past Problems.*** The [AP](#) (7/23, Gordon) reports, "The new chief financial officer of housing finance giant Freddie Mac told Congress yesterday that the company will fully disclose financial information as it remedies defects that led to its accounting problems. 'We know how to fix these shortcomings -- and we will,' Martin Baumann told a House subcommittee hearing. 'We will emerge stronger than ever, with significantly improved accounting and disclosure practices that will meet the highest standards. ... There's no excuse for Freddie Mac's accounting problems other than it didn't have the right controls in place.' The chairman of the House Energy and Commerce subcommittee, Rep. Cliff Stearns, Florida Republican, said he will redouble his efforts to dramatically reform and simplify the complex accounting rules that enabled Freddie Mac to manipulate its books. 'Investors deserve significant change to enhance transparency and to standardize the financial statements of similar companies,' he said, blaming the Financial Standards Accounting Board's obtuse, 800-page accounting rules for inviting corporate abuse." The AP adds, "An internal investigation by attorneys hired by Freddie Mac's board -- which could be made public as early as today -- is expected to show how the company manipulated earnings, according to a report in yesterday's Wall Street Journal. Mr. Baumann did not comment on the

internal review in his testimony to the subcommittee, the first appearance before Congress by a Freddie Mac official since its accounting turmoil came to light. Freddie Mac spokesmen also declined to comment." The AP story also appeared in the Austin American-Statesman, The San Jose Mercury News, the Washington Post, the Hilton Head Island Packet, the Washington Times and the Raleigh News.

The [Financial Times](#) (7/23, Sevastopulo) reports, "The chief financial officer of Freddie Mac, the mortgage finance giant, yesterday admitted the lender might have avoided financial scandal had it been under supervision of the Securities and Exchange Commission. Martin Baumann said he had 'no disagreement' with the conclusion by outside lawyers that SEC rules would not have allowed the disclosure practices undertaken by the lender in relation to transactions used to smooth its earnings. ... Testifying before the House energy and commerce committee, Mr Baumann was responding to criticism from Congressman Ed Markey, who has introduced legislation that would force Freddie Mac to register with the SEC."

[Reuters](#) (7/22, Drawbaugh) reports, "A U.S. lawmaker on Tuesday subjected the chief financial officer of Freddie Mac to a withering parody of the mortgage finance company's results restatement set to the jazz standard 'Mac the Knife.' Criticism of Freddie's accounting methods was set to the music during a committee hearing by Massachusetts Rep. Edward Markey, a Democrat known for quirky but razor-sharp questioning. ... 'When those earnings rise on your balance sheet and you want them out of sight, just do a swaps deal, says old Mac's execs and defer them with all your might,' crooned Markey to Freddie Mac CFO Martin Baumann. 'You know when the reserve account, with its cash, babe, hides those earnings, it helps the spread. Fancy derivatives has old Mac, dear, so there's never, never a trace of red,' Markey continued.'" Reuters adds, "Freddie Mac's outside directors have hired the law firm of Baker Botts to probe accounting errors underlying the restatement. Baumann said a report from the firm may be released 'possibly as early as tomorrow.' The subcommittee hearing focused on some of the accounting standards, as defined by the Financial Accounting Standards Board, at the heart of Freddie's restatement. ... Key to the Freddie restatement are accounting loopholes that allow companies to moderate the impact on their income statements of some cash-flow hedging transactions."

**Freddie Mac Report Expected To Place Bulk Of Blame On Former President.** The [Wall Street Journal](#) (7/23, McKinnon) reports, "An internal investigation of accounting problems at Freddie Mac is likely to focus much of the blame on the mortgage company's longtime president while seeking to absolve other officials of any significant wrongdoing, according to two people familiar with its findings. The report by former Securities and Exchange Commission lawyer James Doty is expected to be released this morning and discussed by Freddie Mac officials in a conference call. ... The report will lay out much of the company's case for firing president David Glenn, chairman and Chief Executive Leland Brendsel, and Chief Financial Officer Vaughn Clarke. "The report's most notable disclosures are expected to concern Mr. Glenn and a missing page or pages from his notebooks. People familiar with the report say it is expected to suggest that the missing entry concerned a September 2001 meeting that Mr. Glenn reportedly attended, at which Freddie Mac's accountants from Arthur Andersen LLP raised concerns about a huge financial transaction that the company then was using to funnel hundreds of millions of earnings into future years. The swap-type maneuver, involving several billion dollars in total, had the effect of moving about \$400 million of operating earnings from 2001 into future years, according to two people familiar with the investigation. ... The report is expected to say Mr. Glenn's account is that after investigators requested his notebooks, he took home the missing page to review it and later lost it."

**Rep Royce Introduces Bill To Integrate OFHEO, Federal Home Loan Bank System.** The [Wall Street Journal](#)/Dow Jones (7/22, Kopecki) reports, "The momentum for a new regulator for U.S. government-sponsored enterprises Fannie Mae (FNM) and Freddie Mac (FRE) continues to build in Congress, as another lawmaker introduced late Monday a second bill in the House that would overhaul the Office of Federal Housing Enterprise Oversight. The legislation, introduced by Rep. Ed Royce, R-Calif., would combine OFHEO with the agency that oversees the Federal Home Loan Bank System into a new bureau within the U.S. Treasury Department. 'The complexity of housing GSE's operations requires a world-class regulator with the stature and the resources necessary to understand the business models of the three entities,' Royce said in a statement." The Journal continues, "Royce's bill is similar to legislation being pushed by Rep. Richard Baker. ... Royce's bill, however, doesn't appear to give the new agency the same amount of

regulatory power as Baker's legislation would. ... Royce's bill would still require HUD to set the companies' annual affordable housing goals. However, the agency would no longer police the companies' charter activities. That power would go to the new agency under the Treasury."

**Financial Services Roundtable Announces Support For Treasury Oversight Of GSEs.** The [Wall Street Journal](#)/Dow Jones (7/22, Connor) reports, "The Financial Services Roundtable backed shifting the financial safety and soundness regulator of Fannie Mae (FNM) and Freddie Mac (FRE) into the U.S. Treasury Department. In a letter to Treasury Secretary John Snow, Roundtable President and Chief Executive Steve Bartlett said, 'We believe that the Treasury Department is the most appropriate cabinet agency in which to place OFHEO.' ... 'Treasury has general authority over the state of the economy and our nation's financial markets, and the operations of the enterprises have reached a level where their role and financial stability is of importance not only to financial markets but also to our economy as a whole,' Bartlett said in a statement Tuesday. The Financial Services Roundtable represents 100 of the integrated financial services companies providing banking, insurance, investment products and services to consumers."

**Snow Voices Support For Greater Freddie Mac, Fannie Mae Oversight.** The [Wall Street Journal](#)/Dow Jones (7/22, McCarthy, Lim) reports that U.S. Treasury Secretary John Snow "reaffirmed his view that the quasi government-sponsored mortgage giants Fannie Mae (FNM) and Freddie Mac (FRE) should be subject to greater oversight. 'That's a question the administration is now looking at,' he said. 'The policy there is straightforward: we need effective regulation, transparency, and full disclosure. The form this will take is still under review.'" Snow "is expected to endorse proposals to bolster the enforcement powers of Fannie and Freddie's current federal regulator, the Office of Federal Housing Enterprise Oversight, and to move the agency out of the Department of Housing and Urban Development and into the Treasury Department."

**Shays' Mutual Fund Bill Might Harm Freddie Mac, Fannie Mae.** The [Wall Street Journal](#)/Dow Jones (7/22, Burns) reports, "Mutual funds that describe themselves as investing in government securities would have to hold at least 80% of their assets in securities issued or backed by the U.S. government under a proposal Rep. Christopher Shays (R., Conn.) plans to offer this week. Mortgage companies Fannie Mae and Freddie Mac would be hurt by the proposal. ...

Adoption of the proposal is far from a sure thing because Fannie Mae and Freddie Mac have powerful friends on Capitol Hill. The proposal follows a recent article in The Wall Street Journal pointing out that, unknown to many investors, Fannie Mae and Freddie Mac debt securities often constitute the majority of holdings in bond mutual-fund portfolios with 'government' or 'federal' in their names."

***Bush's Housing Nominee Criticized.*** The [Washington Post](#) (7/23, E1, Day, Hilzenrath) reports, "The Senate Banking Committee's top Democrat yesterday criticized the White House nominee to be top overseer of home mortgage financiers Fannie Mae and Freddie Mac, saying his years lobbying against government regulation of the financial services industry may make him unfit for the post. Sen. Paul S. Sarbanes (D-Md.) said Mark C. Brickell 'led lobbying efforts to prevent regulation of derivatives, the arcane financial instruments that are critical to the risk-management operations' of both companies, which buy home loans from banks and other lenders and package them into securities. He noted that 'questionable accounting for derivatives is at the heart of the recent troubles at Freddie Mac.' The hearing took place as an independent lawyer for Freddie Mac's board was preparing to release, as soon as today, a final draft of his report on what led to the improper accounting practices that will require a correction of reported earnings for the past three years."

**Senators Examine Whether WorldCom Fine Was Too Lenient.** The [AP](#) (7/23, Strope) reports, "Some lawmakers on Tuesday questioned whether the government's \$750 million fine against WorldCom Inc. was proper punishment for the largest accounting scandal in U.S. history. The Senate Judiciary Committee hearing also examined complaints that the telecommunications company will emerge from bankruptcy this fall healthier than its innocent competitors. 'It appears that they have done quite well,' said Sen. Richard Durbin, D-Ill., at a Senate Judiciary Committee hearing into WorldCom's bankruptcy. 'It appears their approach is, 'Everybody has a bad day.'" WorldCom settled its \$11 billion fraud case with the Securities and Exchange Commission by agreeing to a \$750 million fine, which still must be approved by a bankruptcy judge. The company filed for bankruptcy protection last year, the largest in U.S. history." The AP continues, "Durbin and Sen. Edward M. Kennedy, D-Mass., also questioned WorldCom's government contracts for about \$1 billion a year, including

one to build a wireless network in Iraq. 'Isn't that sending a message that corporate misconduct of historic proportion is not even a factor?' Durbin asked." The AP adds, "Committee Chairman Orrin Hatch, R-Utah, called the hearing after expressing misgivings about reports that WorldCom appeared to be on track to emerge from bankruptcy with an unfair advantage because of the significant debt it will erase. The Ashburn, Va.-based company, which will be renamed MCI, has a debt load of \$40 billion, but is expected to emerge with just \$5.5 billion in debt."

***WorldCom Director Attacks Critics.*** The [Washington Post](#) (7/23, E4, Stern) reports, "WorldCom Inc. board member Nicholas Katzenbach told a Senate panel yesterday that ongoing criticism of the company is an attempt by competitors to use the political process to drive the scandal-plagued company out of business. Katzenbach, a former U.S. attorney general who was named to WorldCom's board after the telecommunications company revealed its accounting scandal, also said the company has distanced itself from senior executives under whom the scandal occurred. The Senate Judiciary Committee held the hearing to look into claims by competitors that WorldCom is using the bankruptcy process to strengthen its balance sheet while evading accountability for its improper bookkeeping. Verizon Communications Inc. General Counsel William P. Barr, who also testified at yesterday's hearing, said the federal government has done little to punish WorldCom for its fraud. Barr said a Security and Exchange Commission's settlement with WorldCom that requires the company to pay \$750 million in cash and stock is inadequate given the scope of the wrongdoing at the company. Barr was critical of the SEC for reaching a settlement before the company issued audited financial statements. In addition, Richard L. Thornburgh, who was appointed as a corporate examiner by the bankruptcy court, is in the midst of preparing his third and final report on the company. WorldCom plans to operate under the name of its long-distance subsidiary MCI after it follows through on its reorganization plan."

**Three Rent-Way Executives Plead Guilty To False Accounting Charges.** The [Washington Post](#) (7/23, E4, Duhigg) reports, "In 1998, Rent-Way Inc. could no longer sustain the unrealistic earnings estimates that Jeffrey A. Conway, its chief financial officer, was giving to Wall Street analysts. ... So Conway instructed the company's controller, Matthew J. Marini, to 'do whatever needed to be done to meet

the Company's earnings targets, but not to disclose' to him what steps were taken so that Conway could maintain 'plausible deniability,' according to a Securities and Exchange Commission complaint. ... A reckoning came yesterday when Conway, Marini and former senior vice president Jeffrey K. Underwood pleaded guilty in federal court in Erie to charges stemming from the falsification of Rent-Way's accounting records. Sentencing was scheduled for Nov. 6. The SEC also announced a settlement with the three former executives that permanently bars Conway and Marini from serving as officers or directors of public companies. Conway will pay \$359,417 in penalties. ... 'This case sends a message that those who try to insulate themselves cannot do so just by ordering others to do the dirty work,' said Mark Schonfeld, an SEC associate regional director."

The [AP](#) (7/22, Sheehan) reports, "Rent-Way misstated income and earnings per share in quarterly reports in 1999 and 2000, and an annual report in 1999, U.S. Attorney Mary Beth Buchanan said. The three men were asked to resign when the company released its fourth-quarter earnings report eight months late in 2001."

**Former Rite Aid Chief Counsel Will Stand Trial For Accounting Violations.** The [AP](#) (7/22, Scolforo) reports, "Rite Aid Corp.'s former chief counsel has decided to stand trial on 35 criminal counts stemming from his alleged role in an accounting scandal at the nation's No. 3 drugstore chain." The AP continues, "After meeting with lawyers in the case Tuesday, U.S. District Judge Sylvia Rambo tentatively scheduled jury selection to begin Sept. 22 for Franklin C. Brown, but warned that a scheduling conflict could delay that date." The AP adds, "Brown, 75, the company's former chief counsel and board vice chairman, was indicted by a federal grand jury last June for allegedly conspiring with other executives to falsely inflate the company's value and then interfere with federal investigators. He has pleaded innocent." The AP notes, "Brown was scheduled for trial last month, but a series of guilty pleas by co-defendants delayed those proceedings, leading the judge to dismiss the 18 jurors who had been preselected. ... Rambo gave Brown until July 14 to decide whether he wanted to change his plea or go to trial. Three days before that deadline, she announced she would conduct Tuesday's closed conference."

## **Testimony Over In Long Term Capital Case.**

The [Washington Post](#) (7/23, E1, White) reports, "Testimony concluded today in a closely watched trial that shows how difficult it is for the federal government to rein in corporate tax shelters. Justice Department lawyers, in a case being heard in U.S. District Court in New Haven, Conn., are seeking \$75 million in taxes, penalties and interest from Long-Term Capital Management L.P., the huge investment fund that nearly went bust in 1998 and required a \$3.6 billion Wall Street bailout. The tax case centers on the previous year, however, when the fund carried out a series of coordinated, complex transactions that resulted in a total of \$106 million in tax deductions. When the government goes up against corporate America in tax-shelter cases, it faces a bevy of high-priced lawyers, investment bankers and accountants who attempt to explain why the tax shelters they devised serve legitimate business purposes and are, therefore, not abusive to the tax laws. In the Long-Term Capital Management case, government tax lawyers Charles P. Hurley and Nicole Bielawski had to contend not only with the regular lineup of sharp minds, but also with two Nobel Prize-winning economists, Myron S. Scholes and Robert C. Merton, and the famous bond trader John W. Meriwether, all of whom were founding partners of the investment fund. To help bolster its case, the government called to testify a Nobel Prize-winning economist of its own, Joseph E. Stiglitz, a professor at Columbia University who was chairman of the White House Council of Economic Advisers in the Clinton administration. US District Judge Janet Bond Arterton's ruling in the case, which may not come for several weeks, will be important to the government's crusade against what it considers to be abusive corporate and individual tax shelters. It's unclear how much money the government loses to shelters. The Senate Finance Committee has estimated the loss at \$10 billion to \$14 billion a year. Many experts believe it is more than that."

## **House Bill Would Limit States' Role In Investigating Securities Industry.**

The [Washington Post](#) (7/23, E1, Masters) reports, "State securities regulators are bracing for a showdown in the next couple of days with congressional Republicans and the securities industry over a bill that would limit the role of states in investigations of major Wall Street firms. The House Financial Services Committee had been scheduled to vote today on the measure, but that may be delayed until at least tomorrow. Industry sources said national and state regulators

were trying to work out a compromise, but it was unclear last night whether an agreement could be reached. The provision, which was added by Rep. Richard H. Baker (R-La.) as an amendment to the bill less than 24 hours before a subcommittee vote this month, is similar to language pushed unsuccessfully by several major investment banks last year. ... Federal law prohibits states from enacting laws to regulate the structure of and reporting requirements for securities brokers and dealers. Baker's provision would go one step further by barring states from using settlements or court judgments to force structural changes in the securities industry. The bill would also specifically prohibit states from forcing securities companies to disclose more information than required by federal rules. It also would bar states from setting conflict-of-interest rules." The Post reports that state regulators were "outraged."

**WPost Urges House Committee To Reject Restrictions.** The [Washington Post](#) (7/23, A22) editorializes, "Anyone who's watched the scandals that engulfed Wall Street over the past few years understands the importance of the role played by state officials in going after corporate wrongdoing. While the Securities and Exchange Commission snoozed, New York state Attorney General Eliot L. Spitzer led the way in cracking down on firms whose stock analysts simultaneously evaluated companies for investors and milked them for investment banking business. The \$1.4 billion settlement obtained by state and federal regulators (who belatedly joined Mr. Spitzer's push) imposes important -- and overdue -- rules aimed at preventing such conflicts. That's why we're concerned that a measure due to come today before the House Financial Services Committee would severely restrict the states' power to undertake such corrective action." The Post argues that the bill would "remove an important arrow from the state quiver, barring state officials from imposing disclosure, conflict-of-interest or reporting requirements different from those established by the Securities and Exchange Commission or self-regulatory organizations such as stock exchanges." The Post concludes that "there's ample room for more than one cop on this beat -- the recent problems in the securities markets have involved the absence of adequate enforcement, not the burden of too much regulation. And whatever the right balance may be between the SEC and the states, diminishing state officials' power in favor of such self-interested parties as stock exchanges is the wrong way to go, at the wrong time."

**NYSE Seeks Settlements On Floor Trading Probe, But Firms Dismiss Idea.** The [Wall Street Journal](#) (7/23, Kelly, Craig, Hechinger) reports, "Regulators at the New York Stock Exchange are seeking settlements of the probe into the practices of some of its floor-trading firms -- but some of the firms are balking at the approach, insisting they did nothing wrong. In recent weeks, David Doherty, head of NYSE's enforcement division, has met with representatives for some of the NYSE's biggest 'specialist' firms, which are in charge of trading of specific stocks, in an attempt to hammer out an agreement that would end the exchange's inquiry into institutional wrongdoing. The inquiry raises questions about the Big Board's basic 200-year-old structure, which uses human traders as go-betweens for investors, even as other markets, like the Nasdaq Stock Market, have adopted completely electronic systems. But of the five firms known to be involved in the inquiry...at least two are dismissing the idea of a settlement, raising the prospect of a high-stakes standoff between the Big Board and some of the biggest trading firms on its floor, people familiar with the matter say."

**SEC Reviewing Self-Regulatory Procedures For Stock Exchanges.** The [Financial Times](#) (7/23, Boland, Mchaels) reports, "The Securities and Exchange Commission is considering changing the way US stock exchanges are regulated as part of a review of the structure of US securities markets. ... The chief US financial regulator told the Financial Times that a debate was going on about self-regulatory organisations (SROs) and external supervision. The NYSE and other US securities exchanges guard their SRO status fiercely, and would strongly resist any move to hand regulation to the SEC. Mr Donaldson said the SRO concept, introduced when the SEC was created in the 1930s, was 'very sound' but may not be suitable in modern marketplaces." The Times noted the current investigation into floor trading procedures and the recent recommendations by a Wall Street task force on commission disclosure. The Times adds, "[Donaldson] also reiterated his view that decimalisation - which allowed for the trading of NYSE-listed stocks in cents - should be reviewed to assess its impact. Its introduction coincided with the peak of the bull market and the subsequent drop in share prices and trading volumes. Mr Donaldson is credited with restoring credibility and integrity to the SEC after the turbulent reign of Harvey Pitt, his predecessor. However, critics leapt on his comments

suggesting decimalisation had flaws, claiming Mr Donaldson was more concerned with broker profits than investors.”

