WHITE HOUSE TRAVEL OFFICE—DAY THREE

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

JANUARY 24, 1996

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WHITE HOUSE TRAVEL OFFICE—DAY THREE

WEDNESDAY, JANUARY 24, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The committee met, pursuant to notice, at 11:30 a.m., in room 2154, Rayburn House Office Building, Hon. William F. Clinger, Jr. (chairman of the committee), presiding.

Members present: Representatives Clinger, Gilman, Burton, Morella, Shays, Schiff, Ros-Lehtinen, McHugh, Horn, Mica, Blute, Fox, Gutknecht, Martini, LaTourette, Ehrlich, Collins of Illinois, Wise, Owens, Slaughter, Peterson, Sanders, Thurman, Maloney, Barrett, Taylor, Collins of Michigan, Norton, Moran, Meek, Fattah, and Holden.

Staff present: James Clarke, staff director; Judy Blanchard, deputy staff director; Kevin Sabo, general counsel; Jonathan Yates, associate general counsel; Barbara Bracher, chief investigative counsel; Barbara Comstock, investigative counsel; Joe Loughran, investigator/professional staff; Edmund Amorosi, director of communications; Judith McCoy, chief clerk; Cheri Tillett, assistant chief clerk/calendar clerk; Cissy Mittleman, David Jones, professional staff; David Schooler, minority chief counsel; Ronald Stoman, minority deputy director; Donald Goldberg, minority assistant to counsel; Miles Q. Romney, minority professional staff; Ellen Rayner, minority chief clerk; and Cecelia Morton, minority office manager.

Mr. CLINGER. Good morning. The Committee on Government Reform and Oversight will come to order.

As we did at the last hearing in this matter, I will give an opening statement. I will then recognize Mrs. Collins for an opening statement. Others who wish to have opening statements please submit them for the record or use part of their time during the question period to make those statements.

"So what?" we have been hearing from many of my Democratic colleagues over the past few weeks in regard to this investigation.

So what if the White House fired the Travel Office employees and high ranking officials failed to tell the real information to numerous investigators or provided "vague and protective" information, to use Mr. Watkins' words, about the real reason for the firings and thwarted countless attempts to get at the truth and really wasted taxpayer dollars on incomplete investigations?

So what if the new administration wanted to throw contracts to their friends and get a good press story, again as stated by David Watkins, by alleging wrongdoing by the former staff?

So what if the White House learned that Harry Thomason's allegations of kickbacks and bribes were false and perhaps slanderous but failed to include this information in the White House Management Review and in fact removed this exculpatory information from a draft report of that Management Review?

So what if the FBI and the IRS were enlisted to harass seven innocent people by Clinton cronies peddling false allegations of kickbacks and bribes?

The White House talking points are being followed dutifully by a "so what" chorus and now the administration is hauling out a whole new collection of carefully crafted and I might say lawyerly non-denial denials.

The blasé attitude adopted by my colleagues is a striking change from the past when even the whiff of trouble would have put them into investigative overdrive. So what? These seven men here today are the so what. So what? These seven men are here to tell them their side of the story, to give them and their wives and their children, their families, an opportunity to have their story told.

As an Arkansas paper described the scenario:

> The Clintons took Billy Dale's job, trashed his reputation, sicced the FBI on him and ruined him financially. And still they won't leave him alone, to cover up this hamhanded combination of arrogance and ineptitude, the White House accused Dale of embezzlement.

On the editorial page of the Washington Post, Meg Greenfield said this was "the worst kind of unfounded and destructive assault on innocent people, people who could have been replaced in a straightforward way. This was not, in other words, just an act of so-called cronyism."

What we will see and hear today is an administration's arrogance and really ruthlessness brought to light by seven people who worked hard and played by the rules. Fortunately, in the end, our judicial system worked for these people but not without a significant personal and financial cost to themselves.

Mr. Dale has amassed almost a half a million dollars in legal fees to defend himself against this continuing assault. Mr. McSweeney estimates he spent almost $60,000; Mr. Van Eimeren, $35,000; Mr. Dreylinger, $34,000; Mr. Maughan, $44,000; Mr. Brasseux, $20,000; and Mr. Wright, $6,000. Their families have suffered countless indignities for being in the wrong place at the wrong time when ambitious friends of Bill wanted to "take advantage of Washington opportunities," as stated in a memo from one friend of Bill, Darnell Martens, to another, Harry Thomason.

Unfortunately today, the Clinton administration and its highly paid surrogates continue their campaign to scapegoat the former Travel Office employees while ignoring the possibility of wrongdoing by administration officials and powerful political supporters. This wrongdoing appears to include a pattern of withholding relevant documents and pertinent facts from numerous previous investigations, and this wrongdoing may include the abuse of the FBI and IRS to advance the fortunes of friends and family at the expense of innocent bystanders, an area this committee will explore in subsequent hearings.