### **Panel Recommends Disclosure Of Commissions On Mutual Funds.**

The [Wall Street Journal](#) (7/23, Lauricella) reports, “For nearly a quarter century, mutual-fund investors rarely have been able to see a figure in black and white showing how much they were paying in commissions when they purchase fund shares. That may be changing, along with a host of other industry disclosure and record-keeping practices in the wake of recommendations issued by a Wall Street task force Tuesday. The panel -- composed of investment-industry officials and regulators other than the Securities and Exchange Commission -- was investigating why investors often fail to receive commission discounts that they deserve when purchasing certain types of fund shares. Among the major recommendations in the panel's 26-page report is that the SEC should ‘revisit’ a decision it made in 1979 that allows brokerage firms to omit commission information from confirmation statements provided investors after they invest in mutual funds charging commissions, or ‘loads.’ Such commission information routinely is required for most other types of investments. Without that information, critics note, it's difficult for investors to determine if the proper sales charge was applied.” The Journal adds, “The new report follows a study released in March by securities regulators, including the SEC, that found many brokerage firms inadvertently failed to provide so-called breakpoint discounts to investors. Breakpoints are levels of investments at which the upfront commissions on mutual-fund shares can be reduced, sometimes dramatically.”

### **WSJournal Blasts Ullico’s Decision To Keep “Bad Apple” Directors.**

The [Wall Street Journal](#) (7/23) editorializes, “Remember Ullico, the union-owned life insurance company whose scandal we recently detailed in these pages? Like Enron, this particular fish also started rotting from the head down, beginning with a \$13.7 million sweetheart buyback deal that benefited 20 board members and officers at the expense of Ullico's largest shareholders: union pension funds. But new information turned up by Senator Susan Collins suggests that Ullico's reform looks increasingly like business as usual. It's true that in wake of the scandal Ullico President and CEO Robert Georgine was forced out, and the company held new elections resulting in

the selection of Terence O'Sullivan as the new CEO and the departure of several -- though not all -- of the directors who had benefited from that insider deal. ... As Mr. Georgine resigned he sent Mr. O'Sullivan a letter, dated May 8, claiming that he was due \$2 million in severance pay, and that he'd like that money to go toward paying back profits he made on the share buyback. But Mr. Georgine's letter included a curious additional request: that the money owed him also be used to cover repayment of the stock profits for six other directors. He gave no explanation for why he wanted to help William Bernard, Marvin Boede, Billy Casstevens, Joseph Maloney, James McNulty and James La Sala -- but not the dozen or so others who'd also made money off the deal. ... More pointedly, there remains the issue of Mr. Georgine's letter. Senator Collins is trying to get to the bottom of this but isn't getting much cooperation. After the six refused her original request to come in for further informal interviews, subpoenas were issued. The six will begin appearing this week. We'll be curious to hear what they have to say. Many companies caught up in recent financial scandals made a point of sweeping out former directors and managers and starting new. By contrast, it seems that not only has Ullico kept the bad apples, they're still going rotten.”

### **Waksal Due To Report To Prison Today.**

The [AP](#) (7/22, McClam) reports, “Sam Waksal, the ImClone Systems Inc. founder whose jet-setting lifestyle crumbled in an insider-trading scandal, is expected to report Wednesday to a federal prison where his work could include waxing floors and cutting grass.” The AP continues, “Waksal is required to turn himself in at Schuylkill Federal Correctional Institution in Minersville, Pa., to begin serving a prison sentence of more than seven years.” The AP adds, “The scientist admitted last year to tipping his daughter to dump ImClone stock in December 2001 because he had received word the government was about to issue a negative report on the ImClone cancer drug Erbitux. ... The scandal has since ensnared his friend Martha Stewart, who was indicted last month. The government says she sold her own ImClone shares when she heard the Waksals were selling - then lied about it to investigators. ... Waksal, 55, will be one of about 300 federal inmates at Schuylkill, a minimum-security prison about 75 miles northwest of Philadelphia.”

## **CRIMINAL LAW:**

### **Puerto Rico Fights US Attempt To Impose Death Penalty.**

The [National Law Journal](#) (7/23, Post) reports, "A clash of cultures and governments over the death penalty has erupted in Puerto Rico, pitting the commonwealth against the United States and the state of Pennsylvania." The Journal continues, "A capital trial has begun in a federal court in Puerto Rico, and, next month, a public defender is set to fight the extradition from Puerto Rico of a man facing a murder charge in Pennsylvania, because it might be charged as a capital crime." The Journal adds, "Both situations stir the passions of Puerto Rican nationals, and a large segment of the island's legal community. The commonwealth outlawed the death penalty in 1929. Its Constitution, ratified by Congress in 1952, provides: 'The death penalty shall not exist.'" The Journal notes, "In the federal case, the Department of Justice ignored Puerto Rico's ban on the death penalty when it charged two reputed gang members with capital crimes and sought the death penalty. Later, that contention won the support of the 1st U.S. Circuit Court of Appeals. ... Hector Oscar Acosta-Martinez and Joel Rivera-Alejandro, the reputed gang leaders, are accused of the 1998 kidnapping of a grocer, Jorge Hernandez Diaz, who was shot to death, then dismembered, allegedly because his family had called the police after receiving a ransom demand. ... The federal jurisdiction for the local crime is based on a killing in retaliation for cooperating with the government and on an intentional crime of violence resulting in a death by a firearm. ... Kevin McNally, a federal death penalty counsel, believes that in asserting federal jurisdiction, Attorney General John Ashcroft is 'imposing his personal preference regarding capital punishment on areas ... that are less hospitable to the death penalty than, say, Texas, but without much success.'"

**More Commentary.** In a column distributed by Creators Syndicate that ran in the [Omaha \(NE\) World-Herald](#) (7/22), Froma Harrop writes, "Attorney General John Ashcroft is a religious conservative who sees no conflict between his Christian beliefs and his blood lust to want more people executed. That large numbers of Americans, though still a minority, find the death penalty morally repellent does not sway him. That many of these death-penalty opponents cede nothing to him on claims of religious devotion also makes little impression." Harrop continues, "Because feelings on capital punishment vary greatly from region to region,

Ashcroft's predecessor, Clinton appointee Janet Reno, had let local prosecutors decide when to seek the death penalty. The Bush Justice Department has broken with this practice and often overrules prosecutors who don't ask for the death penalty. ... Puerto Rico now seethes over one such death-penalty case. Its 1952 Constitution specifically outlaws capital punishment. The people are overwhelmingly Catholic, and the Catholic Church staunchly opposes the death penalty. The crime at issue was a gruesome kidnapping-murder, but not something that would necessarily interest the federal government. To Puerto Rican eyes, the Justice Department is simply hot to execute two bad Latino men." Harrop adds, "Much of the outrage, no doubt, stems from Puerto Rican sensitivity regarding the island's autonomy. As a U.S. territory, Puerto Rico inhabits something of a political limbo in its relationship with the mainland. ... But a number of bona-fide states also feel trampled by a federal government intent on forcing a Southern-conservative culture on the entire nation. In New York State, for example, the Justice Department has overruled at least 10 prosecutors for failing to call for capital punishment in federal cases." Harrop notes, "Having government break the taboo on the deliberate taking of a person's life is itself highly disturbing. But the possibility that the state might execute someone by mistake is unbearable." Harrop concludes, "The rate of failure in obtaining jury decisions backing the death penalty is far higher than in years past. This could be a statistical fluke. Or it could reflect public horror following a spate of reports on wrongfully convicted death-row inmates. ... Just when the national tide appears to be turning against the death penalty, the moral primitives at the Justice Department seem intent on accelerating its use. Perhaps Ashcroft and other righteous fans of capital punishment think their support of state-sanctioned killing will seem less ugly if everyone else is made over in their image. It won't."

### **Federal Judge Overturns Jury's Verdict In Former Naval Intelligence Officer Case.**

The [Washington Post](#) (7/23, Markon) reports, "A federal judge in Alexandria yesterday took the unusual step of overturning a jury's verdict and threw out the conviction of Jay E. Lentz, a former naval intelligence officer charged with kidnapping and killing his ex-wife." US District Judge Gerald Bruce Lee ruled that "prosecutors failed to prove the key underpinning of their case: that Lentz lured Doris Faye Lentz to his Prince George's County home in April 1996 as part of a kidnapping plot that

resulted in her death.” The Post adds, “Her body has not been found, which made the case difficult from the start, and prosecutors went forward with no body, no crime scene and no eyewitnesses. In the end, those obstacles were too much to overcome, Lee said in setting aside the verdict.” Lee wrote, “There is no evidence Jay Lentz held or detained Ms. Lentz as part of a kidnapping. This fatal flaw requires the Court . . . to dismiss the case.”

### **Watchdog Group Urges DOJ Probe Of Westar Donations.**

The [Wichita \(KS\) Eagle](#) (7/22, Lefler) reports, “A political watchdog group has asked the Justice Department to investigate whether Westar Energy executives and three congressmen -- including the House majority leader -- violated federal bribery laws.” The Eagle continues, “Public Citizen, the group founded by consumer advocate Ralph Nader, says House Majority Leader Tom DeLay and Reps. Joe Barton and Billy Tauzin may have violated bribery laws by pushing special-interest legislation for Westar after soliciting contributions from the company for their political allies. . . . The group's complaint also named 13 current and former Westar officials who it said should also be investigated.” The Eagle adds, “Blain Rethmeier, a spokesman for the Justice Department in Washington, said department policy forbids confirming or denying whether an official investigation is under way. . . . ‘Certainly we will review Public Citizen's allegations and make a determination if a case should be brought,’ he said.” The Eagle notes, “Westar spokeswoman Karla Olsen said the company has turned over all the political investigation matters to a lawyer, Tim Jenkins. Jenkins did not return a phone call seeking comment. . . . Tyson Slocum, energy research director for Public Citizen, said the group became interested in the case after Westar released a lengthy investigative report on itself in May. . . . The report revealed a variety of financial and ethical issues during David Wittig's tenure as the company's chief executive, which ended with his resignation in late 2002.”

### **Roommate Of Missing Baylor Basketball Player Arrested On Murder Charge.**

CBS (7/22, story 9, Rather) reports, “The hunt for Patrick Dennehy, the Baylor University basketball player missing for more than a month, focused today on a gravel pit near Waco, Texas. Police searched the pit and the nearby Brazos River, based on a statement made to the FBI by Dennehy's former

teammate and roommate Carlton Dotson. Dotson is being held on a murder charge in Maryland.”

NBC (7/22, story 8, Brokaw) reports, “The bizarre situation involving the missing Baylor University basketball player Patrick Dennehy. Police have been searching an area near the Texas campus for a body as authorities say a teammate admitted shooting Dennehy.” NBC (Hager) adds, “Looking outwardly composed but described by others as upset and confused, Carlton Dotson was led into court today in his home state of Maryland, charged with murder in far away Texas. Police say just hours earlier he had confessed to killing his friend, Patrick Dennehy, a former basketball teammate at Baylor University in Waco.”

### **Feds Focus Military-Contract Probe On Boeing Rocket Executive.**

The [Wall Street Journal](#) (7/23, Pasztor, Squeo) reports, “Federal investigators, expanding their criminal investigation into document gathering by Boeing Co. employees, are focusing on a high-ranking executive in the company's rocket unit for allegedly helping snare a rival's proprietary documents during a major military-contract competition, people familiar with the case said. Justice Department and Pentagon investigators are delving into the activities of Thomas Alexiou, currently program director of the military version of Boeing's Delta IV rocket and the immediate supervisor of two former Boeing employees charged in the case, these people said. Last week, the two men were indicted for conspiring to illegally gather and distribute within Boeing proprietary Lockheed Martin Corp. documents in a multibillion-dollar competition to build the government's next-generation rocket.” The Journal adds, “Meanwhile, a separate civil inquiry by the Air Force could end in the next few days, potentially causing Boeing's struggling space unit to lose nearly \$1 billion of government business, people familiar with the details said. The government's focus on Mr. Alexiou is likely to add to Chicago-based Boeing's legal exposure and public-relations problems by undercutting the company's repeated statements that any wrongdoing in the unit was confined to a trio of lower-level employees who were fired or disciplined years ago. Mr. Alexiou's name came up during Boeing's internal investigation of the document issue in mid-1999. But he wasn't punished and has since been promoted twice.” Through a Boeing spokesman, Mr. Alexiou “declined to comment.” A Boeing spokeswoman “declined to comment on personnel matters.”

## **Victims Protest Over Lack Of Prosecution Against Church Officials.**

The [AP](#) (7/23) reports, "Alleged victims of child-molesting priests expressed outrage Tuesday over the Massachusetts attorney general's decision not to bring charges against any high-ranking officials of the Boston Archdiocese. About two dozen protesters carried signs outside Attorney General Thomas Reilly's office, criticizing him for what they called his 'deference' to the church." Paul Baier, president of Survivors First, a group for abuse victims, said, "We are not asking — we demand — that Attorney General Reilly find ways to indict." Reilly's spokeswoman, Ann Donlan, said he had "no comment on the protest." The AP adds, "Reilly is scheduled to release a report Wednesday detailing the results of a 16-month investigation, conducted in part by a grand jury, into the sexual abuse of children by dozens of priests. Reilly's office said earlier this week that the report does not call for criminal charges against anyone in the church hierarchy."

## **Virginia Executes Bobby Wayne Swisher for 1997 Death.**

The [Washington Post](#) (7/23, Glod) reports, "Bobby Wayne Swisher was executed by injection in Virginia's death chamber last night, six years after he kidnapped and raped a young mother before slashing her throat and tossing her, still alive, into the frigid waters of the South River. Swisher, a 27-year-old high school dropout, was pronounced dead at 9:05 pm at the Greensville Correctional Center in Jarratt, as members of his victim's family looked on, according to Virginia Department of Corrections spokesman Larry Traylor." Swisher said in his final statement, according to Traylor, "I hope you can all find the same peace in Jesus Christ as I have." The Post adds, "Swisher's execution had been scheduled for July 1, but Gov. Mark R. Warner (D) delayed it by three weeks to give defense attorneys time to argue before the Virginia Supreme Court that the jury used a verdict form that the court previously found to be defective in a separate case. As defense attorneys and legal experts predicted, the court said it had no authority to consider the claim because Swisher already had exhausted his appeals. Warner had said he would not intervene again if the court did not resolve the issue, and he declined to get involved yesterday."

## **Movie Industry Announces Anti-Piracy Campaign.**

The [Washington Post](#) (7/23, Ahrens) reports, "The movie industry announced a broad anti-piracy

campaign today, with commercials set to appear on all six broadcast television networks, more than two dozen cable channels and in 5,000 movie theaters nationwide. The ads are scheduled to launch at the same time on all participating channels during prime-time telecasts on Thursday. They also are slated to run between previews showing before Friday night's movies. Encompassing one 30-second and five 65-second spots, the campaign asks consumers not to digitally download unauthorized versions of movies they may find on the Internet." The Post adds, "The spots feature actor Ben Affleck and 'Titanic' director James Cameron, but they focus on behind-the-scenes movie employees, such as set painters, security guards, costumers, editors and theater concessionaires who are most of the industry's 580,000 workers. The point of the campaign is to persuade those illegally downloading files that they are stealing paycheck money not just from multimillionaire stars but from regular working folks -- folks like them." The Post notes, "The campaign was organized by the Motion Picture Association of America, the lobby representing the seven major movie studios...and is the result of an unusual amount of cooperation among frequently warring, highly competitive studios."

## **Woman Under Probe For Falsifying Search Results.**

The [AP](#) (7/22) reports, "A cadaver-sniffing dog's owner who has been charged with planting evidence at crime scenes is being investigated for a toe found in an Ohio case, a sheriff's deputy said." The AP continues, "Police called on Sandra Anderson, 43, and her dog Eagle to verify the fruitless searches of other dogs looking in Fulton County for a 22-year-old man who disappeared in April 2002. Eagle found the toe in the muck of a creek bed. ... 'It didn't make sense,' sheriff's Lt. Bob Albright said. 'I've been doing this for 30 years and I've seen a lot of accident victims. I've seen a lot of limbs that have come off.'" The AP adds, "Albright said the toe was neatly severed instead of appearing torn off. Two weeks later, the body was found - with both feet still in boots and all 10 toes intact. ... The U.S. Justice Department filed charges against Anderson, of Midland, Mich., last month in a Detroit federal court, accusing her of planting human bones at crime scenes between October 2000 and April 2002." The AP notes, "Anderson denied the charges of witness tampering and lying to investigators, saying Tuesday that she did not know how the toe got into the creek bed. She has refused prosecutors' attempts to get her to agree to a plea deal on the charges in a

bill of information, she said. ... FBI agents have been investigating her for about 1 1/2 years in connection with the Michigan and Ohio cases, she said. Agents have searched her apartment and seized paperwork related to the searches. ... Anderson said she is not paid for the 200 searches she completes each year for police departments and historical preservation agencies across the country. They have searched for mass graves in Bosnia and Panama, and helped search for victims of the United Airlines jetliner that crashed in southwestern Pennsylvania after being hijacked as part of the Sept. 11, 2001, terrorist attacks."

## **CIVIL LAW:**

**Judge Refuses FEC Request To Dismiss Suit On Ashcroft Campaign.** The [AP](#) (7/22) reports, "A judge rejected the Federal Election Commission's request that he dismiss a lawsuit filed over its failure to act on a complaint involving Attorney General John Ashcroft's 2000 Senate campaign." The AP continues, "U.S. District Judge Emmet Sullivan's ruling on Tuesday also ordered the FEC to respond to questions by the Alliance for Democracy campaign finance watchdog group by the end of next month, and said he wouldn't extend the deadline." The AP adds, "The ruling came in a March 2002 lawsuit by the alliance and two Missouri voters against the FEC over its failure to respond to a complaint they filed with the commission in March 2001 involving Ashcroft's Senate campaign." The AP notes, "The complaint alleges Ashcroft's campaign and a political action committee he established, the Spirit of America PAC, violated campaign finance laws in the 2000 election. ... The allegations center on a mailing list of donors developed during Ashcroft's 1998 presidential exploration effort. The Spirit of America PAC built the list and Ashcroft's Republican Senate re-election committee then used it to raise more than \$116,000, the complaint alleges."

[Roll Call](#) (7/23) reports in its "Morning Business" column, "Attorneys with National Voting Rights Institute-- who filed suit last year against the Federal Election Commission for failing to resolve a complaint concerning alleged violations by former Sen. John Ashcroft's (R-Mo.) failed 2000 re-election campaign -- declared a minor victory this week in the ongoing court battle. On Tuesday, U.S. District Judge Emmet Sullivan refused to dismiss NVRI's case and required the FEC to answer, by Aug. 30, certain questions about its handling of the complaint. 'This ruling is a major victory for

accountability in government,' said Lisa Danetz, an attorney with the NVRI and lead counsel for the plaintiffs, who also include two Missouri voters. 'This matter involved serious charges against the attorney general's 2000 Senate campaign committee and his leadership PAC.' The case revolves around a February 2001 Washington Post report that the Spirit of America PAC, Ashcroft's leadership committee, had contributed a fundraising list containing 100,000 donor names to Ashcroft's Senate committee, thus making an illegal contribution. In 2001, an Ashcroft aide told the Post that 'all activities involved in handling the list were in accordance with FEC guidelines.'"

## **CIVIL RIGHTS:**

**Detroit Police Reform Begins Today.** The [Detroit News](#) (7/23, Shepardson, Nichols) reports, "The court-appointed federal monitor of the Detroit Police Department said Tuesday that her office expects to spend at least \$6.25 million over the next five years to oversee an extensive reform of the 4,100-officer force." The News continues, "Sheryl L. Robinson of Kroll Associates begins her tenure today as monitor of the police department under two agreements, known as consent decrees, between Detroit and the U.S. Justice Department to change the department's practices and policies." The News adds, "The consent decrees, which were approved Friday by U.S. District Judge Julian Abele Cook Jr., call for improvements in the conditions of the department's holding cells for prisoners; the department's use-of-force policy; the training of officers; and how the department treats witnesses of crimes. ... 'This will be a very difficult process for DPD,' Robinson told Cook. 'There are some very stringent time lines in the documents, and our role will be to help facilitate change.'" The News notes, "Robinson's start date coincides with the anniversary of the 1967 Detroit riots -- an 'ironic symmetry' because the riots started after a police raid on an after-hours club, Councilwoman Sheila Cockrel said during a meeting the council had Tuesday with Robinson."

The [Detroit Free Press](#) (7/23, Lords) reports, "Sheryl Robinson, the federal monitor who will oversee the court-ordered reform of Detroit's beleaguered police department, will soon have a lot of questions for top police officials. ... But on Tuesday, it was Robinson providing the answers as she was questioned for an hour by the Detroit City Council about everything from her role in the reform effort to how city officials

will be able to track progress and how citizens will be involved." The Free Press continues, "Robinson's appearance before the council was mandated by U.S. District Judge Julian Cook last week. She begins her job today. ... 'As far as the judge was concerned, it was essential that she met with the council because city government means the mayor and the council,' council president Maryann Mahaffey said." The Free Press adds, "The council has fought hard to make sure it was involved in the city's consent decrees with the U.S. Department of Justice over police brutality. ... Robinson, of the New York-based risk consultant company Kroll Associates, will provide technical assistance to Detroit police and issue periodic reports on reform efforts."

### **MS Lawmaker Slams DOJ Training School Report.**

The [AP](#) (7/23, Volz) reports, "A Justice Department report that found a pattern of physical abuse at Mississippi's two juvenile training schools was shabbily prepared and possibly politically motivated, a state legislator charged Tuesday." The AP continues, "Rep. George Flaggs, chairman of the House Juvenile Justice Committee, made the allegations during a tour of the 300-student Oakley school southwest of Jackson and the 200-student Columbia school in Marion County. ... 'It is grossly unfair for us to expect your agency to supervise so many children and then underfund it,' Flaggs told Willie Blackmon, the head of youth services for the state Department of Human Services, who conducted the tours." The AP adds, "The Justice Department said adolescents at the training schools had been hogtied, chained to poles and forced to eat their own vomit. The findings were based on interviews conducted with students and employees last year. The 48-page document said the schools had too many unfilled jobs. ... DHS's response to the Justice Department, released by Flaggs, addressed each issue raised. The response, submitted a week ago, said some of the challenged practices had been discontinued or modified." The AP notes, "Blackmon said DHS had hired an external auditor on July 1 to assess both schools and to make recommendations. He said internal auditors would make continuous assessments, and a new post had been established to investigate and respond to abuse reports."

### **Federal Judge Approves Limited Searches Of Jail Guards.**

The [AP](#) (7/22, Lin) reports, "A federal judge says a jail warden can require guards to remove their shoes and belts during random security searches but can't

force them to take off their socks." The AP continues, "U.S. District Judge Joy Flowers Conti also directed that videotape and audio recordings of the searches cease at the 2,400-bed Allegheny County (PA) Jail at least until more definite pat-down guidelines can be determined." The AP adds, "Conti set an Aug. 19 court date to consider a permanent restraining order against the security policy, which Warden Calvin Lightfoot says is necessary to keep drugs and weapons out of inmates' hands." The AP notes, "The permanent restraining order is being sought by correctional officer Charles Manderino, who received a five-day suspension from Lightfoot after refusing to submit to a search. Fourteen other correctional officers were also disciplined. ... Manderino sued Lightfoot on behalf of the Allegheny County Prison Employees Independent Union, which he heads. The suspensions will be addressed at the hearing next month."

### **Judge Clears GA Sheriff In Jail Death.**

The AP (7/22) reports, "A federal judge has ruled that Lowndes County (GA) Sheriff Ashley Paulk and Deputy Kevin Farmer did not violate the rights of a man who died in jail five years ago after being arrested on suspicion of driving under the influence. ... Willie James Williams died a day after his Sept. 1, 1998 arrest." The AP continues, "In a lawsuit filed two years later, Williams' son, Michael Williams, alleged Farmer used excessive force in arresting Williams and that Paulk failed to provide adequate medical care at the jail." The AP adds, "U.S. District Court Judge Ashley Royal issued a summary judgment in favor of the sheriff and deputy on July 15. The judge said Williams failed to provide enough evidence of a civil rights violation to warrant a jury trial." The AP notes, "The case also has been reviewed by a coroner's inquest, a grand jury hearing, an FBI investigation and the U.S. Department of Justice. Paulk and Farmer were exonerated each time."

### **"Peace Ambassadors" Hope To Avoid LA Riots In Wake Of Police Verdict.**

The [AP](#) (7/22, Bland) reports, "Hoping to avoid a repeat of the 1992 Los Angeles riots, hundreds of 'peace ambassadors' are preaching nonviolence as they await a verdict in the trial of a white police officer accused of assaulting a black teenager." The AP continues, "As many as 1,500 young volunteers in gold T-shirts have been walking door-to-door, passing out leaflets and signs reading 'peace after the verdict,' Mayor Roosevelt Dorn said at a news conference Tuesday." The AP adds, "They were organized by a coalition that includes the

federal Justice Department, Los Angeles police, the Los Angeles County Human Rights Commission and at least a dozen churches and other groups. ... 'There is absolutely no reason whatsoever, no matter what the verdict turns out to be, for any form of violence,' Dorn said. 'That is not the answer, never has been the answer, never will be the answer.'" The AP notes, "Peace plans have been in the works for nearly a year in this southern Los Angeles suburb, which is heavily black and Hispanic and struggles with crime and poverty. ... On July 6, 2002, Inglewood police Officer Jeremy Morse was caught on videotape slamming handcuffed Donovan Jackson, 16, onto the trunk of a police car, then punching him in the face. The incident drew angry protests and calls for investigation. ... Morse, who has been fired, said the punch was a reaction to the youth grabbing him by the groin. He is on trial, charged with assault under color of authority. His former partner, Officer Bijan Darvish, is charged with filing a false police report. Morse, 25, and Darvish, 26, each could be sentenced to three years in prison if convicted."

**Ohio Obscenity Law Challenged, Lawyer Cites SCOTUS Sodomy Ruling.** The [Washington Times](#) (7/23, Murray) reports, "A lawyer who specializes in defending the distribution of sex images, including by Larry Flynt's Hustler magazine, has moved to overturn Ohio's obscenity law on the basis of the recent Supreme Court decision legalizing homosexual sodomy. 'Practically all choices made by consenting adults regarding their own sexual practices [are] a matter of personal liberty and thus beyond the reach of state control,' H. Louis Sirkin told Common Pleas Judge Richard A. Niehaus in Cincinnati in presenting his view of the Supreme Court's 6-3 June decision in *Lawrence v. Texas*." The Times continues, "Judge Niehaus reserved decision on Mr. Sirkin's 15-page motion and allowed the trial of Shawn Jenkins of Cincinnati to enter a second day yesterday. ... Citing what the law calls a 'due process right to privacy,' Mr. Sirkin noted high court references to bedrooms and sanctity of the home in the sodomy decision and other rulings -- including on abortion, contraception and parental rights. This, he asserted, must include that the right to own obscene material at home includes a right for others to sell such materials." The Times adds, "Hamilton County prosecutor Mike Allen told The Washington Times in a telephone interview yesterday that he expects the motion to fail, but that he takes it seriously because it had been filed by Mr. Sirkin, whose most recent

high-visibility case was his persuading the high court last year to strike down the Child Pornography Prevention Act of 1996."

## **ANTITRUST:**

**Ignoring Bush Veto Threat, House Moves Closer To Overturning FCC Rules.** The [Wall Street Journal](#) (7/23, Rogers, Dreazen) reports, "The escalating fight over media-ownership rules is on a path now that could lead to the first veto confrontation between President Bush and the Republican-controlled Congress.' The Journal continues, "The White House drew the lines more sharply Tuesday with written veto threats. But Mr. Bush faces strong bipartisan opposition to last month's Federal Communications Commission decision raising the cap on how many local television stations can be owned by a single company, to 45% from 35% of the national audience. The House voted 254-174 Tuesday night to let stand that portion of the FCC ruling that would also make it easier for companies to own newspapers and TV stations in the same market. But the Republican leadership, lacking the support, made no attempt even to strike an accompanying provision barring any relaxation of the national ownership cap." The Journal adds, "FCC allies, like... 'Billy' Tauzin... are betting veto threats alone will kill the amendment in final negotiations with the Senate. But Sen. Judd Gregg (R., N. H.), a strong Bush ally who will manage the bill in the Senate, warned that this could be a gamble that the administration loses. ... 'I think it could make it through the system when all is done because it's in a bill too big to veto,' Mr. Gregg said." Gene Kimmelman of Consumers Union "questioned if Mr. Bush would carry through on the threats and veto 'a bill that should prevent TV networks from piping more violent or raunchy television programs into the homes of consumers.'"

The [New York Times](#) (7/23, Labaton) reports, "Because a Senate committee recently approved a similar measure by a broad bipartisan majority, the movement in the House increases the likelihood that Congress will reverse at least some key elements of the new media ownership rules adopted last month by the Federal Communications Commission." The Times adds, "The growing political movement to reverse the rules is remarkable at a time when Washington's major political institutions and federal courts have been dominated by deregulatory thinkers. It was assumed that the House would defend the new rules and block any effort to change them. But that changed last week

when 11 Republicans deserted their leaders to join with the 29 Democratic committee members to approve the measure in the legislation on the floor of the House tonight. That decision came in response to a groundswell of criticism to the new rules by a broad coalition of liberal and conservative organizations that raised concerns about media companies growing too large." The Times notes that "the move toward reversing the network ownership rule is a significant political blow to both House leaders and the chairman of the F.C.C., Michael K. Powell."

The [Washington Post](#) (7/23, E1, Krim, Stern) reports, "The vote, expected today, would be a slap at the House leadership, which had struggled to keep its members in line and support the FCC. But the Republican majority, with help from many Democrats, thwarted an effort to derail the FCC's plan to allow more newspapers and television stations in the same locale to be owned by the same company." The Post adds that "an outcome that scraps any part of the new FCC rules would be a rare defeat for the disciplined GOP and the White House, which had hoped the new rules pushed by the Republican FCC chairman, Michael K. Powell, would sail through." The Post continues, "Spokesmen for key GOP House leaders were unconcerned, and said they think they can even restore the 45 percent cap in conference negotiations. They argue that with the GOP controlling both houses of Congress, it is unlikely that a bill that President Bush might veto would get passed. 'Republicans control this place and the last thing they are going to do is embarrass this president,' said John Scofield, communications director of the House Appropriations Committee."

The [AP](#) (7/23, Fram) reports, "Leading Republicans hope a Bush administration veto threat will help them derail a congressional drive against new, eased federal limits on how many television stations companies may own." The AP adds, "It's easier to deal with it in conference' negotiations between the House and Senate, said No. 3 House GOP leader Roy Blunt of Missouri. 'You take the president's comments, it's easier to stop them' at that point. Hoping to increase their power, some Republicans were seeking House members' signatures for a letter pledging to vote to sustain a veto, GOP aides said." The AP notes, "On Tuesday, a White House budget office statement said the new FCC rules 'more accurately reflect the changing media landscape and the current state of network station ownership, while still guarding against undue concentration in the marketplace.' The budget office threatened a veto if 'this provision or a provision

like it with respect to any one of the other FCC rules' is sent to Bush."

**NBC's Wright Says Rules Will Not Diminish Local TV Input.** In a [Wall Street Journal](#) (7/23) op-ed, NBC chairman and CEO Bob Wright writes, "Unfortunately, public discourse on important issues sometimes becomes untethered from fact and reason. Such is the case with the response to the Federal Communications Commission's expansion of the national television station ownership cap, which would allow a single entity to own stations that have a potential reach of 45% rather than 35% of the national TV audience." Wright continues, "Rep. David Obey (D., Wis.) expressed the sentiments of many recently when he said: 'I don't want ownership factors to get in the way of districts like mine from being able to have their own cultural attitudes.' But the FCC's modest adjustment of ownership rules does not mean the silencing of local voices under the weight of monolithic media companies. On the contrary, the record shows that local voices, as measured by the amount and quality of local news and public-affairs programming, increase when networks such as NBC take operating control of television stations." Wright adds, "The be-all, end-all of local broadcasting is forging a connection with a particular community's distinctive audience. The general managers in charge of our stations wake up every day committed to that mission. To us, it's the only way to run a television station -- and the feedback we get in the form of ratings tells us that the public thinks we do a good job." Wright notes, "Unable to resist, some members of Congress are jumping on a populist bandwagon and seeking to keep the FCC's new rules from taking effect. However, it would be a disservice to their constituents for Congress to restrict business activity that has such demonstrable public benefits." Wright concludes, "Who controls the public airwaves is a legitimate area of congressional interest. But as with any important issue, Congress should base its actions on fact, not fiction."

**Group Asks DOJ To Block Oracle-PeopleSoft Deal.** [CNET News.com](#) (7/22, Gilbert) reports, "Oracle's attempt to acquire PeopleSoft is under attack by a conservative legal action group that is urging federal antitrust regulators to block the deal." CNET News continues, "The National Legal and Policy Center (NLPC), a nonprofit based in Washington, D.C., has asked the U.S. Department of Justice, which is now reviewing Oracle's hostile \$6.3 billion bid for the rival software company, to stop

the deal, the group said Tuesday.” CNET News adds, “The proposed merger of Oracle, the second-largest maker of business automation applications, according to market analysts, and PeopleSoft, the third largest in the market, ‘clearly violates federal antitrust laws,’ Kenneth Boehm, chairman of the NLPC, said in a statement. Combined, Oracle and PeopleSoft are still smaller, however, than SAP, a competitor with the largest share of the market. ... ‘This attempted hostile acquisition would significantly reduce competition in large enterprise applications, inflict severe financial damage on PeopleSoft customers who have heavily invested in the company’s software applications, and inappropriately pressure the 40 percent of PeopleSoft customers who use database products from IBM and Microsoft to switch to Oracle,’ the group’s letter to the Justice Department stated.” CNET News notes, “Oracle’s unsolicited bid for PeopleSoft, launched last month, is under review by the Justice Department and by as many as 30 state attorneys general. The antitrust scrutiny grew more intense last month, when the department extended its initial review of the deal with a second request for information. The state of Connecticut has filed an antitrust suit against Oracle, and PeopleSoft has hired a renowned antitrust lawyer to help it fend off the bid.”

**Dana Board Rejects ArvinMeritor Tender Offer.** The [AP](#) (7/22) reports, “Dana Corp. said Tuesday its board of directors has rejected an unsolicited tender offer from rival auto parts maker ArvinMeritor, Inc.” The AP continues, “ArvinMeritor, a Troy, Mich.-based supplier of shocks, struts, suspensions and exhaust systems, had offered \$15 per share in cash for all outstanding shares of its larger competitor.” The AP adds, “ArvinMeritor launched the \$2.2 billion takeover bid for Dana on July 9. Assuming Dana’s debt and other minority interests would increase the total value of the deal to \$4.4 billion, ArvinMeritor said.” The AP notes, “Dana’s board said ArvinMeritor’s offer was financially inadequate and a high-risk proposal that would reverse Dana’s restructuring efforts to slim down. It recommended that shareholders not tender their stock. ... The board also said significant financing risks and antitrust concerns could prevent completion of such a deal.”

The [Financial Times](#) (7/22, Grant) reports, “Dana Corporation, one of the largest US automotive parts makers, on Tuesday said it was unlikely to reconsider its rejection of a hostile \$15 per share cash bid from rival ArvinMeritor, even if

ArvinMeritor were to raise its offer.” The Times continues, “Joe Magliochetti, Dana chief executive, said there was ‘virtually no rationale for accepting’ the bid which, including the assumption of Dana debt, is valued at \$4.4bn.” The Times adds, “Asked whether Dana might reconsider if ArvinMeritor were to improve its offer, he said: ‘Not really, we just don’t see the benefit [of a deal] to shareholders.’” The Times notes, “ArvinMeritor made its offer 10 days ago promising to create a powerhouse in undercarriages and drivetrains for cars and commercial vehicles. It said at the time that it was prepared to raise its offer. ... Industry analysts say the parts industry would benefit from further consolidation, but have expressed doubts over the likely level of indebtedness of a combined ArvinMeritor-Dana.”

[Dow Jones Newswires](#) (7/22) reports, “ArvinMeritor said it remains committed to its offer, which it said would allow Dana shareholders to realize a cash value for their shares today without bearing the risks of the company’s long-term restructuring efforts. ArvinMeritor has previously indicated that it could sweeten the deal if Dana agreed to enter into negotiations.” Dow Jones continues, “Earlier this month, ArvinMeritor offered to buy Dana for \$15 a share, or about \$2.2 billion based on Dana’s 148.6 million shares outstanding. In addition, ArvinMeritor offered to assume \$2.2 billion of Dana’s debt and the costs of minority interests.” Dow Jones adds, “Dana said Tuesday that the proposed acquisition raises serious antitrust issues and would likely undergo intense scrutiny from regulatory agencies, which could result in litigation to block the deal. ... The company noted that it and ArvinMeritor are the only substantial North American producers of axles, driveshafts and foundation brakes for medium- and heavy-duty trucks, with combined market shares ranging from 80% to 100%.”

**Lehman Plans to Buy Neuberger For \$2.6 Billion** [USA Today](#) (7/23, Valdmanis) reports, “Lehman Bros. made a bold push into managing the assets of wealthy investors on Tuesday, while, at the other end of the spectrum, discount online broker Ameritrade reported its quarterly earnings soared thanks to surging customer-trading volumes. The news helped bolster perceptions that investor confidence may be returning on Wall Street after a three-year downturn not seen since the Depression.” Lehman said it “plans to buy asset manager Neuberger Berman for \$2.6 billion in a widely anticipated deal designed to help the Wall Street bank better compete for high-net-worth customers.”

USA Today adds, "The deal values Neuberger, which has more than \$63 billion in assets, at \$41.48 a share, a 20.5% premium above Neuberger's trading price before the merger talks became public last month. Lehman's shares fell 1.2% to close at \$63.70 Tuesday. Lehman's client assets under management will grow to more than \$100 billion — with about 40% in higher fee-generating equity investments."

The [New York Times](#) (7/23, Thomas) reports, "The agreement satisfies a longstanding ambition by the management of Lehman Brothers to diversify its business, which has been dependent on the ups and downs of the bond trading market over the years. Morgan Stanley, Merrill Lynch and Goldman Sachs all have significant money management operations, and such businesses are seen as a crucial building block to becoming an elite Wall Street firm. The deal could also presage a move by other brokerage firms to take advantage of the recent jump in their stock prices to acquire money management firms, whose revenues tend to be less volatile than their other lines of business."

The [Wall Street Journal](#) (7/23, Craig, Lauricella) reports, "This deal, analysts say, should help Lehman smooth out its earnings because it will have a steady stream of income from managing assets, a business that is less volatile. In the second quarter, for instance, about 65% of Lehman's revenue came from bond trading or underwriting. With the acquisition of Neuberger, Mr. Fuld says the firm now has critical scale in managing investor assets. But the transaction comes as other big brokerage houses such as Merrill Lynch & Co. have been wooing wealthy investors that are Neuberger's core clients. With the Neuberger purchase, Lehman will manage more than \$100 billion in assets, though that still pales compared with some rivals. Merrill recently had \$471 billion of assets under management and Morgan Stanley had \$421 billion."