Let me apologize in advance to the witnesses for what may be, hopefully not but could be, continued attacks today but please un-

derstand from whence they come. These attacks are coming from those who apparently think it is fine to call in the FBI and IRS on the merest hint of rumors. These attacks have come in the past from those who have ignored real travel scandals, such as Secretary Hazel O'Leary's $250,000 of unaccounted-for taxpayer funds and Secretary Ron Brown's $24 million in overspending for travel and $360,000 in unreimbursed advanced travel expenses. At the Commerce Department, we now know hundreds of employees misused Government credit cards for personal expenses ranging from jewelry to car insurance, according to an internal audit from the Commerce IG's office. So please take the attacks, if there are any, with somewhat of a grain of salt.

I know that for most of you it must be strange to be at the center of this firestorm. You dutifully served the Government for years, far from the spotlight and this was not a stage you would have sought. It is a tribute to you that after a 30-month investigation the Justice Department could not really come up with any neighbors or friends or colleagues who had anything but the highest regards for you all. At Mr. Dale's trial, ABC's Sam Donaldson told the jury Billy Dale is "a totally honest man." "I've known him for 20 years and he's a man of high integrity," testified LA Times' Jack Nelson. The president of the White House Correspondents' Association, the group whose funds Mr. Dale was accused of stealing, also testified on his behalf.

What is often overlooked is that tax money, tax money was not involved in any way in the Travel Office. As a reporter recently pointed out to Press Secretary Mike McCurry, "This was all news media money, and as far as I know, no one in the news media has complained about any mismanagement whatever. So why was there this great concern?"

Fortunately, Mr. Billy Dale, the former Director of the Travel Office, is with us today and did not have to read about the long withheld Watkins memo or other long withheld White House documents from a jail cell where this administration really was trying to send him for 20 years. His six former colleagues, Gary Wright, John McSweeney, John Dreylinger, Barnaby Brasseux, Ralph Maughan, and Bob Van Eimeren, also join us today. All seven of these individuals were subjected for the past 30 months to all the might of the Federal Government, including Justice Department Public Integrity prosecutors, FBI agents and IRS agents roaming their neighborhoods, culling through their financial records and interviewing them and their families.

It is important to note that the White House not only denied this committee and the independent counsel long-sought documents, but it also failed to turn over to criminal investigators relevant documents that would have possibly been exculpatory material, material that Mr. Dale may have been entitled to during his trial.

The Justice Department has only recently admitted to us that it was very disturbed by the lack of White House cooperation with the criminal investigation into the White House Travel Office matter. Documents about Harry Thomason were withheld for almost a year, long after commitments had been made to Public Integrity that all documents had been turned over.

Former Interior Secretary James Watt pleaded guilty recently to withholding documents from a grand jury. A person may be held in contempt of Congress under 2 U.S.C. 192 for refusing to produce documents or records. In fact, three Reagan administration officials prosecuted by Iran-Contra independent counsel Lawrence Walsh—Elliott Abrams, Alan Fiers, and Robert McFarlane—pled guilty to withholding information from Congress.

Of course we may never really know what happened to many of the documents in the Travel Office because both the White House and the FBI demonstrated a true case of "abysmal mismanagement" in the handling of this investigation, the very thing that the Travel Office employees were charged with. In short, the White House withheld documents and dragged out document production and the FBI and Justice Department, at best, looked the other way too often.

Travel Office records began to be removed from the Travel Office shortly after a Presidential cousin, Catherine Cornelius, began working in the Travel Office in April 1993. Senior White House officials knew that Catherine Cornelius was taking home documents from the Travel Office and the record of what documents ever made it back to the White House is sketchy at best. The prosecution notably did not call Miss Cornelius as a witness.

When the White House sent in Peat Marwick to do a quick review, stress review, this was not an audit, the documents were handed over to Patsy Thomasson at the conclusion of that review. Ms. Thomasson just happens to be the individual whom the White House described just last week as having "hopelessly messy files." Mr. Watkins, her supervisor, testified last week that he had no idea what she did with the Travel Office records provided to Peat Marwick. The very revealing Watkins memo was found in Ms. Thomasson's "messy files." Ms. Thomasson, who played a key role in firing the employees, also was not called by the prosecution. Mr. Watkins, the individual that communicated the firings to these employees, was himself fired for taking a White House helicopter on a midweek golfing trip. The prosecution didn't call Mr. Watkins as a witness, either.

When the Justice Department went to trial in the case of *United States* v. *Billy Dale,* they had to concede that many records that they knew had once existed were missing and unaccounted for. The FBI took almost a month to get into the White House and secure any documents. We have heard no plausible explanation for this long delay in securing the records. Now we have again just learned from the Justice Department that many of the documents that they supposedly had obtained from the White House never actually left the White House compound and were instead maintained at the White House.