**Big Names In Leveraged Buyouts Are On The Prowl For European Deals.** The [New York Times](#) (7/23, Tagliabue) reports, "All the big names in leveraged buyouts are on the prowl for deals in Europe. But the going is not easy. The action is shifting away from Britain, the preferred playground for buyout firms until recently, to the Continent, where potential deals abound but the political, cultural and legal hurdles are higher. With that shift, the dominance of the big British and American specialists who reigned over the boom of the 1990's is being challenged by local competition and complicated by the depressed level of

asset prices and the difficulty that some firms have had in realizing gains from earlier deals because of the economic downturn." The Times adds, "In the second quarter, the total value of private equity deals across Europe fell to its lowest level in four years: 10.8 billion euros (\$12.24 billion at current exchange rates), down sharply from 16.3 billion euros in the first quarter and 25.1 billion euros in the last quarter of 2002, according to Initiative Europe, a British-based research firm that tracks the market. And while most buyout firms have plenty of cash, they are not raising new money as quickly as before — 24 billion euros in 2002, a 37 percent decline from 2001." The Times notes, "But the second half of this year promises a harvest of major deals. In Britain, CVC Capital Partners and the Texas Pacific Group are expected to conclude a deal for Debenhams, a British department store chain, worth some \$2.4 billion. Scottish and Newcastle, the big British brewer, will probably conclude a sale of its chain of pubs that could yield \$3.2 billion. Telecom Italia is expected to complete a sale of a controlling stake in its directory publishing subsidiary, SEAT Pagine Gialle, to a group of leveraged buyout firms including CVC Capital and Permira, in a two-stage deal that could bring in as much as \$6.7 billion."

**Roche Holds Talks To Acquire Igen.** The [Washington Post](#) (7/23, Barbaro) reports, "Roche Holdings Ltd., the world's largest diagnostics maker, is in talks to acquire Igen International Inc. of Gaithersburg in an effort to regain control of a lucrative blood-testing technology, people familiar with the negotiations said yesterday. The proposed acquisition could cost Roche more than \$1 billion, analysts said, but it would win back its access to a line of Igen testing systems, used in scores of laboratories and blood banks, that earns Roche \$500 million a year." The Post adds, "Igen canceled its license agreement with Roche 14 days ago after the US Court of Appeals for the 4th Circuit ruled that Roche had breached its contract to sell the tests, throwing Roche's diagnostics division into tumult and creating confusion among its clients over which company would service the testing systems." Catherine J. Arnold, an analyst at Sanford C. Bernstein & Co. in New York, said, "Roche does not want this technology to slip away. It has invested a ton into this relationship already." Igen confirmed yesterday that it is "negotiating a 'potential transaction' with Roche but would not elaborate." A company statement cautioned investors "there can be no assurance that a transaction will be reached or on what terms." Roche "declined to comment on the nature of

the talks.” Joel Reuter, a Roche spokesman, said, “Since the court decision, Roche and Igen have been meeting on a continuous basis in an effort to provide this technology to Roche's customers.”

## **EU May Extend Probe Of Alcan Bid For Pechiney.**

[Dow Jones Newswires](#) (7/22, Faucon) reports, “The European Union may opt for an extended probe of Canadian aluminum company Alcan Inc.'s proposed takeover of French rival Pechiney SA as possible divestment solutions to concentration issues could provoke deeper market competition worries, analysts warn.” Dow Jones continues, “This scenario would represent a setback for Alcan, which is anxious to clinch its EUR3.4 billion takeover offer for Pechiney, launched July 7.” Dow Jones adds, “Alcan has said it hopes a probe by the E.U. Commission - which investigates all corporate takeovers of size involving Europe - would be a so-called phase 1, typically lasting four-to-six weeks. An extended review - known as phase 2 - would run closer to four months, possibly pushing Alcan's takeover plans into 2004.” Dow Jones notes, “It's a phase 2 that some analysts believe is almost inevitable given the small number of aluminum manufacturers. ... In its informal bid, Alcan hoped to avoid a phase 2 probe by signaling to the E.C. that it would be prepared to part with its 50% interest in AluNorf, a Germany aluminum rolling mill. It also said that to facilitate a takeover, it would be prepared to sell the Neuf-Brisach mill in France, which is entirely owned by Pechiney. ... Blanket refusal to dispose of the AluNorf stake three years ago, helped torpedo Alcan's effort to merge with Pechiney and Swiss company Alusuisse.”

## **ENVIRONMENT:**

### **Judge Finds Corps In Contempt For Defying Missouri River Flow Order.**

The [AP](#) (7/22, Quaid) reports, “A federal judge held the Army Corps of Engineers in contempt Tuesday for refusing to lower Missouri River water levels to protect endangered birds and fish.” The AP continues, “U.S. District Judge Gladys Kessler ordered the corps and the secretary of the Army to comply by Friday or pay half a million dollars for each day her order is disobeyed. She said she may consider ‘more draconian contempt remedies’ if flow is not cut by July 31.” The AP adds, “Kessler ordered water levels dropped in a July 12 injunction she granted conservation groups that are suing to alter the Missouri's flow.

... The corps has refused to comply, saying her order conflicts with an earlier Nebraska federal court ruling requiring enough water for barge shipping and power generation. ... ‘We are still conflicted,’ said corps spokesman Paul Johnston. ‘The judge's ruling does not resolve the inherent conflict we have, with one court telling us to let water out and the other court telling us not to.’” The AP notes, “The groups want the Missouri to ebb and flow as it did before it was dammed and channeled decades ago to provide constant depths for barge shipping and other uses. The goal is to encourage spawning and nesting to help sturgeon and shorebird species on the government's threatened and endangered lists. ... ‘The Missouri River's heartbeat, long flatlined by the corps, is about to get a brief and partial shock back to life,’ Chad Smith, spokesman for lead plaintiff American Rivers, said Tuesday.”

The [St. Louis Post-Dispatch](#)/Knight Ridder (7/23, Lambrecht) reports, “In a memorandum accompanying her order, Kessler dismissed as nonsense the corps' assertion that it was making a good-faith effort to clear up the issue. ... ‘The Corps' actions demonstrate the exact opposite,’ she wrote. ‘Moving to stay an order does not represent a good-faith effort to comply with that order. Rather, it represents an effort to postpone compliance with that order in the hope that it will be overturned on appeal.’” The Post-Dispatch continues, “The corps can set the river level by opening or closing gates on its dams. Kessler gave the corps until 9 a.m. EDT on Friday to start reducing the 25,000 cubic-feet-a-second flow of water from Gavins Point Dam, S.D., to the lower stretch of river, which runs through Missouri before meeting the Mississippi above St. Louis.” The Post-Dispatch adds, “Less water - down to 21,000 cubic feet a second - was recommended by the U.S. Fish and Wildlife Service three years ago to avoid washing away the nests and chicks of two federally protected birds, the endangered piping plover and the threatened least tern, and also to help the endangered pallid sturgeon. The lesser flow would be maintained until Aug. 15. ... ‘This is one angry judge,’ remarked David Hayes, who heads the legal team that won Kessler's injunction on behalf of American Rivers, Environmental Defense and a coalition of advocacy groups.” The Post-Dispatch notes, “Corps spokesman Paul Johnston said that Army and Justice Department officials would be looking closely at the judge's order. But he said the corps still faced contradictory injunctions. ... He was referring to another injunction this year from a federal judge in Nebraska, who instructed the

corps to maintain water levels high enough for barge traffic. The 8th U.S. Circuit Court of Appeals in St. Louis later upheld that injunction, which did not deal with the question of endangered species.”

**More Commentary.** The [Council Bluffs \(IA\) Nonpareil](#) (7/22) editorializes, “The federal government on Sunday asked a Nebraska federal court to modify an order requiring higher Missouri River water levels that conflicts with a July 12 court ruling in favor of lower flows. The Justice Department asked the Nebraska court to alter its ruling to comply with the new order for low flows. ... In the wake of the request to the Nebraska federal court, the U.S. Army Corps of Engineers - now facing a contempt charge stemming from the conflicting court rulings - ordered barge shippers and other river users to secure vessels for lower flows.” The Nonpareil continues, “Pending a ruling on Sunday’s request, ‘it is anticipated that the ... flows will not be sufficient to maintain commercial navigation from Sioux City, Iowa, to St. Louis, Mo.,’ the corps said in a news release issued Sunday. ... It doesn’t take a rocket scientist to come to the conclusion that’s not good news for Iowa or Iowans.” The Nonpareil adds, “Kessler acknowledged in her order granting the injunction that barge companies will lose revenues, water quality may suffer and consumers may pay more for power this summer along the Missouri River. But she said that injury to wildlife - the least tern, piping plover and pallid sturgeon - will be irreparable without curtailing the Missouri’s flow. ... While we find most conservation efforts laudable, we can’t help asking ourselves, where’s the common sense in Kessler’s ruling?”

**Forest Service’s Rey Urges Congress To Pass Forest Management Overhaul.** The [AP](#) (7/23, Gehrke) reports, “The Forest Service needs Congress to quickly pass a broad overhaul of national forest management, a top official said Tuesday, in order to reduce the threat of major wildfires next year. ‘Even if it passes next spring, we won’t be able to use it in the next fire season’” said Mark Rey, the Agriculture Department undersecretary in charge of the Forest Service.” The AP continues, “Rey’s comments came as the Senate appears headed for another logjam over a bill passed last month by the House and backed by the White House. Sen. Ron Wyden, D-Ore., said the administration is at least four votes short of the 60 it would need to pass the House bill over the Democrats’ objections. He said an agreement is possible if the White House is willing to work with Democrats who are reluctant to tinker with the

role of the courts in reviewing forest management. ‘The ball is in the administration’s court,’ Wyden said. ‘But if they make a judgment that they just want to go on the campaign trail, that it’s the House bill or nothing, that would be injurious to the country.’” The AP adds, “‘We’re tiptoeing through the forests as they burn,’ said Sen. Larry Craig, R-Idaho. ‘I would hope that politics would yield to common sense on this issue.’” The AP notes, “The Senate Agriculture Committee has a hearing scheduled for Thursday to amend the wildfire legislation and vote to send it to the full Senate for action.”

**Babbitt Criticizes Norton Over Wilderness Reviews.** The [Sacramento Bee](#) (7/22, Leavenworth) reports, “For the first time since leaving office, former Interior Secretary Bruce Babbitt is gingerly criticizing his successor, Gale Norton, for limiting protections on millions of acres of public lands across the West.” He “faulted Norton for halting studies of potential wilderness on lands administered by the federal Bureau of Land Management, a decision that could affect the Headwaters Forest and several other BLM properties in California.” Babbitt said the new policy “undercuts efforts to protect and showcase ‘a fabulous inventory of public lands that have never gotten the attention they deserve.’” The Bee notes, “Bush administration officials say they are merely following the law by leaving it to Congress to designate new wilderness. The Interior Department will continue to protect sensitive lands, said spokesman Mark Pfeifle, even if it doesn’t designate new lands as ‘wilderness study areas.’” Since Babbitt left Interior “Norton and the new administration have reversed many of Babbitt’s policies and generally pushed for more resource extraction on public lands. All that time, Babbitt has followed established decorum and declined to comment publicly on his successor’s policies.”

**CA Developer Loses Endangered Toad Case.** The [AP](#) (7/22) reports, “A federal appeals court on Tuesday rejected a California developer’s request that the full court consider a plan to build 280 homes on some of the last remaining habitat of the arroyo southwestern toad. ... But one of the circuit judges strongly dissented, saying harm to the toads from commercial activity doesn’t mean it should be regulated under interstate commerce provisions.” The AP continues, “A three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit had rejected the building plan because it would endanger the toads. The panel

affirmed a lower court decision that development firm Rancho Viejo must follow a U.S. Fish and Wildlife Service order to let the toads move freely on a San Diego County construction site." The AP adds, "The wildlife agency had issued a biological opinion three months after the project began in May 2000 that said construction probably would jeopardize the toads' existence.... Rancho Viejo's suit challenging the agency's use of the Endangered Species Act under interstate commerce provisions was dismissed by the U.S. District Court for the District of Columbia."

## **FBI/DEA/ATF:**

### **FBI Agents Allege Retaliation For Congressional Testimony.**

The [AP](#) (7/22, Anderson) reports, "Two FBI agents who detailed problems in their agency to Congress say they were targeted for retaliation because of their testimony, two senators said Tuesday." The AP continues, "Agents Patrick Kiernan and Frank Perry have filed complaints with the Justice Department inspector general, Glenn A. Fine. Kiernan contends he was passed over for promotions and transfers; Perry claims he was subjected to unspecified retaliatory comments from senior FBI officials." The AP adds, "Both men testified about FBI problems during a Senate Judiciary Committee confirmation hearing for FBI Director Robert Mueller in July 2001. A third agent who testified, John Roberts, already had claimed retaliation." The AP notes, "Sens. Charles Grassley, R-Iowa, and Patrick Leahy, D-Vt., said in a letter to Mueller that the agents had similar experiences despite working in separate offices, indicating that FBI retaliation continues against those who 'seek and tell the truth.' ... 'When they should be applauded, they have been chastised and even vilified,' the senators wrote in the letter dated July 10 and released Tuesday. ... Mueller is scheduled to appear Wednesday before the Judiciary Committee, which is expected to query him on the subject." The AP further reports, "Perry and Roberts were involved in investigations of FBI misconduct during the 1992 standoff with white separatist Randall Weaver at Ruby Ridge, Idaho. Weaver's wife and son were killed by an FBI sniper. In 1995 the government paid Weaver and his three surviving children \$3.1 million in compensation. ... Perry also was behind a 1999 report detailing a separate disciplinary system for senior executives and rank-and-file agents. Kiernan was a key author of that report and also served in a special investigation of FBI actions during the 1993

confrontation with the Branch Davidian cult in Waco, Texas, that resulted in nearly 80 deaths."

### **Outdated Pay Structure Leaves Several FBI Agents Struggle To Make Ends Meet.**

The [Los Angeles Times](#) (7/23, Krikorian) reports, "Five years ago, Bob Hoelscher stepped up to a microphone at the FBI Academy in Quantico, Va., and, in a time-honored graduation ritual, opened an envelope with a slip of paper that identified his first assignment. San Francisco, it read. ... With a starting salary of \$50,000, Hoelscher, then 33, was priced out of housing anywhere near his new job. After months of searching, he found a \$250,000 house in Fairfield — 58 miles from San Francisco. His commute takes 75 minutes each way, if the weather is good." The Times adds, "While the FBI plays a lead role in the war on terrorism, many agents say they are waging a private battle against financial hardship. An outdated pay structure has left many agents struggling to make ends meet, especially in high-cost cities such as San Francisco, Los Angeles and New York. Some agents endure lengthy commutes. Others have gone deep into debt. A few have gone on food stamps or moved into government housing." FBI veterans say the "impact on the bureau's crime-fighting prowess is subtle, but unmistakable." The Times notes, "Scores of younger agents are resigning for better-paying jobs in the private sector. Experienced agents want out of big cities. Top-level vacancies in specialties ranging from white-collar crime to counterterrorism go begging for applicants. The financial squeeze, agents say, is greatest in the very urban centers where the need for top investigative talent is most urgent."

### **Reputed Miami Drug Kingpin Sentenced To 20 Years For Money Laundering.**

The [AP](#) (7/22) reports, "A reputed drug kingpin from Florida's 'Miami Vice' era was sentenced Tuesday to 20 years in prison for money laundering." The AP continues, "Willy Falcon also paid the federal government \$1 million, as agreed to in a plea bargain." The AP adds, "Falcon and partner Sal Magluta were said by prosecutors to have made \$2 billion from cocaine smuggling while turning Miami into the drug capital of America in the 1980s. They were known in Colombian drug circles as 'The Boys.' ... Falcon, 47, pleaded guilty in June to laundering drug profits." The AP notes, "Falcon and Magluta were under investigation for 14 years and were cleared of drug charges in 1996 with help from two bribed

jurors. Magluta later received a life sentence for jury bribery, while being cleared of charges that he ordered hits on three witnesses, including a lawyer.”

### **Fresno Chamber Of Commerce Executive Arrested On Drug Charge.**

The [Los Angeles Times](#) (7/23, Arax) reports, “As chamber of commerce executives go, Stebbins Dean hasn't had an easy job. For more than a decade, he has tried to burnish this city's lackluster image, proclaiming its oft-hidden virtues to doubting CEOs around the state and country. ... On Tuesday, the city's fervent huckster became the subject of his own tarnished headline. While on a trip to Naples, Fla., last weekend to share ideas with a national gathering of chamber of commerce heads, Dean was arrested and charged with trying to buy crack cocaine from an undercover police officer.” The Times adds, “Local business leaders now say the city's image builder, the man who helped launch the slogan ‘Fesno: Smile When You Say That!,’ as so badly stained his own image that he must step down for the greater good. After the recent foibles of a local state assemblyman — who told Fresno police that he was roaming the red light district at night because he got lost on his way to the farm bureau — this city seems braced for a whole new round of jokes at its expense.”

### **House Panel Finds Flaws In Diet Pill Safety Study.**

The [New York Times](#) (7/23, Drew, Fessenden) reports, “As a growing number of deaths and illnesses have raised questions about their diet pills, some ephedra companies have promoted a medical study as showing that their product is safe and helpful for losing weight. But documents released yesterday by a House subcommittee show that a panel of scientists has found flaws and shortcomings in the study.” Some government officials said that “those problems could undercut its safety findings at a time when federal regulators are trying to decide if they should ban ephedra, an herbal stimulant, or restrict its sales.” The Times adds, “For several years, the industry had refused to give the regulators all the data from the study, which was conducted at medical centers in New York and Boston in the late 1990's. But last February, the Food and Drug Administration made an unusual deal to gain access to the data, officials say. The agency had to make the deal, the officials say, because it was in a bind. While drug companies are required to prove the safety of their products and must turn over safety data and consumer complaints to the FDA, the

agency, under a 1994 law, has no such authority over the makers of dietary supplements like ephedra.” The Times adds, “The notion that a federal regulatory agency had to make a deal to investigate a health threat also goes a long way, critics say, to explaining how the ephedra companies have been able to keep the government at bay through nearly a decade of complaints about their products. And while the companies are now removing the ephedra from many of their diet pills, these critics say they remain concerned because so little is known about the other herbal ingredients being used as substitutes. Under the deal, administration officials said, the FDA agreed to hire outside experts to help review the data. It also allowed the industry to veto several of the possible choices before agency officials picked the scientists who did the critiques.”

The [Washington Post](#) (7/23, Gugliotta) reports, “Congressional investigators have linked ephedra supplements made by San Diego-based Metabolife International to a disproportionate number of serious side effects among consumers younger than 30. In testimony prepared for a House hearing today on the popular herbal stimulant, Marcia Crosse, the General Accounting Office's acting director for public health and science issues, said the GAO's analysis showed that 44 percent of the ‘serious adverse events’ reported to Metabolife between 1997 and 2002 involved younger consumers. The GAO is Congress's investigative arm.” Crosse acknowledged that the “reports contained ‘limited information,’ but the pattern of side effects - - ranging from insomnia to seizures, stroke and death -- was consistent with reports gathered by the Food and Drug Administration about ephedra products sold by many different companies.” Metabolife spokeswoman Jan Strode stressed the “sketchiness of the reports,” noting that the “GAO's analyses of ephedra ‘clearly state that the GAO could not establish any causal connection between adverse events and Metabolife 356.”

The [San Diego Union-Tribune](#)/Copley News Service (7/22, Eckert) reports, “Members of a House panel are expected to sharply question studies that tout the safety of the herbal stimulant ephedra as they open hearings Wednesday into the dietary supplement, made by companies including San Diego-based Metabolife International.” Copley continues, “Three experts who reviewed one study widely cited by the ephedra industry found shortcomings in the study and said, ‘The product should only be used with the monitoring of a learned intermediary,’ according to a memo released by the

House Energy and Commerce Committee.” Copley adds, “The memo to Food and Drug Administration Commissioner Mark B. McClellan concerned a review of a six-month study funded by the ephedra industry. The FDA is weighing stricter regulation of ephedra products. ... ‘All three reviews are consistent in their conclusions that the study was basically conducted well but it is not sufficient to address the safety of these products as they are used in the marketplace by the population at large,’ Charles W. Prettyman of the FDA’s Center for Food Safety and Applied Nutrition wrote in a July 16 memo. ‘One reviewer was also concerned over the validity of the results due to labeling mix-up between active and placebo’ doses.” Copley notes, “More than a dozen witnesses, including Metabolife executives and the parents of two athletes whose deaths were linked to ephedra products made by other companies, are expected to testify before the House committee’s oversight and investigations subcommittee. Committee Chairman Billy Tauzin, R-La., and subcommittee Chairman James C. Greenwood, R-Pa., have raised safety concerns about ephedra, which is largely unregulated. ... Documents released by the committee this week indicate that ephedra-free products have played a larger role in Metabolife’s marketing strategy as controversy and legal problems surrounding ephedra mount. ... A weekly sales report to then-Chief Executive Officer David Brown in August 2002 discussed whether to introduce an ephedra-free product sooner than planned. The memo was prepared amid falling sales, following disclosures that the Justice Department was investigating whether company founder Michael Ellis had lied to the FDA regarding consumer complaints about Metabolife 356, its ephedra-containing flagship product.”

**ONDCP Official Presents Medical View Of Smoking Marijuana.** In an op-ed in the [Los Angeles Times](#) (7/22), Dr. Andrea Barthwell, deputy director of the White House Office of National Drug Control Policy, writes, “As a physician with more than 20 years of experience dealing with patients who are addicted to drugs, I am often asked my professional opinion about a contentious public health question: What is the medical basis for smoking marijuana? The answer needs some context. Americans today have the world’s safest, most effective system of medical practice, built on a process of scientific research, testing and oversight that is unequalled. ... Marijuana, whatever its value, is intoxicating, and it’s not surprising that

sincere people will report relief of their symptoms when they smoke it. The important point is that there is a difference between feeling better and actually getting better. It is the job of modern medicine to establish this distinction. The debate over drug use generates a great deal of media attention -- including the focus on the administration’s appeal this month to the U.S. Supreme Court against medical marijuana -- and frequent misinformation. Some will have read, for instance, that the medicinal value of smoking marijuana represents ‘mainstream medical opinion.’ It is time to set the record straight. Simply put, there is no scientific evidence that qualifies smoked marijuana to be called medicine. Further, there is no support in the medical literature that marijuana, or indeed any medicine, should be smoked as the preferred form of administration. The harms to health are simply too great.” Barthwell adds, “Medical science does not fear any compound, even those with a potential for abuse. If a substance has the proven capacity to serve a medical purpose, then it will be accepted. We have done so with substances as dangerous as opium, allowing the medical use of many of its derivatives, including morphine, Demerol and OxyContin. The key term is ‘proven capacity.’ Only if compounds from marijuana pass the same tests of research scrutiny that any other drug must undergo will they become part of the modern medical arsenal.”

**ATF Issues New License To Sniper-Linked WA Gun Shop.** The [Seattle Times](#) (7/23, Miletich) reports, “A federal firearms license has been granted to a new operator of Bull’s Eye Shooter Supply, the Tacoma gun store that stocked the rifle used in last year’s Beltway sniper slayings. He is a longtime friend of the previous owner, Brian Borgelt, whose dealer’s license was revoked a month ago.” The Times continues, “The new owner, Kris Kindschuh, will operate the store under the same name and at the same address, paying rent to Borgelt, who owns the building, Borgelt’s lawyer said. ... Borgelt, 39, will continue to own the upstairs gun range, according to lawyer James Frush.” The Times adds, “The new license was granted by the federal Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) on Friday, an agency spokesman said. ... Though names of federal firearms licensees usually are public, the spokesman, Scott McKinna, yesterday would not say who had taken over Bull’s Eye. ... Borgelt’s license was revoked for four willful violations of federal recordkeeping laws that were uncovered after the sniper rifle was traced to his store and he couldn’t

show to whom he had sold it, as required by law. Police rely on sales records to trace weapons used in crimes.”

## **IMMIGRATION:**

**US Testing Plan To Put Electronic Tethers On Jailed Immigrants.** The [Detroit Free Press](#) (7/23, Audi) reports, “Using Michigan as a test site, the federal government is quietly rolling out a national plan to put electronic tethers on illegal immigrants -- easing overcrowding in jails and allowing closer monitoring of immigrants who might otherwise skip court hearings or deportation proceedings.” The Free Press continues, “This month, 11 illegal immigrants in Michigan were given electronic ankle bracelets, with more immigrants scheduled to be removed from jails in Macomb, Calhoun and Chippewa counties. About 180,000 of the nation's estimated 11 million illegal immigrants have been detained since Oct. 1.” The Free Press adds, “The program signals the strain the immigration service is under as it tries to carry out new antiterrorism programs that have resulted in more detentions of immigrants. ... It's also a step further into a post-Sept. 11 future that has some people wincing at the idea of the government restraining noncriminals and watching them go about their daily lives. But lawyers for jailed immigrants said the new program will allow their clients to spend their last months in the United States with their families, instead of languishing in jail at a cost to taxpayers of roughly \$80 a day.” The Free Press notes, “In Detroit, where hundreds of mostly Arab visitors have been fingerprinted and some detained as part of a controversial national registration program, three county jails that house immigrants are in a space crunch. ... Because of a backlog of cases in Detroit's immigration court, immigrants are waiting in jail for months before a hearing, their lawyers said. The government can detain an immigrant for up to 9 months before a federal judge has the power to order a release.”

**Former VA Airport Worker Fined For Immigration Violation.** The [Virginian-Pilot](#) (7/23, McGlone) reports, “A Philippines native who claims her family never told her she wasn't a U.S. citizen was fined \$100 in federal court Tuesday after pleading guilty to violating Norfolk airport security by failing to disclose her immigration status on an employee security form.” The Virginian-Pilot continues, “Lady Ann Quiambao, 22, also was placed on probation for a

year after pleading guilty to entering a secure area of Norfolk International Airport without proper clearance.” The Virginian-Pilot adds, “Quiambao was part of a group of Norfolk airport workers accused of lying on application forms for security badges. The badges allow access to secure areas of the airport. ... Quiambao was hired by Hudson News in July 1999 and worked part time at an airport newsstand located beyond a security checkpoint. She left the job in October 2000.” The Virginian-Pilot notes, “After the Sept. 11, 2001, terrorist attacks, the FBI conducted background checks on current and former airport workers who had received security badges. Quiambao's name surfaced because she said on her application that she was a U.S. citizen, according to court records. ... She has been in this country since she was 11 but never knew she wasn't a U.S. citizen until she received a notice last year from the then-Immigration and Naturalization Service, her attorney, Stephen Heretick, said.”

**Cuban American Foundation Blasts South Florida Lawmakers Over Deportations.** The [Washington Times](#) (7/23, Pierce) reports in its “Inside Politics” column, “Joe Garcia, executive director of the Cuban American National Foundation, lashed out at three Cuban-American members of Congress yesterday for lacking the clout to prevent the forced return of 15 Cubans to the communist island. ... The foundation is usually seen as a strong ally of the Republican Party, but Mr. Garcia singled out three Republican members of Congress from South Florida -- Reps. Ileana Ros-Lehtinen, Lincoln Diaz-Balart and Mario Diaz-Balart -- for not having more influence with the White House. ‘This is a betrayal by this administration,’ Mr. Garcia said. ‘And what it demonstrates is the impotence of our Republican congressmen within this Republican administration. When you sell yourself cheap, you get treated cheaply.’”

**“Semi-Suburban” Long Island Town Struggles To Accept Immigrants.** The [Christian Science Monitor](#) (7/23, Lazaroff) reports, “Just after midnight on July 5, long after local Independence Day firework displays had ended, a flammable device was thrown into a small two-story house in the semi-suburban Long Island town [of Farmingville]. The house, with a family sleeping inside, was quickly enveloped in flames. Neighbors who heard the blast helped ferry the family out of the home without injury. Though Suffolk County police initially stopped short of calling the

firebombing a 'bias crime,' officer Robert Reecks said last week that after more investigation, 'it looks like they have been targeted because of who they are.' The FBI has also become involved." The Monitor adds, "Like other towns that have experienced a sudden influx of immigrants, Farmingville has become a flash point for those angry about the rising presence of nonwhite immigrants, mostly from Mexico and Central America, but also from Africa, India, China, and other parts of Asia. Although a virulently anti-immigrant group based in Farmingville lost much public support during the past year, the firebombing suggests hostilities haven't vanished. Indeed, the incident highlights the tensions sometimes produced when a sizable number of immigrants take up residence in places well removed from urban centers." Mark Pitcavage of the Anti-Defamation League said, "How immigrants or any new group is met by those who have lived there for a while depends on the community itself. Some communities are able to assimilate these people. Some tolerate and even welcome them. Some go in the opposite direction."

## **TAX:**

**CA Attorney Barred From Selling Tax Schemes.** The [Los Angeles Times](#) (7/23, Kristof) reports, "A federal crackdown on suspected tax cheats has claimed a Torrance-based tax attorney, who has been barred permanently from promoting abusive tax schemes over the Internet and in person, Justice Department officials said Tuesday." The Times continues, "A federal judge in Los Angeles also ordered Eduardo Marmolejo Rivera to provide government investigators with the identities of his clients and to post the judge's injunction on his Web site, <http://www.EdRivera.com> " The Times adds, "The Internal Revenue Service maintains that six of Rivera's clients, who allegedly chose to "opt out" of the federal income tax system at Rivera's urging, owe the federal government more than \$9.5 million in taxes, interest and penalties. ... 'The Department of Justice and the IRS are determined to shut down the promotion of tax-evasion schemes,' Eileen J. O'Connor, assistant attorney general in charge of the tax division, said in a prepared statement. 'People who encourage others to violate the law will be stopped and brought to justice.'" The Times notes, "The case against Rivera is one of several dozen that the IRS is pursuing in a redoubled effort to crack down on individuals and companies

that promote tax-evasion techniques. ... Although statistics are scarce, industry experts believe that tax evasion has burgeoned over the last decade, as IRS enforcement has diminished as the result of a lower budget and reductions in staff. ... Now, with estimates of tax revenue lost to cheating in the hundreds of billions annually, the agency has won congressional support to hire more examiners and pursue cheaters much more aggressively. The agency is focusing on promoters such as Rivera both to stop them from selling abusive tax techniques and to get lists of their clients, whom the IRS then targets for audits. ... 'There is a focused effort to go after promoters — both the mills that crank out false returns and those that promote false information,' said Robert F. Conte, the assistant U.S. attorney handling the Rivera case. 'It's a targeted use of our resources.'"

**IRS Sues Quakers To Recoup Taxes, Interest Owed By Church Aide.** The [Philadelphia Daily News](#) (7/23, Smith) reports, "The IRS wants tax money from Philadelphia Quakers in a lawsuit that one defense lawyer calls 'an attack on the church.'" The Daily News continues, "U.S. Justice Department lawyers yesterday sued the Philadelphia Yearly Meeting of the Religious Society of Friends for refusing to help the IRS collect about \$42,000 in back taxes, interest and other charges from one of the society's employees." The Daily News adds, "The employee is Priscilla L. Adams, a pacifist and war-tax resister for nearly 30 years who doesn't want tax dollars going to the military. ... Adams, of Willingboro, N.J., a Quakers fieldworker on peace and justice issues in South Jersey, failed to pay federal income taxes between 1986 and 1996, the suit states." The Daily News notes, "The lawsuit contends that the Quakers are responsible for paying Adams' entire \$42,000 tax debt, plus an additional \$21,000 'penalty.' ... The penalty is owed, the government claims, because the Yearly Meeting, based on Cherry Street near 15th in Center City, refused to turn over her wages to the IRS when it sought to collect the debt in recent years. ... Earlier court rulings, however, support part of the government's legal action. More than a dozen years ago, the IRS won two similar lawsuits in Philadelphia against the Quakers. ... But in those earlier cases, U.S. District Judge Norma Shapiro rejected the IRS' demand for a 50 percent penalty, saying the Quakers had reasonable grounds to challenge IRS levies on employees' salaries."

## **CO Muffler Shop Targeted By IRS In Tax Withholding Sweep.**

The [Denver Post](#) (7/23, McGhee) reports, "A Colorado muffler shop and its officers are targets of Internal Revenue Service efforts to compel businesses to withhold taxes from employees' paychecks." The Post continues, "Three suits filed in U.S. District Courts in Denver and Sacramento, Calif., this week are aimed at employers who claim the federal tax code doesn't require most Americans to pay taxes on their wages." The Post adds, "The government for years has waged court battles against advocates of the theory that Section 861 of the tax code applies mainly to foreign-owned businesses." The Post notes, "The suit filed Monday against Colorado Mufflers Unlimited of Northglenn and its officers claims the company owes more than \$210,000 in unpaid and mistakenly refunded taxes. ... 'Colorado Mufflers and its officers attempt to justify their illegal conduct by the patently frivolous "Section 861" argument,' U.S. Justice Department attorneys said in the suit, filed on behalf of the IRS. ... Richard Rudd Sr., Dolores Rudd, Sherilyn and George Gallegos and Richard D. Rudd Jr., who are named as the business owners in the suit, couldn't be reached for comment. ... The government also sued two California businesses Monday in Sacramento."

## **Linder Calls For Elimination Of Income Taxes, IRS.**

In a [Wall Street Journal](#) (7/23) letter to the editor, Rep. John Linder writes, "In your July 11 editorial 'Flat Tax Fever' you assert that it would be in America's interest to enact a flat income tax system. To which I said, 'Again?'" Linder continues, "The income tax code we have today, which everyone has come to know and love, is a flat tax on income -- 90 years later. ... The IRS code has made criminals of us all and it's time for it to go away. In July 1999, I first introduced the FairTax. Earlier this year, I re-introduced this legislation as H.R. 25. My proposal would shift the federal government's funding paradigm from income-based taxes to a personal consumption tax." Linder adds, "The current income tax system frequently costs more to comply with than it generates in revenues. ... Some who have studied the tax code's complexities and compliance costs estimate its overall compliance cost at hundreds of billions of dollars. By abolishing it and the Internal Revenue Service, the FairTax solves these problems." Linder concludes, "Using a very conservative estimate of \$250 billion in total income tax compliance costs, enacting the FairTax represents a \$2.5 trillion economic stimulus package over 10 years, dwarfing

the 10-year, \$335 billion proposal Congress presented a few weeks ago. Imagine all of the jobs that could be created by U.S. businesses if they could invest \$2.5 trillion into research, development, capital equipment and technology."

## **CONGRESS-ADMINISTRATION:**

### **GOP To Push For Pryor Committee Vote Wednesday.**

The [AP](#) (7/23, Holland) reports, "With the Senate Judiciary Committee ready to approve another controversial nominee, Republicans are preparing one last summertime effort to push President Bush's choices past Democrats determined to stop them." The AP continues, "If Alabama Attorney General William Pryor's nomination makes it to the full Senate on Wednesday, he'll join at least four other nominees likely to be stuck there until after Congress' August recess." However, Sen. Bill Frist "says he won't let the Senate leave for its summer break without addressing some of those nominees. 'Anybody who makes it (out of the Senate Judiciary Committee) will have a good shot of coming up before the recess,' Frist said. ... 'We've blocked two, we may block a few more,' said Sen. Charles Schumer, D-N.Y., on Tuesday." The AP adds, "I don't know whether we'll do more votes on Estrada or Owen, but there could well be votes on other judges that may be hung up," said Sen. Mitch McConnell. "A vote on the nomination of Los Angeles judge Carolyn Kuhl 'is possible, assuming that they intend to filibuster her,' McConnell added." The AP notes, "We have very grave concerns about some of the representations made by Mr. Pryor and their accuracy,' said Senate Democratic Leader Tom Daschle, who would not commit to a filibuster but said Democrats would 'very carefully consider what happens next.'... The Democratic Senatorial Campaign Committee also called on Sen. John Cornyn, also a former member of Republican Attorneys General Association, to disqualify himself from the vote, saying the Texas senator's past membership in the group would be a conflict of interest. 'I wasn't elected by the DSCC,' Cornyn replied."

### **Schumer Strikes Deal To Fill NY Judicial Vacancies.**

The [AP](#) (7/22, Barrett) reports, "Sen. Charles Schumer said Tuesday he has struck a deal with the White House and Gov. George Pataki to fill every open federal judgeship in New York state -- and even some that aren't empty yet." The AP continues, "The New York Democrat made the announcement even as four of the agreed-upon nominees, all slated for openings in the New York City area,

breezed through a Senate Judiciary committee confirmation hearing." The AP adds, "The full Senate still has to vote on the four: Stephen Robinson, Kevin Castel, Richard Holwell, and Sandra Feuerstein. Schumer's announcement mentions five others, some who have not yet been formally nominated. The list includes Gary Sharpe to the Northern District and Sandra Townes to the Eastern District." The AP notes, "Sharpe is a federal magistrate judge in Syracuse, and Townes is a former Syracuse prosecutor now serving on the state appellate bench in Brooklyn. ... But another wrinkle arose Tuesday in the judicial selection process: a majority of the American Bar Association's review committee has found judicial nominee Dora Irizarry, a former Republican candidate for statewide office, "not qualified" for the federal bench. ... Irizarry ran for state Attorney General on the GOP ticket with Pataki last year, but lost to Democrat Eliot Spitzer. Her nomination for a judgeship has been supported by Schumer. ... Schumer, who is leading the Senate Democrats' fight against a handful of President Bush's nominees, said the agreement on New York judges shows he is happy to work with Republicans to promote any judge without strong ideological positions. ... The bipartisan agreement on the four New York nominees who appeared before the panel Tuesday stands in 'stark contrast' to the ongoing fight over a handful of other potential judges, Schumer said."

#### ***NYTimes Urges Specter To Vote Against Pryor.***

The [New York Times](#) (7/23) editorializes, "The Senate Judiciary Committee could vote as early as today on the nomination of the Alabama attorney general, William Pryor, to a federal appeals court judgeship. Mr. Pryor is among the most extreme of the Bush administration's far-right judicial nominees. If he is confirmed, his rulings on civil rights, abortion, gay rights and the separation of church and state would probably do substantial harm to the rights of all Americans. Senators from both parties should oppose his confirmation. ... He has called *Roe v. Wade*, the landmark abortion-rights ruling, 'the worst abomination' of constitutional law in our history. He recently urged the Supreme Court to uphold laws criminalizing gay sex, a position the court soundly rejected last month. He has defended the installation of a massive Ten Commandments monument in Alabama's main judicial building, which a federal appeals court recently held violated the First Amendment. And he has urged Congress to repeal an important part of the Voting Rights Act. ... At today's committee meeting, much of the attention will be on Arlen Specter, the Pennsylvania Republican who could

cast the deciding vote. Mr. Specter [sic] owes it to his constituents to break with the White House and vote against Mr. Pryor, whose extremist views are out of step with most Pennsylvanians'."