Finally, the head of the White House Records Management Office raised red flags to Staff Secretary John Podesta that documents were being tampered with and improperly handled in the days following the firings. Even World Wide Travel employees who came in from Arkansas to assist in the Travel Office firings were concerned with documents being trashed in the office. The notes from the White House Management Review are full of questions asking where the documents were, but Mr. Podesta, who was put in

charge of the White House Management Review, failed to include this information in his report.

As we had heard earlier, when we reviewed all of the reports and all of the investigations that had been done, none of them were really thorough because most of them had no access to many of the documents that have only just come to light. So it seems that due process and integrity of records stopped at the White House door. Why were the Justice Department and the FBI willing to suspend normal practices when the White House was involved? Is the highest office in the land given a pass on normal criminal investigative procedures?

So as a result of our investigation, so far as it is—so far, it is clear to me the alleged concern about financial mismanagement that we have heard often in the past few weeks was always a cover for a decision that had been made long before Peat Marwick ever crossed the threshold of the White House. As David Watkins testified last week, and as his notes reveal, on May 12, 1993, two full days before Peat Marwick came in, the First Lady expressed her wishes to Harry Thomason that the Travel Office employees all be fired that day.

One week later on May 19, 1993, Dee Dee Myers claimed on behalf of the White House that the seven Travel Office employees had been fired based on a report which did not exist of an audit which never occurred. Peat Marwick documents we have received from the White House as well as Vince Foster's notes indicate involvement of the White House in dictating the terms of the Peat Marwick review and editing of that review. In other words, this much touted audit was actually a non-independent, nonaudit.

Mr. Larry Herman, who headed up the review, told the committee staff of pressure on Peat Marwick to finish the review quickly once the White House had cited it as justification for the firings. No doubt this was so the White House could substantiate its claims of financial mismanagement. The Peat Marwick report itself never once, never once mentions the words abysmal mismanagement, gross mismanagement, or any of the other pejoratives that have been bandied about. And Mr. Herman, the man who was in charge of the review, told the committee he would not use such terms. In fact, Mr. Herman told GAO investigators during their review that he was surprised by the decision to fire the employees before the review was even completed and he told the committee that he himself did not think his review warranted the firings.

Frankly, I have been disappointed in the total refusal of my colleagues on the other side of the aisle to approach this investigation with any semblance of an open mind. As my colleague Mr. Shays noted in our last hearing, many of us have sat through countless investigations when our colleagues were in the majority and in many, if not most, cases worked in a bipartisan manner even when it hurt our own party. As Meg Greenfield pointed out earlier this week, there does not need to be a murder mystery to warrant serious review of a matter by Congress.

Just this morning we all honored one of our colleagues, former Congressman Mike Synar, who passionately and aggressively pursued various investigations in this committee, and I believe I worked in a bipartisan fashion with Mike in many of those inves-

tigations when Republicans were in the White House, and I have tried to continue that spirit as Chairman.

Abuse of power is always an important and relevant issue in a Government that is the size of the Government of the United States of America. Giving these individuals the opportunity to tell the American people the really unfortunate truth about how they were mistreated and maligned by this administration is long past due. So I welcome the gentlemen here this morning and I would now recognize the gentlelady from Illinois, Mrs. Collins, for any opening statement she might care to make.

[The prepared statement of Hon. William F. Clinger, Jr. follows:]

PREPARED STATEMENT OF WILLIAM F. CLINGER, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

THE TRAVEL OFFICE EMPLOYEES: DESIGNATED SCAPEGOATS

Good morning. The Committee will come to order.

"SO WHAT . . ." we have been hearing from my Democratic colleagues over the past few weeks in regard to this investigation.

So what if the White House fired the Travel Office employees and high ranking officials failed to tell the real story to numerous investigators or provided "vague and protective" information—to use Mr. Watkins' words—about the real reasons for the firings and thwarted countless attempts to get at the truth and wasted taxpayer dollars on incomplete investigations?

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As an Arkansas paper described the scenario: "The Clintons took Billy Dale's job, trashed his reputation, sicced the FBI on him and ruined him financially. And still they won't leave him alone. . . . to cover up this hamhanded combination of arrogance and ineptitude, the White House accused Dale of embezzlement." The Editorial Page editor of The Washington Post, Meg Greenfield said this was "the worst kind of unfounded and destructive assault on innocent people—people who could have been replaced in a straightforward way . . . this was not, in other words, just an act of so-called cronyism."