#### **Liberal Groups Plan To Fight Kavanaugh Nomination To Federal Bench.**

The [Washington Post](#) (7/23, A21, Kamen) reports in its "In the Loop" column, "Liberal groups are gearing up to fight the much-anticipated nomination of associate White House counsel Brett M. Kavanaugh -- a former Supreme Court clerk, partner in Kirkland & Ellis and brain-truster for special counsel Kenneth W. Starr -- to a seat on the U.S. appeals court here. Though the nomination appears on track, and is likely to be officially announced soon, Kavanaugh has just switched jobs in the White House. He's now settling into his new job as White House staff secretary, replacing Harriet Miers, who moved up to deputy chief of staff. Unclear how long he'll be in that post, which, depending on who's in it, can be a simple paper-shuffler function or an important axis in the White House operation. For Kavanaugh, a rising star 'mongst the conservatives, an appeals court seat might be seen as a waste of his equally formidable political and strategic talents. On the other hand, three years of law school usually convinces people that a job wearing a black robe is a big deal. In the meantime, the thinking may be that these judicial confirmation battles take so long that Kavanaugh can just as easily spend his days as staff secretary than as associate counsel while the battle goes on."

#### **GAO Says Cost Of House, Senate Medicare Bills Exceed \$400 Billion.**

The [Wall Street Journal](#) (7/23, Lueck) reports, "The price tags of the House and Senate Medicare bills would surpass the \$400 billion limit set by President Bush and Congress, according to new estimates from the Congressional Budget Office." The Journal continues, "The Senate bill would cost \$461 billion over 10 years, the House version \$408 billion over the same period, the CBO said. ... The new numbers add another challenge to the debate over providing a drug benefit in Medicare, the federal program for the elderly and disabled." The Journal adds, "Administration officials attempted to energize the discussions ahead of a meeting scheduled for Wednesday between President Bush and key lawmakers. Health and Human Services Secretary Tommy Thompson told reporters that it 'appears likely' that negotiators will agree this week on

a relatively minor portion of the legislation that would make regulatory changes to Medicare. The administration, focusing on getting a deal, hasn't formally said it prefers one bill over the other. But officials said the final product should increase the role of private insurers in providing all medical benefits and raised concerns that the Senate bill doesn't go far enough in that direction”

The [AP](#) (7/23, Espo) reports, “Bush has placed a \$400 billion, 10-year limit on legislation to add prescription drug benefits and modernize the 38-year-old health care program for seniors.” The AP continues, “Key House Republican committee chairmen who disclosed the new estimates pledged that any compromise would be within the limit set by the White House. ... Sen. Charles Grassley...agreed. He also said he hoped Bush would set a firm date for wrapping up compromise talks.” The AP adds, “The new cost estimates came as negotiators for the two houses reported progress toward agreement on a technical, relatively uncontroversial section of the legislation dealing with Medicare contracting, patient appeals and other regulatory matters. ... Additionally, Bush has invited key lawmakers to the White House for a meeting on Wednesday to underscore his determination to sign Medicare legislation this year.” The AP notes, “Tommy Thompson...told reporters he was optimistic about a final compromise this year, although he cautioned, ‘there's nothing definite’ in lawmaking. ... House Majority Leader Tom DeLay, R-Texas, told reporters during the day that Republicans would be holding 80 town hall meetings of their own during Congress' August vacation, aimed at building support for the GOP measure. ... Officials said one provision in the Senate-passed measure alone accounted for \$40 billion over 10 years in the CBO calculation. It would require pharmacy benefit managers, the companies that administer drug coverage programs and negotiate for discount prices, to provide information about the prices they pay to the Justice Department and Department of Health and Human Services inspector general's office. The same provision bars public release of the information.”

The [Los Angeles Times](#) (7/23, Kemper) reports, “With the Medicare conference committee still basically inactive 25 days after the House and Senate passed competing reform bills, cost estimates released Tuesday show that both measures exceed President Bush's 10-year, \$400-billion spending limit.” An analysis “of the bills prepared by the nonpartisan Congressional Budget Office offered a little something for everyone -- except, perhaps, Medicare

beneficiaries hoping for a more generous prescription-drug benefit.” While “the budget office on Tuesday projected that the House bill, for example, would cost taxpayers \$571 billion over 10 years, Thomas and Rep. W.J. ‘Billy’ Tauzin (R-La.) said in a joint statement that the CBO had pegged the bill's cost at \$408 billion.”

***Employer-Provided Health Coverage Drops, Said To Make Drug Benefit More Urgent.*** The [AP](#) (7/23, Meckler) reports, “Employers are increasingly dropping health insurance coverage for their younger retirees, a study finds, suggesting the problem of providing prescription medicine for the elderly may be growing more urgent.” The AP adds, “The new study, being released Wednesday, finds that in 2000, 39 percent of people ages 65 to 69 got health insurance from an employer. That's down from 46 percent in 1996. There was a similar decline in employers offering drug benefits to young retirees -- from 40 percent to 35 percent, according to the study in the online version of the journal Health Affairs.” The AP notes, “About one in three Medicare beneficiaries gets drug coverage from an employer. ... ‘The future of employer-sponsored health insurance looks bleak,’ said Bruce Stuart of the University of Maryland School of Pharmacy, the study's lead author. ‘In the face of continued rising prescription drug costs, employers may choose to abandon providing any coverage at all.’”

The [New York Times](#) (7/23, Abelson) reports, “The study shows that future decreases in the number of retirees covered under their employers plans is ‘starting from a base that is lower than most people believe,’ Bruce Stuart, one of the study's authors, said. ... The findings, Mr. Stuart said, emphasize the need for a Medicare benefit as well as the importance of structuring the government coverage in a way that helps preserve employer-sponsored coverage.” The Times continues, “Many retirees rely on their employers' coverage to pay for prescription drugs that are not covered under the Medicare program, and there is concern that the Medicare benefit could leave them with coverage that is significantly less generous than what they receive from an employer. ... ‘People are going to be very, very disappointed in what they get,’ Mr. Stuart said.” The Times adds, “The study also showed that while retirees were able to obtain drug coverage from other sources, like private health plans offering Medicare coverage, fewer individuals are buying policies that offer supplemental coverage. Retirees are probably not going to turn to such policies in the future because of the rising cost, Mr. Stuart said.” The Times notes, “In short, we can expect

that greater numbers of new retirees will face the prospect of having no viable source of outpatient prescription drug coverage,' the study's authors concluded."

**CBO Study Finds Seniors Unlikely To Choose Medicare Private Health Plans.** The [Washington Post](#) (7/23, A2, Goldstein) reports, "Landmark Medicare legislation is unlikely to prompt older Americans to sign up for private health plans, a central goal of bills passed last month to transform the nation's insurance program for the elderly, the Congressional Budget Office told lawmakers yesterday. ... The analysis by the nonpartisan budget office says that...the proportion of elderly patients in such health plans would be lower in a decade than it is today." The Post adds, "Taken together, the enrollment predictions and cost estimates cast doubt on how well the legislation would achieve its basic purposes: adding to Medicare drug coverage that the nation could afford, and nudging people in the program into preferred-provider networks, HMOs or other forms of private health plans. ... Conferees did not comment on a conclusion in the CBO estimate that one provision of the Senate bill would cost \$40 billion." The Post notes that "Tommy G. Thompson, briefing reporters on Medicare, said the administration is 'cautiously optimistic' that the House and Senate will resolve their differences. Thompson said Bush, who is to meet with the congressional negotiators this afternoon, would seek to place pressure on them to complete the work but would refrain from setting a deadline." The Post continues, "'I've never seen such a big difference in judgment,' Thomas A. Scully...said yesterday. Scully said the difference stemmed from a disagreement over whether private health plans would prove less expensive to run than the traditional version of Medicare, and thus able to offer patients lower premiums."

**GAO Recommends More Consistent Federal Boxing Rules.** The [AP](#) (7/22, McDonough) reports, "Inconsistent regulation of boxing has led to permanent and sometimes fatal injuries, economic exploitation of boxers and corruption, congressional investigators said Tuesday." The AP continues, "The General Accounting Office report found professional boxing is regulated predominantly on a state-by-state basis, which often results in varying degrees of oversight." The AP adds, "The lack of consistency among state commissions does not adequately assure professional boxers even minimum protections established in federal law, said the GAO, the investigative arm of Congress." The AP

notes, "Last week, in Cedar City, Utah, a 35-year-old boxer collapsed in the ring and died. The victim had previously been defeated 25 consecutive times over a 3-year period, but the local boxing commission allowed him to enter the ring. ... The GAO's conclusions and the latest tragedy are further evidence of the need for uniform minimum standards for boxing, said Sen. John McCain, R-Ariz., chairman of the Commerce, Science and Transportation Committee. ... The 1996 Professional Boxing Safety Act established minimum health and safety standards for professional boxing and provided for limited federal oversight by the Justice Department and Federal Trade Commission. The Muhammad Ali Boxing Reform Act of 2000 amended the 1996 act to better protect boxers and the integrity of the sport."

**GOP Senators Make EITC Compromise Offer To House.** The [Wall Street Journal](#) (7/23, Murray, Hitt) reports, "A Democratic-led effort to spread tax benefits further down the income ladder is fading. And that's just fine with many Republicans." The Journal continues, "Democrats seized on the omission as a billboard for Republicans' elitist fiscal policies. Republicans promised to correct the slight -- after some goading from President Bush, who lectured Congress to add the low-income benefit. On June 9, for example, a Bush spokesman strongly endorsed the Senate bill and prodded House Republicans to act quickly." The Journal adds, "But House and Senate negotiators never met on the compromise, underscoring how quickly momentum can ebb in Washington. ... Mr. Bush's new press secretary, Scott McClellan, said Tuesday that the president favors the child-credit expansion, and said White House officials are working 'publicly and privately' to move the initiative along. 'That remains a priority,' Mr. McClellan said. The urgency hasn't been conveyed to Senate Finance Chairman Charles Grassley (R., Iowa), who said it has been awhile since he has heard from the White House on the child-credit issue -- though his staff has been in touch with the White House on the matter." The Journal notes, "Sens. Lincoln and Snow...vow to keep up the pressure in their chamber. In the House, Democrats are threatening to disrupt floor action if the matter doesn't come to a vote before Friday, when the House recess is scheduled to begin."

The [AP](#) (7/23) reports, "Senate Republicans working to expand the child tax credit for more low-income families tried to spur talks with the House on Tuesday with a first offer for compromise. 'I think we ought to get it done this week,'" said

Sen. Don Nickles. "In a letter to House Majority Leader Tom DeLay and Ways and Means Committee Chairman Bill Thomas, the Senate Republicans said they could accept some items included in the House bill. Those items include bigger tax credits for wealthier married couples and tax breaks for military personnel." The AP adds, "DeLay...called the offer 'a very interesting proposal.' ... But DeLay said he did not think House Republicans will be receptive to a child tax credit bill that does not extend the benefit through the decade." The AP notes, "Friday...will see the first round of child credit rebate checks, worth up to \$400 per child, being mailed to middle-income families. ... The Washington-based Center for Community Change unveiled advertisements Tuesday that will run this week in Washington, DC. English and Spanish versions will run in Florida, Texas and California. The ads argue that Hispanic families with 4.1 million children will not get a rebate."

The [Washington Post](#) (7/23, A6) reports, "The senators did not insist that the product match the Senate's bill by raising enough revenue to pay for the entire tax cut. They did ask negotiators to discuss offsetting part of the cost." The Post adds, "The White House said that expanding the child tax credit remains a priority, and that it is urging Congress 'publicly and privately' to act."

The [New York Times](#) (7/23, Firestone) reports, "The offer came with an increase in political activity just four days before the government will begin mailing \$400-per-child checks to 25 million middle-income families eligible to receive the tax credit. On Thursday, President Bush is scheduled to visit a federal office in Philadelphia that is printing the checks, using the opportunity to remind voters that the checks are to stimulate the economy." The Times continues, "Democrats plan a series of protests on and off the floors of Congress this week to demonstrate their anger that 6.5 million low-income families were left out of the economic stimulus package and will not be receiving the checks. Representative Nancy Pelosi...said members of her party would make this 'the week from hell' for Republicans. On Wednesday, as part of one protest, 700 children are scheduled to descend on the Capitol to make a similar point." The Times notes, "Although today's proposal moves much closer to the House bill, its size is likely to raise serious problems for many Democrats and moderate Republicans in the Senate. ... Senator Charles E. Grassley...acknowledged that a majority of the Senate did not want the package to add to the deficit, but he said it was necessary to put an offer on

the table to get the stalled talks moving." The Times continues, "Although President Bush has said he wants the House and Senate to reach agreement on providing the credits to low-income families, the White House has not yet moved to broker a compromise, despite weeks of political criticism from religious groups, Democrats and advocates for children."

### **Fifty House GOP Conservatives Push For Balanced Budget Amendment Vote.** [The Hill](#)

(7/22, Bolton) reports, "A soaring federal budget deficit has prompted a group of 50 conservative House Republicans to revive the fight for a balanced-budget amendment to the Constitution, but to their surprise they have run into resistance from their party leadership." The Hill adds that "after eight and a half years in power, a period in which the budget surplus climbed to \$236 billion and then plummeted, resulting in today's \$455 billion projected deficit, GOP leaders have no appetite for bringing the amendment to the floor. Rep. Ernest Istook (R-Okla.) says '[t]he leadership still requires some persuasion' on a balanced-budget amendment. Instead, fiscally concerned conservatives are finding allies across the aisle. In recent weeks, centrist Democrats have launched a discharge petition to force Republican House leaders to bring the amendment up for a vote." The Hill continues, "'Some people are masquerading as fiscal conservatives,' Istook said of colleagues who criticize government spending yet vote for expensive legislation, such as the Medicare prescription drug bill or last year's farm bill. ... 'I'm aggressively doing everything I can to get it to the floor for a vote,' said Rep. John Culberson (R-Texas). 'I think it's the single most important piece of legislation in light of our \$7 trillion debt.'" The Hill notes, "House Majority Leader Tom DeLay (R-Texas) denied the assertion by several conservatives that the leadership has resisted scheduling a vote on a balanced budget amendment."

**Broder Decries Deficit, Calls For Public Campaign To Change Spending Policy.** In a [Washington Post](#) (7/23) column, David Broder writes, "Where is Ross Perot now that we need him? That was the thought that crossed my mind when the Bush administration announced last week that the budget deficit for the current year would hit a record \$455 billion and grow next year to \$475 billion." Broder continues, "Josh Bolten...pronounced the deficits 'manageable,' but almost everyone who is not directly engaged in defending

them found the long-term implications of the massive borrowing scary as hell.” Broder adds that “for a few brief years at the end of the 1990s, we enjoyed a ‘virtuous cycle’ of budget surpluses that reduced the national debt and the government’s annual interest payments. But now both are spinning out of control again. So we need another Perot -- not as an independent presidential candidate but as an explainer with enough financial backing to commandeer TV time and enough political smarts to put it in ways that all of us can understand. I can think of a couple people right away who fit the bill, and maybe they could combine their talents. One is Warren Rudman” and the other “is Leon Panetta...” Broder notes, “I haven’t broached this notion to either man, and both of them are plenty busy with other projects. But I have to believe that if super-investor Warren Buffett, Microsoft honcho Bill Gates, Sandy Weill, the retiring CEO of Citigroup, Bob Rubin, the former treasury secretary and Wall Street powerhouse, and others like them -- including Perot -- raised the money for such a media campaign, Rudman and Panetta would seize the opportunity.” Broder concludes, “The way to change the government’s policy, as Perot demonstrated, is to inform the people -- and let them tell their leaders what must be done.”

**“Buy America” Measures Expected To Be Approved Despite DOD Opposition.** The [New York Times](#) (7/23, Wayne) reports, “There is no better friend of the Pentagon than Duncan Hunter, chairman of the House Armed Services Committee. A conservative and a hawk on defense, Mr. Hunter has long been someone the military could count on to push its dream projects through Congress.” The Times continues, “So there is considerable dismay, and some outright consternation, over sweeping ‘buy America’ provisions that Mr. Hunter inserted into the House version of legislation authorizing the coming year’s Pentagon budget. Countries that failed to help the United States in the Iraq war, he argues, should not enjoy the spoils of American military contracts or put the Pentagon in a position of depending on them for critical components. That view has set Mr. Hunter on a collision course with his many friends at the Pentagon and among American military contractors that buy everything from microprocessors to jet engines and airplane wings overseas.” The Times adds, “Opposition to Mr. Hunter’s proposal is so fierce that the defense secretary, Donald H. Rumsfeld, has said he will recommend that President Bush veto the entire \$400 billion 2004 Pentagon budget if Mr.

Hunter does not back down. According to a White House statement, Mr. Hunter’s proposals are ‘burdensome, counterproductive and have the potential to degrade U.S. military capabilities.’ Such harsh words hardly faze Mr. Hunter, a 12-term California Republican and former Army Ranger, who is joined by other conservative House members and a number of small companies and unions that might benefit. At the moment, for all the power...of his opponents, Washington analysts say Mr. Hunter will most likely get some of what he wants.”

**Credit Card Industry Pushing Hard To Renew Fair Credit Reporting Act.** [Roll Call](#) (7/23, Bouchard) reports, “The nation’s credit card industry is bankrolling a massive lobbying campaign on Capitol Hill to ensure banks, retailers and credit card companies continue to be governed by a single set of national regulations.” Roll Call continues, “Relying on a new lobbying coalition, a set of pricey lobbyists and an innovative tactic, the credit industry hopes to renew a law that lets it avoid the hassle of 50 separate sets of state-imposed regulations on the industry. The law, added to the Fair Credit Reporting Act in 1996, will sunset at the end of the year. If it expires, banks, credit bureaus, retailers and other financial service organizations would suffer ‘very serious’ consequences because state regulators would replace the federal government in overseeing credit information sharing, said Ken Clayton, of the American Bankers Association, the nation’s largest banking trade organization.” Roll Call adds, “The House Financial Services Committee plans to mark up the legislation today. The measure is ‘job No. 1 of the committee,’ said Scott Duncan, a spokesman for the House panel.” Roll Call notes, “Rep. Spencer Bachus (R-Ala.), the author of the House bill that will be marked up today, compared the national credit system to the national interstate system. ... But some organizations and lawmakers do not agree, and a handful of groups are fighting just as vehemently to allow states to adopt their own standards for sharing credit information. Stephen Brobeck, executive director of the Consumer Federation of America, said his organization’s ‘most important effort is to try to convince Members to support strong consumer protections.’”

## **OTHER NEWS:**

### **Administration Remains Noncommittal On Sending US Peacekeepers To Liberia.**

The [Washington Post](#) (7/23, A19, Loeb) reports, "Secretary of State Colin L. Powell yesterday pledged support for a West African peacekeeping operation in Liberia after speaking by telephone with U.N. Secretary General Kofi Annan." But the Bush administration "continued to resist entreaties from Annan to promptly announce plans to deploy US peacekeeping forces and 'spare no effort' in supporting a 'vanguard' contingent from Senegal, Nigeria and other West African states. ... Powell's spokesman, Richard Boucher, explained later that any decision to deploy peacekeepers first must be made by member nations from the Economic Community of West African States. 'I think you'll have to ask the West Africans what sort of conditions they would believe they could go in under,' Boucher said, adding that rebel factions and the government of Liberian President Charles Taylor must also be held accountable for abiding by the terms of a recent peacekeeping agreement negotiated in Ghana. "It's hard to keep the peace if there's no peace to keep."

The [New York Times](#) (7/23, Stout) reports, "The White House refused today to say when, or if, the United States would send a peacekeeping force to Liberia. But it said it "remains actively engaged" in trying to bring calm to the African nation. 'We continue to call on all parties to immediately cease military action,' the White House spokesman, Scott McClellan, said at an afternoon news briefing." McClellan "fielded several questions about the bloodshed in Liberia and the fact that the United Nations secretary general, Kofi Annan, and several West African countries have practically begged the United States to send in troops. Asked when there might be an announcement about an American peacekeeping force, Mr. McClellan said, 'The discussions remain ongoing.' A moment later, he added, 'I would not try to put a time line on this.'"

**Powell Makes Case For US Involvement.** The [Washington Times](#) (7/23, A1, Krale) reports, "Powell said yesterday that the United States has no vital strategic interests in Liberia's civil war but that it does have an obligation as the world's only superpower not to allow West Africa to 'come apart.' In a self-criticism, he said that the Bush administration, which has demanded deployment of an

African force before it sends any US troops, has been slow in identifying what exactly that force needs from the United States." Powell, "speaking to reporters and editors from The Washington Times, made a strong case for American involvement in bringing stability to the war-torn nation, although he noted that the mission will be limited in 'scope and duration.' 'In Liberia if you ask the question, "What is our strategic, vital interest?" it will be hard to define it that way,' he said. 'But we do have an interest in making sure that West Africa doesn't simply come apart. We do have an interest in showing the people of Africa that we can support efforts to stabilize a tragic situation as we work with others to bring relief to people -- people who are desperately in need.'"

**Shows Believes US Should Send Troops To Liberia.** [Roll Call](#) (7/23, Mullins, Grass) reports in its "Rainmakers" column, "Two former Members of Congress got a close-up look at the civil war in Liberia last week when they met with embattled Liberian President Charles Taylor. Ex-Reps. Ronnie Shows (D-Miss.) and Bob Clement (D-Tenn.) were among a handful of Americans who visited the country as part of a weeklong humanitarian trip through Africa. But Shows and Clement do not plan to lobby on behalf of Taylor in Washington. The two former lawmakers were there on a humanitarian trip and were acting as 'private citizens,' Shows said. Still, Shows said he agreed with Taylor that the United States should send troops into the country to keep the peace before the dictator's expected departure. ... 'I tend to agree that they need some troops in there before he leaves,' Shows said. 'Basically, you would have a vacuum in there. It would be chaos. I didn't hear one person saying, 'Leave now without troops being there.'"

**Taylor Says He'll Resign Within 10 Days.** The [New York Times](#) (7/23, Sengupta, Goodstein) reports, "President Charles G. Taylor tonight offered the most specific timetable for his promised departure. Rebels here also said they had ordered their troops to stop attacks, after four days of shelling and gunfire that the government estimated had killed more than 600 people. It was unclear whether the rebel group, Liberians United for Reconciliation and Democracy, was aware of Mr. Taylor's latest departure plans, which he disclosed in a telephone interview." In a telephone interview "arranged by an American evangelist, the Rev. K. A. Paul, whom Mr. Taylor described as 'my religious leader' and who also took part in the interview, Mr. Taylor said he would step aside 'within 10 days.' He said he would hand power to a confidante, the speaker of the Liberian House of

Representatives, Yundueh Monorkomna. Mr. Taylor said he would make the formal announcement on Saturday, a national holiday here.”

**Rebel Leaders Announce Tenuous Ceasefire.** CBS (7/22, story 6, Rather) reports, “In Liberia today, rebel leaders announced a ceasefire, but it didn't take hold. Government and rebel fighters traded machine gun and mortar fire in Monrovia, the capital, where at least 100 people, including many civilians, were killed in fighting yesterday. A US Navy task force carrying 2,000 Marines is headed to the region, but the US is not committed to landing a substantial number of troops in Liberia.”

The [AP](#) (7/23) reports, “In Monrovia Tuesday, Marines at a U.S. Embassy compound evacuated foreign aid workers and journalists in helicopters.” Liberian Defense Minister Daniel Chea “claimed Tuesday that the death toll from recent fighting was well over 600 people, but there was no way to independently confirm the figure. Aid groups and hospitals have put the number of dead above 90, but say they expect that number to rise.”

The [Los Angeles Times](#) (7/23, Simmons) reports, “Rebel leaders outside Liberia called on their soldiers Tuesday to stop a blistering onslaught on this war-torn capital as senior West African officials met, seeking a way to deploy peacekeepers. Despite the call for a cease-fire, sporadic gunfire and shelling continued throughout the day and night.” The civilian death toll “from three days of fighting between the rebels and the government of President Charles Taylor climbed to at least 120, according to humanitarian groups. Government officials put the number of fatalities at 600.”

**Syria, Iran Reject Bush Claim They Harbor Terrorists.** The [AP](#) (7/23) reports, “Syria and Iran on Tuesday rejected President Bush's accusations they harbor terrorists. The United States accuses Iran of harboring al-Qaida agents and says hard-line Palestinian groups continue to operate out of Damascus. ‘This behavior is completely unacceptable,’ Bush said Monday during a news conference at his ranch in Texas. “States that support terror will be held accountable.” Syria “recently closed the offices of the Palestinian groups, but most of their officials continue to work from their homes in Damascus or from neighboring Lebanon, a country over which Syria has great influence. The include Hamas and Islamic Jihad, which have carried out suicide attacks on Israeli civilians. ‘It is not possible for Syria to consider the Palestinian struggle for freedom, independence

and ending Israeli occupation to be terrorism,’ Foreign Ministry spokeswoman Buthaina Shaaban told reporters in Damascus Tuesday.” Shaaban “called Bush's criticism ‘part of continued old and new pressures (exerted) because of Syria's clear stands regarding events in the region,’ Shaaban said.” Iran also “rejected Bush's criticism. ‘Iran has not been harboring terrorists, but has been fighting against terrorists,’ Iranian Foreign Minister Kamal Kharrazi said during an official visit to South Africa, according to the South African Press Association.”

**US May Give Non-Aggression Guarantee To North Korea.** The [AP](#) (7/23) Reports, “The Bush administration might be willing to give North Korea a written guarantee that the United States has no intention of attacking without provocation, the State Department said Tuesday. At the same time, White House spokesman Scott McClellan said the administration is working for a diplomatic solution to the impasse over the North Koreans' nuclear arms program but said it would not give inducements to achieve it. Spokesman Richard Boucher was asked about a statement early this year by Deputy Secretary of State Richard Armitage that the United States was willing to put in writing an assurance against unprovoked attack. ‘That still stands,’ Boucher said. The issue ‘is not whether the United States provides a piece of paper; the issue is whether North Korea stops developing nuclear weapons, and that's where the focus has to be,’ Boucher said.”

**Eleven Nations Agree To Intercept North Korean Ships Suspected Of Carrying, Weapons, Drugs.** [USA Today](#) (7/23, Slavin) reports, “The Bush administration is preparing to tighten an economic noose around North Korea, even as it considers new talks to persuade the regime of Kim Jong Il to give up nuclear weapons. The administration has lined up 10 other nations to join a so-called proliferation security initiative. These countries -- Japan, Australia, Britain, France, Germany, Italy, Poland, the Netherlands, Bulgaria and Spain -- have agreed to intercept North Korean ships suspected of carrying weapons and illegal drugs, major sources of hard currency for Kim's government. A State Department official who is familiar with the program but asks not to be named says, ‘We're ready to rock and roll right now’ on the interception program. ‘All we need is actionable intelligence’ on a suspect North Korean shipment, he says.”

**Perry Urges Negotiation With North Korea.** Former Defense Secretary William Perry writes in the [Washington](#)

[Post](#) (7/23, A23), "If it keeps on its present course, North Korea will probably have six to eight nuclear weapons by the end of the year, will possibly have conducted a nuclear test and may have begun deployment of some of these weapons, targeted against Japan and South Korea. By next year, it could be in serial production of nuclear weapons, building perhaps five to 10 per year. ... The administration to this point has refused to negotiate with North Korea, instead calling on the countries in the region to deal with the problem. The strategy underlying this approach is not clear, but the consequences are all too clear." Perry adds, "There are three basic approaches for dealing with this dangerous situation. The administration can continue to refuse to negotiate, 'outsourcing' this problem to the concerned regional powers. ... A second alternative is to put economic pressure on North Korea and hope for 'regime change.' Or the United States could take military action to bring this change about. ... The third alternative is to undertake serious negotiations with the North Koreans to determine if there is a way to stop their nuclear program short of war." Perry continues, "Any negotiations with the North Koreans are likely to be difficult and protracted, so they should be predicated on a prior agreement that North Korea will freeze its nuclear activities during the negotiations. For negotiations to have a chance of success, they would need to have a positive dimension, making it clear to North Korea that forgoing nuclear weapons could lead it to a safe and positive future. But they would also need a negative or coercive dimension, both to induce North Korea to take the right path and to give us and our allies more credible options if diplomacy should fail."

**CA County Election Officials Confirm Sufficient Petition Signatures To Force Recall.** The Los Angeles Times (7/23, Finnegan, Hoffman) reports, "County election officers have confirmed more than 1.1 million valid signatures on the petition for an election on whether to recall Gov. Gray Davis — well above the threshold to qualify for the ballot, a Los Angeles Times survey found on Tuesday." The tally "makes a recall vote in late September or early October all but inevitable. But in an interview Tuesday, Lt. Gov. Cruz Bustamante raised doubts about the widespread assumption that Californians would simultaneously vote on recalling Davis and on choosing a potential successor." For years, local recall elections in California "have offered voters a two-part ballot. The first part asks whether the elected official should be recalled. The second lists possible

replacements." Potential candidates "to succeed Davis — including U.S. Rep. Darrell Issa (R-Vista), Los Angeles businessman Bill Simon Jr. and actor Arnold Schwarzenegger — have been expecting Bustamante to call a traditional two-part election." But Bustamante "refused to say whether he would call for the election of a Davis successor on the same ballot as the recall question." Bustamante, though, said it "was not his role to decide whether a Davis recall ballot would include a vote on potential successors. 'My job is to set the date,' he said." Asked who "would decide whether a simultaneous vote on a Davis successor occurs, Bustamante invoked the obscure Commission on the Governorship."

CNN's "Inside Politics" (7/22, Woodruff) reports, "California Secretary of State Kevin Shelly now says that he has verified almost half of the signatures required to force a recall election. ... Davis' opponents say they have more than enough support to put the issue on the ballot."

**Davis Says He Does Not Fear Recall Election.** The [AP](#) (7/23, Werner) reports Gov. Gray Davis "said Tuesday he did not fear a recall election, which appeared nearly certain to qualify for the ballot this week." Davis said, "If the people want me to present my credentials again, I do not fear them." Davis "predicted voters would reject a recall." Davis said, "This election is not about changing governors. It's about changing direction and I am confident the voters of this state will not opt for a right-wing agenda over a progressive agenda."

[Washington Post](#) (7/23, Sanchez) reports, "The last stand of California Gov. Gray Davis (D) has begun. With almost no hope of stopping a recall from reaching the ballot this fall, the embattled governor is launching a fierce but risky counterattack to convince voters that dumping him in an extraordinary special election would reward extremists, cost the state more than \$30 million even though it is broke, and harm just about everything in California but the sunshine." Davis' "poll numbers look bleak. His administration is in the grip of a \$38 billion deficit, the worst financial crisis in state history. And many Democrats fear he is doomed. But Davis is promising to fight the recall to the finish with the same hardball style that has defined his long political career." Democratic leaders have "closed ranks behind the governor, but are deeply worried about his chances of surviving." Leon Panetta said, "There's a lot of apprehension. We're in uncharted waters." The Post adds, "But many Republicans

are nervous, too, because they say Davis does few things better than fight for his political life.”

**Aside From Issa, Other Republicans Appear To Be Waiting On Schwarzenegger.** [Reuters](#) (7/23, Tanner) reports, “As a recall vote against Democratic Gov. Gray Davis appeared all but certain, speculation intensified as to whether and when Austrian-born actor Arnold Schwarzenegger, a Republican, would declare his candidacy.” The line up of candidates “is expected to take shape very quickly after the official certification of a recall vote which is in effect a popular vote of confidence in the governor. Republican U.S. Congressman Darrell Issa, who has personally bankrolled much of the recall effort, has already declared himself a candidate.” Other Republicans – “including former Los Angeles Mayor Richard Riordan -- appear to be waiting first for word from Schwarzenegger, who is widely expected to run. Analysts say that despite no experience in office, the actor has the name recognition and wealth to mount a quick campaign.”

**Reiner Not Entering Race.** [Reuters](#) (7/23, Keating) reports, “Democratic activist and film director Rob Reiner said on Tuesday that he would not enter the race for California governor on a recall ballot this fall, labeling the Republican-led recall petition drive ‘bad for democracy.’”

**Democrats Target Issa For Past Misdeeds.** The [New York Times](#) (7/23, LeDuff) reports in a front page story that recall backer Rep. Darryl Issa is “bombarded at every turn with calls for an explanation to those nagging questions about two arrests for car theft in his youth.” Issa said, “This stuff is 30 years old.” The Times adds Issa has “a Congressional seat and a \$100 million fortune, and angry Democrats are determined to tar him, saying Mr. Issa's political record is shorter than his police record. They also say that his conservative views about abortion, guns and immigration are out of step with most of California.”

**Attorney Clears Hurdle In Defamation Action Against ABA.** The [Legal Intelligencer](#) (7/23, Duffy) reports, “Attorney Richard A. Sprague has cleared another significant hurdle in his defamation lawsuit against the American Bar Association and its monthly magazine, the ABA Journal, now that a federal judge has ruled that a jury could conclude the magazine acted with actual malice when it described Sprague as a ‘fixer.’” The Intelligencer continues, “U.S. District Judge William H. Yohn Jr. found that since the magazine's employees were aware that the term ‘fixer’ has

both positive and negative meanings, a jury could conclude that they ‘either deliberately cast this description in an ambiguous light in the hope of insinuating a false import to the reader, or that defendants knew or recklessly disregarded the possibility that its words would be interpreted by the average reader as false statements of fact.’ ... But Yohn also emphasized that his ruling was no indication of his own opinion on the merits of Sprague's case. Instead, he said, the decision merely recognized that the case presents a question that must be decided by a jury. ... ‘I in no way intimate what I believe the correct resolution of this question should be. From the court's restricted procedural posture of considering defendants' summary judgment motion, I find simply that there is evidence that, if believed and weighed as plaintiff urges, could support a jury finding, by convincing clarity, that defendants' publication was imbued with actual malice,’ Yohn wrote in his 17-page opinion in *Sprague v. The ABA*.” The Intelligencer adds, “Sprague's first victory in the case came in November 2001 when Yohn refused to dismiss the suit, ruling that the magazine's description of Sprague in an October 2000 article as ‘perhaps the most powerful lawyer-cum-fixer in the state’ was capable of defamatory meaning, according to court records. ... The ABA's lawyers had argued that the description was clearly intended as a compliment since the term ‘fixer’ is often used to describe ‘a prominent, highly successful lawyer, widely known and sought after for his effectiveness as a problem-solver and trouble-shooter in connection with politically sensitive issues and cases.’ ... But Yohn sided with Sprague and found that ‘fixer’ also has a negative meaning that includes the criminal act of fixing’ cases.”

### **Falun Gong Supporters Rally On Capitol Hill.**

The [Washington Times](#) (7/23, Powell) reports, “About 1,500 practitioners and supporters of Falun Gong rallied on the Capitol's west lawn yesterday, where they held a mock trial of former Chinese President Jiang Zemin. It was the fourth consecutive annual Washington demonstration, following Mr. Jiang's July 1999 crackdown on the meditation sect. The group says its members are routinely tortured while detained in China and that about 750 Falun Gong practitioners have died in custody. China has outlawed the group, which it calls an ‘evil cult.’ Yesterday's event was the culmination of several days of activity that began with the arrival late last week of about 5,000 Falun Gong proponents from around the world.”

The [Washington Post](#) (7/23, C1, Kennicott) reports, "Four years into the struggle between Falun Gong and the Chinese government, there is a sense that this has become an insular squabble, charge and countercharge, claim and rebuttal, all of it becoming rather too internecine for casual observers to sift the facts from the chaff. At a meeting in the Rayburn House Office Building on Monday, Falun Gong practitioners argued that the Chinese government's repression has extended its long reach to the United States. They say Chinese officials hire thugs and illegal immigrants to intimidate, threaten and beat up Falun Gong believers. People told of vandalized apartments, arson, and ominous calls from Chinese consulate officials to hotel proprietors, newspaper publishers and anyone else who hosts, or supports, or helps Falun Gong spread its message. A Chinese Embassy spokesman denies it, but there's enough concern that Rep. Henry Hyde raised the issue of an attack on a Falun Gong practitioner in Illinois when the Republican met with Li Peng, a top Chinese official, last year. Li responded, according to sources familiar with the meeting, with a familiar line: Falun Gong is an evil cult."

**French Embassy In Havana Hosts Cuban Dissidents.** The [Washington Times](#) (7/23, Carter) reports, "The French Embassy in Havana recently put liberty, equality and fraternity on display by inviting Fidel Castro's political opponents to eat canapes and drink vintage Bordeaux at its annual Bastille Day soiree.... The invitations to the dissidents this year were part of an effort by EU nations to protest the Cuban government's recent crackdown on dissidents. In March, Cuba arrested 75 opposition figures and sentenced them to as long as 28 years in prison. The Cuban government found dissidents guilty of treason after the U.S. Embassy began a concerted effort in the fall to invite Mr. Castro's opposition to the U.S. Interest Section in Havana for parties and other functions." The Times adds, "According to press accounts and French officials, some of Cuba's more prominent opposition figures, including Oswaldo Paya and Elizardo Sanchez, attended the Bastille Day party."

## **WASHINGTON'S SCHEDULE:**

### **Today's Events In Washington. White House:**

PRESIDENT BUSH — Remarks with the Secretary of Defense and the Presidential Envoy to Iraq, Rose Garden, White House; meets with the former president of the Czech Republic, Oval Office, White House; meets with the President of Argentina, Oval Office; President and Mrs. Bush participate in a ceremony for the 2003 recipients of the Presidential Medal of Freedom, East Room, White House.

VICE PRESIDENT CHENEY — Delivers remarks at a ceremony for the unveiling of the official portrait of Chairman C.W. Bill Young. Room 2359, Rayburn Building.

**US Senate:** FLOOR SCHEDULE \_ 9 a.m. \_ The Senate convenes for a period of morning business, to include consideration of H.R. 2555, The Department of Homeland Security Appropriations Bill.

9:30 a.m. COMMERCE, SCIENCE AND TRANSPORTATION \_ Full Committee. Hearing on the obligations of local broadcasters and the role they play in the delivery of local news and public affairs programs. Attorney Robert Corn-Revere; Barry M. Faber, vice president and general counsel, Sinclair Broadcasting Group Inc.; Dave Davis, general manager, WPVI-DT; Martin Kaplan, associate dean and school director, University of Southern California, Annenberg School for Communication; L. Brent Bozell III, president, Media Research Center. Location: Room 253, Russell.

10 a.m. ENERGY AND NATURAL RESOURCES \_ Full Committee. Meeting to consider pending calendar business. Location: Room 366, Dirksen.

10 a.m. HEALTH, EDUCATION, LABOR AND PENSIONS \_ Full Committee. Markup of legislation allowing health providers to report medical errors. Location: Room 430, Dirksen.

10 a.m. INDIAN AFFAIRS \_ Full Committee. Hearing on S. 556, the Indian Health Care Act Reauthorization of 2003. Location: Room 485, Russell.

10 a.m. JUDICIARY \_ Full Committee. Oversight hearing. FBI Director Robert Mueller and Homeland Security Undersecretary Asa Hutchinson. Location: Room 216, Hart.

11:30 a.m. SELECT INTELLIGENCE \_ Full committee. Meets to hear briefing by staff on the 9-11 report. Location: 219, Hart.

2 p.m. JUDICIARY \_ Full Committee. Hearing on executive nominations, including that of Rene Acosta to be assistant attorney general for the Civil Rights Division of the Justice Department. Location: Room 226, Dirksen.

2:30 p.m. BANKING, HOUSING AND URBAN AFFAIRS \_ Housing and Transportation Subcommittee. Hearing on increasing private sector involvement in public transportation. Margie Wilcox, Taxicab, Limousine, and Paratransit Association; Irwin Rosenberg, American Transit Services Council; Peter Pantuso, American Bus Association; Bob Molofsky, Amalgamated Transit Union. Location: Room 538, Dirksen.

2:30 p.m. SELECT INTELLIGENCE \_ Full Committee. Briefing on pending matters. Closed. Location: Room 219, Hart.

2:45 p.m. FOREIGN RELATIONS \_ Full Committee. Hearing on the Iraqi reconstruction effort. John Hamre, President, Center for Strategic and International Studies. Location: Room 216, Hart.

4 p.m. JUDICIARY \_ Antitrust, Competition Policy and Consumer Rights Subcommittee. Hearing on agricultural consolidation and the Smithfield-Farmland deal. Location: Room 138, Dirksen.

**US House:** FLOOR SCHEDULE \_ 10 a.m. \_ Meets for legislative business. Highlights: H.R. 2800 - Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act for Fiscal Year 2004. Suspensions (3 bills): 1) H.R. 2086 - Office of National Drug Control Policy Reauthorization Act of 2003; 2) H.R. 1707 - Prison Rape Reduction Act of 2003; 3) H.Res. 323 - Supporting the goals and ideals of National Marina Day. H.R. 2210 - School Readiness Act of 2003. H.R. 2738 - United States-Chile Free Trade Agreement Implementation Act. H.R. 2739 - United States-Singapore Free Trade Agreement Implementation Act.

10 a.m. AGRICULTURE \_ Full Committee. Hearing on the 2002 wildfire season and the prospects for this year. Location: Room 1300, Longworth.

10 a.m. ARMED SERVICES \_ Full Committee. Hearing on the plan for the Air Force to lease air tanker planes from Boeing. Michael Wynne, acting undersecretary of Defense for acquisition, technology and logistics; Marvin R. Sambur, assistant secretary of the Air Force for acquisition; Niel Curtin, GAO; John L. Plueger, president and chief operating officer, International Lease Finance Corp.; Maj. Gen. Paul W. Essex, director, Plans and Programs, Headquarters, Air Mobility Command. Location: Room 2118, Rayburn.

10 a.m. ENERGY AND COMMERCE \_ Subcommittee on Oversight and Investigations. Hearing on "Issues Relating to Ephedra-containing Dietary Supplements." Ernie Bechler

and Pat Bechler, San Diego, Calif., parents of the late Baltimore Orioles pitcher Steve Bechler; Kevin Riggins, Sean Riggins Foundation for Substance-Free Schools, Lincoln, Ill., father of the late 16-year-old high school football player Sean Riggins; Steven Heymsfield, deputy director, Obesity Research Center, New York; Raymond Woosley, vice president for health sciences, Arizona Health Sciences Center; Douglas Zipes, director, Cardiology Division, Krannert Institute of Cardiology, Indiana University School of Medicine; Cynthia Culmo, formerly of the the Texas Department of Health; Marcia Crosse, acting director, Health Care and Public Health and Science Issues, GAO; Michael Ellis, founder & co-owner, Metabolife International, Inc., San Diego; David Brown, former president and chief executive officer, Metabolife International; Daniel Rodriguez, head nurse, Metabolife International; Russell Schreck, chief executive officer, Metabolife International; Robert Hermann, vice president, Metabolife International; Carol Boozer, Obesity Research Center, St. Luke's Roosevelt Hospital Center, New York; Robert Chinery, president, Cytodyne Technologies, Manasquan, N.J.; Kelly Conklin, Cytodyne Technologies, Manasquan, N.J.; Carlon Colker, chief executive officer and medical director, Peak Wellness, Inc., Greenwich, Conn.; Robert Occhifinto, president, NVE Pharmaceuticals, Newton, N.J.; Roseanne Fox, NVE Pharmaceuticals, Newton N.J. Location: Room 2123, Rayburn.

10 a.m. FINANCIAL SERVICES \_ Full Committee. Markup of H.R. 1533 - To amend the securities laws to permit church pension plans to be invested in collective trusts; H.R. 253 - Two Floods and You Are Out of the Taxpayers' Pocket Act; H.R. 2420 - Mutual Funds Integrity and Fee Transparency Act; H.R. 2622 - Fair and Accurate Credit Transactions Act; and H.R. 2179 - Securities Fraud Deterrence and Investor Restitution Act. Location: Room 2128, Rayburn.

10 a.m. GOVERNMENT REFORM \_ Civil Service and Agency Organization Subcommittee and the Criminal Justice, Drug Policy, and Human Resources Subcommittee. Joint hearing on problems with the federal law enforcement pay system following 9-11. Colleen Kelley, president, National Treasury Employees Union; Iggy Gentile, president, National Immigration and Naturalization Service Council; Nancy Savage, president, FBI Agents Association; Richard Gallo, former president, Federal Law Enforcement Officers Association; T.J. Bonner, president, National Border Patrol

Council; Louie Cannon, president, Grand Lodge Fraternal Order of Police. Location: Room 2154, Rayburn.

10 a.m. SELECT HOMELAND SECURITY \_ Infrastructure and Border Security Subcommittee. Hearing on the best business practices to secure the borders. Location: Room 2318, Rayburn.

10:30 a.m. INTERNATIONAL RELATIONS \_ Full Committee. Markup of H.J.Res. 63 - Compact of Free Association Amendments Act; H.R. 1813 - Torture Victims Relief Reauthorization Act; and H.R. 2620 - Trafficking Victims Protection Reauthorization Act. Location: 2172, Rayburn.

10:30 a.m. JUDICIARY \_ Full Committee. Markup of H.R. 1829 - Federal Prison Industries Competition in Contracting Act; H.R. 292 - Korean War Veterans Recognition Act; H.Res. 234 - Condemning bigotry and violence against Arab-Americans, Muslim-Americans, South Asian-Americans, and Sikh-Americans; H.R. 2655 - To amend and extend the Irish Peace Process Cultural and Training Program Act of 1998; H.R. 1417 - Copyright Royalty and Distribution Reform Act; and H.R. 1837 - Services Acquisition Reform Act. Location: Room 2141, Rayburn.

11 a.m. TRANSPORTATION AND INFRASTRUCTURE \_ Full Committee. Markup of H.R. 2557 - Water Resources Development Act. Location: Room 2167, Rayburn.

1:30 p.m. INTERNATIONAL RELATIONS \_ Middle East and Central Asia Subcommittee. Hearing on terrorism, religious extremism and regional stability in Central Asia. Location: Room 2172, Rayburn.

2 p.m. GOVERNMENT REFORM \_ Civil Service and Agency Organization Subcommittee. Markup of H.R. 2751 - GAO Human Capitol Reform Act. Location: Room 2203, Rayburn.

2 p.m. SMALL BUSINESS \_ Full Committee. Hearing on additional tax relief to small businesses. Thomas Sullivan, chief counsel for advocacy, Small Business Administration; Nina Olson, taxpayer advocate, IRS; Dan Mastromarco, principal, The Argus Group; Thomas Pitrone, principal, The Integrity Group, Roy Quick Jr., principal, Quick Tax and Accounting Service; Janet Poppen, Poppen and Associates CPAs. Location: Room 2360, Rayburn.

2:30 p.m. GOVERNMENT REFORM \_ Government Efficiency and Financial Management Subcommittee. Hearing on additional resources for the SEC. Richard Hillman, director of financial markets and community

investment, GAO; Peter Derby, managing executive for operations, Office of the Chairman, SEC; Jim McConnell, executive director, Office of the Executive Director, SEC. Location: Room 2247, Rayburn.

3 p.m. ENERGY AND COMMERCE \_ Subcommittee on Environment and Hazardous Materials. Hearing on H.R. 382, the Solid Waste International Transportation Act of 2003; H.R. 411, to direct the Administrator of the Environmental Protection Agency to carry out certain authorities under an agreement with Canada respecting the importation of municipal solid waste, and for other purposes; and H.R. 1730, the Solid Waste Interstate Transportation Act of 2003. Location: Room 2123, Rayburn.

**Other:** FEDERAL EXECUTIVES \_ The Federal Executive Board Conference holds its annual meeting. Highlights: 8:30 a.m. OPM Director Kay Coles James discusses homeland security, senior-level pay and the administration's Management Agenda. Location: Fairmont Hotel, 2401 M St. NW.

MARITIME SECURITY \_ 9 a.m. - 5 p.m. The Coast Guard holds a public meeting on new maritime security regulations. Highlights: 1:15 p.m. Media availability with Rear Adm. Larry Hereth, Director of Port Security, Coast Guard; Kathleen Conway, Director, Interdiction and Security, Bureau of Customs and Border Protection; Steven Rybicki, Director of Cargo Security, Transportation Security Administration, others. Location: Grand Hyatt Hotel, 1000 H St. NW.

FREE TRADE \_ 8 a.m. The U.S. Chamber of Commerce holds a rally for support of the free trade agreements with Chile and Singapore. Location: 1615 H St. NW.

PENTAGON-IRAQ \_ 8 a.m. Lt. Gen. Ricardo Sanchez, commanding general, CJTF-7, conducts a satellite-video-teleconference briefing live from Baghdad at 8 a.m. Location: DOD Briefing Room, Pentagon 2E781.

U.S.-JAPAN \_ 8:30 a.m. The Center for Strategic and International Studies holds a panel discussion on U.S.-Japan space policy, with the release of a report to strengthen U.S.-Japanese cooperation. Location: B-1 conference level, 1800 K St. NW.

HOUSE DEMOCRATS \_ 9 a.m. Meeting of the House Democratic Caucus. Closed. Location: Room HC-5, Capitol.

HOMELAND SECURITY \_ 9:15 a.m. The Progressive Policy Institute holds a news conference to release a report

card on the administration's homeland security record. Location: National Press Club.

NATIONAL SECURITY \_ 9:15 a.m. The National Security Advisory Group to the Senate Democratic Leadership holds a news conference to release a study on recommendations on critical national security challenges, including North Korea, WMDs, Iraq and homeland security. Location: Room S-211, Capitol.

GOVERNMENT-NEWS \_ 9:30 a.m. The Council for Excellence in Government holds a briefing to release a study on how the news media coverage of the federal government has changed over the past 20 years. Location: Crystal Room, Willard Inter-Continental Hotel, 1401 Pennsylvania Ave. NW.

MEDICAL MARIJUANA \_ 9:30 a.m. Educating Voices drug prevention organization hosts a news conference to warn doctors about "medical marijuana," with Rep. Mark Souder, R-Ind.; Peter Bensinger, former director of the Drug Enforcement Administration, presents a white paper detailing the potential legal liability of physicians who recommend medical marijuana to their patients. Location: Room HC-8, U.S. Capitol.

THE STATE OF BLACK AMERICA 2003 \_ 9:30 a.m. National Urban League President Marc Morial presents the National Urban League's "The State of Black America 2003," a collection of essays focusing on the Black family in America. Authors giving presentations of their work, followed by a Q&A session, include Dr. Carolyn West, James Teele, Robert Hill, Ernest Drucker, James Lanier, Kimberly Scott, Kenya Covington Cox, and Lee Daniels, editor of the collection and publications director of the National Urban League. Location: National Press Club, First Amendment Room.

SMALL BUSINESS \_ 10 a.m. Democrats on the House Small Business Committee hold a news conference to release a progress report on the Bush small business agenda, which he released in March of last year. Location: House Radio-TV Gallery.

DROUGHT PLAN \_ 11 a.m. Sens .Pete Domenici, R-N.M., and Max Baucus, D-Mont., host a news conference to outline their efforts to pass the National Drought Preparedness Act, which would provide relief for drought victims and establish a coordinated policy for dealing with future droughts. They will introduce the legislation on Thursday, and will be joined by Reps. Dennis Rehberg, R-Mont., and Alcee Hastings, D-Fla., who will offer companion

legislation in the House. Location: Room 366, Dirksen Building.

SCHUMER-SPAM \_ 11 a.m. Sen. Charles Schumer, D-N.Y., holds a news conference to release a new national survey showing that email users overwhelmingly favor a federal do-not-spam list. Location: Room SC-4, Capitol.

DEMOCRATS-INTERNS \_ 12 p.m. The 21st Century Democrats' continue their Youth Summer Speakers Series, with remarks by Reps. Dennis Kucinich, Linda Sanchez, Tim Bishop, Jesse Jackson, Jr., and Sen. Ted Kennedy. Location: Room 138, Dirksen.

IMMIGRATION-CUSTOMS \_ 12 p.m. The Heritage Foundation hosts a lecture on "Immigration and Customs Enforcement: Balancing the Needs of Openness and Homeland Security," with Michael Garcia, Assistant Secretary of Bureau of Immigration and Customs Enforcement, Department of Homeland Security. Host is Michael Franc of the Heritage Foundation. Location: Heritage Foundation, Lehrman Auditorium, 214 Massachusetts Ave. NE.

TELECOM-TERRORISM \_ 12:15 p.m. The New America Foundation hosts a brownbag meeting in an ongoing series on Broadband related issues, with Frank Ianna, president of AT&T Network Services, who will discuss telecom network security and terrorism. Location: New America Foundation, 7th floor, 1630 Connecticut Ave. NW.

BREMER \_ 12:30 p.m. Amb. Paul Bremer, Director of the Coalition Provisional Authority in Iraq, speaks on the reconstruction process at a National Press Club luncheon. Location: National Press Club.

CHILD TAX CREDIT \_ 12:30 p.m. Youths whose households are denied child tax credits surround the White House for a rally. Participants include Marian Wright Edelman of the Children's Defense Fund, Sen. Tom Daschle and Rep. Nancy Pelosi. Contacts: Toby Chaudhuri, 202-662-3609.

GOP-PRYOR \_ 12:30 p.m. Senate Judiciary Committee GOP members ,including Senate Majority Whip Mitch McConnell and Sen. Jeff Sessions, R-Ala, hold a press conference to discuss committee action on the appeals court nomination of Alabama Attorney General Bill Pryor to the 11th Circuit. Location: Senate Radio/TV Gallery.

FOOD SECURITY \_ 1 p.m. HHS Secretary Thompson and FDA Commissioner Mark McClellan hold a news conference to give an update on Thompson's food security initiative. Location: HHS Auditorium, 200 Independence Ave. SW.

INDONESIA/PENTAGON \_ 1 p.m. Deputy Secretary of Defense Paul Wolfowitz hosts an honor cordon to welcome Indonesia's Coordinating Minister for People's Welfare Yusuf Kalla to the Pentagon. Location: Steps of the Pentagon River Entrance.

JUDICIAL ACCOUNTABILITY \_ 1 p.m. Representatives Lamar Smith and Congressman Steve Chabot hold a news conference to announce the "House Working Group on Judicial Accountability." Smith and Chabot will co-chair the Group. House Majority Leader Tom DeLay will attend. Location: Room H-219, Capitol.

SOCIAL SECURITY \_ 1 p.m. Sen. Lindsey Graham, and Reps. Charles Stenholm and Jim Kolbe hold a news conference to announce a bipartisan cease-fire on Social Security. Location: Room SC-6, Capitol.

BREMER \_ 2 p.m. Administrator for the Coalition Provisional Authority Amb. Paul Bremer holds a briefing for foreign media only on the reconstruction efforts in Iraq. Location: Foreign Press Center, National Press Building.

CHILD TAX CREDIT \_ 2:30 p.m. Democratic Leaders Daschle and Pelosi hold a news conference on the child tax credit. Location: Upper Senate Park. Notes: Rain site is Room 138, Dirksen Building.

TRADE REPRESENTATIVE ZOELICK HONORED \_ 5:30 p.m. - 9 p.m. The Washington International Trade Association (WITA) and the Washington International Trade Foundation (WITF) present US Trade Representative Robert Zoellick with a Distinguished Service Award at their 9th Annual Awards Dinner. Location: Ronald Reagan Building and International Trade Center, Atrium Ballroom, 1300 Pennsylvania Ave. NW.

## **THE BIG PICTURE:**

### **Headlines From Today's Front Pages.**

#### ***Los Angeles Times:***

"M-I-C-K-E-Y: He's The Leader Of The Brand"  
"US Kills Hussein's Sons In Firefight At Mansion"  
"The FBI's Least Wanted"  
"Bound By Blood And Torn By Rivalry"  
"9/11 Report: No Evidence Of Critical Mistakes"  
"In Cycling, Winning With Honor Means Everything"  
"Numbers Add Up To Fall Recall Election"  
"City Still Mulling Appeal Of Verdict"

#### ***USA Today:***

"Shuttle Manager Defends Actions In Foam Analysis"  
"When Uday And Qusay Didn't Give Up, Bullets Started Flying"  
"US Hopes Attacks On Troops Will Fade"

#### ***New York Times:***

"Hussein's 2 Sons Dead In Shootout, US Says"  
"Mayor's New Immigrant Policy, Intended To Help, Raises Fears"  
"Pataki Approves City Water Plant"  
"Judge Dismisses Terror Charges Against Lawyer"  
"With Hussein's Heirs Gone, Hopes Rise For End To Attacks"  
"Media Role Appears In Jeopardy In House"  
"Private Lynch Comes Back Home To A Celebration Fit For A Hero"  
"Yips, The Curse Of Golfers, Are Put To The Test"

#### ***Washington Post:***

"Hussein's Two Sons Killed In Firefight With US Troops"  
"As US Lowered Sights, Information Poured In"  
"Bush Aides Disclose Warnings From CIA"  
"Jury's Verdict In Death Reversed"  
"Grateful W. Virginians Embrace Pfc. Lynch"  
"Drug Firms Gain Church Group's Aid"  
"She Was Joy': For Salsa Queen, A Regal Sendoff"

#### ***Washington Times:***

"Iraqi Rebels Savor Problems Of Bush, Blair"  
"Powell Says US Should Not 'Look Away' From Liberian Plight"  
"Obscenity Law In Ohio Targeted By Lawyer"  
"Saddam's Sons Dead"  
"Delegates Vow Iraqis Won't Let Tyranny Return"  
"Crying Babies Receive Thumbs-Up At Theaters"  
"President Makes Overtures To Blacks"

#### ***Detroit Free Press:***

"Hussein's Sons Killed"  
"US To Send 10,000 Guard Troops To Iraq"  
"GOP Splits On Affirmative Action"  
"US To Tether Its Illegal Immigrants"

#### ***Atlanta Journal-Constitution:***

"Saddam's Sons Killed"  
"Jessica's Homecoming"  
"Weary Brigade Told It'll Leave Iraq"  
"Heartbroken' Sen. Dole Mourns Her Dear Friend"

#### ***Dallas Morning News:***

"Coach Arranged Pay For Dennehy, Father Says"  
"Overhaul Proposed For Mental Health"

"Study: 1.9 Million Texans Assaulted"

"Storms Bring Hail, May Have Sparked Fires"

"State's Budget Cuts Threaten Prevention Programs' Future"

***Houston Chronicle:***

"Metro Plan Adds 9 Miles Of Rail To Minority Areas"

"Elimination Of Hussein's Sons May Help Stabilize Iraq"

"Lower-Ranking Operatives Point To Iraqi Big Shots"

"NASA Official Defends Work For Columbia"

"Failures Leave NASA Lacking New Way To Fly"

"City Sprawl Racks Up Mileage, Empties Wallets"

***Story Lineup From Last Night's Network News:***

**ABC:** Saddam's sons killed; Baghdad celebration; Bremer interview; Saddam's sons; White House-Niger uranium; PFC Lynch homecoming; Iraqi leadership; Tipster reward; 507<sup>th</sup> ambush hero.

**CBS:** Saddam's sons killed; Baghdad celebration; Saddam's sons; White House-Niger uranium; PFC Lynch homecoming; Liberian violence; Congress-9/11 report; Eiffel Tower fire; Missing basketball player; Severe weather; MT wildfire; Indonesia volcano; Cruz funeral; LA real estate prices.

**NBC:** Saddam's sons killed; Baghdad celebration; Iraq-US KIA; Iraq-troop rotation; White House-Niger uranium; Liberian violence; North Korean nukes; Missing basketball player; Saddam's sons; Severe weather; Medical report; Cruz funeral; Dole birthday; PFC Lynch homecoming.

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