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I know that for most of you it must be strange to be at the center of this firestorm. You dutifully served the government for years far from the spotlight and this was not a stage you would have sought. It is a tribute to you all that after a 30 month investigation the Justice Department could not come up with any neighbors or friends or colleagues who had anything but the highest regards for you all. At Mr. Dale's trial, ABC's Sam Donaldson told the jury that Billy Dale was "a totally honest man." "I've known him for 20 years and he's a man of high integrity," testified the LA Times' Jack Nelson. And the president of the White House Correspondents' Association, the group whose funds Mr. Dale was accused of stealing, also testified on his behalf.

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As a result of our investigation, so far as it is clear to me, the alleged "concern" about financial mismanagement that we have heard often in the past few weeks was always a cover for a decision that had been made long before Peat Marwick ever crossed the threshold of the White House. As David Watkins testified last week and as his notes revealed, on May 12, 1993—two full days before Peat Marwick came in—the First Lady expressed her wishes to Harry Thomason that the Travel Office employees all be fired that day.

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Frankly, I have been very disappointed in the total refusal of my colleagues on the other side of the aisle to approach this investigation with any semblance of an open mind. As my colleague, Mr. Shays noted in our last hearing, many of us have sat through countless investigations when our colleagues were in the majority and in many if not most cases worked in a bipartisan manner even when it hurt our own party. As Meg Greenfield pointed out earlier this week, there does not need to be a "murder mystery" to warrant serious review of a matter by Congress.

Just this morning we all honored one of our colleagues, former Congressman Mike Synar who passionately and aggressively pursued various investigations in this Committee. I worked in a bipartisan fashion with Mike Synar in many investigations when Republicans were in the White House and have tried to continue that spirit as Chairman.

Abuse of power is always an important and relevant issue in a government that is the size of ours. Giving these individuals the opportunity to tell the American people the ugly truth about how they were mistreated and maligned by this Administration is long past due. I welcome you gentlemen this morning.

Mrs. COLLINS of Illinois. Thank you, Mr. Chairman.

I understand your interest in permitting these seven individuals to tell their stories and in particular to allow Mr. Dale the opportunity to respond to the various charges that have been raised against him. These, of course, include the findings of financial mismanagement made in the Peat Marwick review as well as his activities that provided probable cause for a grand jury to indict him of criminal charges for embezzling funds. However, I question what this has to do with your stated purpose of this committee's investigation into the Travel Office.

You have repeatedly assured us that your only intent is to find out the facts about the firings of the Travel Office staff. None of these witnesses have any firsthand knowledge about their firings. And they have already said that. In fact, Mr. Dale, who headed the Travel Office, stated as much in this article in the Washington Post on Sunday when he wrote "To begin with, I do not know who gave the order to fire me or my six colleagues."

Now, I think we have to be very careful that in attempting to repair the damage done to the reputation of these individuals that we do not impugn the integrity of the career prosecutors of the Department of Justice or the professionals of Peat Marwick. There have been suggestions that the career Public Integrity section prosecutors with the Department of Justice were somehow pressured by the White House into indicting Mr. Dale. Similarly, the Peat Marwick team has been accused of trumping up its findings of financial mismanagement at the urging of the White House.

Now, since we have seen no evidence to support these charges, these individuals must also be given a chance to tell their side of the story under oath. Therefore, Mr. Chairman, in order to allow both the Justice Department and Peat Marwick to respond to these very serious charges, I am today requesting that you schedule a hearing and call representatives from the departments and the auditing firm. As has been said over and over again by members of this committee and by the administration, the firing of the Travel Office employees was terribly mishandled. Although the President was, indeed, entitled to hire his own people for the Travel Office, just as the Chairman was allowed to fire the entire nonpartisan clerical staff of this committee when he became Chairman, his handling was dead wrong.

Mr. Dale's article raises many questions about both the financial management of the Travel Office and the financial practices that led to his indictment. Let me be absolutely clear about this because there seems to be some confusion. The Peat Marwick review made a number of observations and findings of "significant accounting system weaknesses." And let me quote from its findings and particularly say "we observed several significant weaknesses in the existing internal controls system of the press office." So what? Well, here is what.

According to the Peat Marwick review, those witnesses include "lack of accountability, lack of accounting controls and systems, lack of documentation, lack of contractual support, and an inadequate billing process."

According to Peat Marwick, Mr. Dale himself admitted to their auditors that he withheld an envelope full of cash during the first day of the review, and I'm quoting from the FBI review with Peat

Marwick, "Mr. Dale, because he knew it would not look good and it reflected that he had done a poor job of accounting."

Now Mr. Dale states in the Post article that the most serious issue raised by the Peat Marwick team was his failure to record certain petty cash checks. So the public understands what this means, let me briefly explain that, too.

Now, when Mr. Dale or other authorized Travel Office employees withdrew funds from the Travel Office bank account to be used for petty cash expenses on a trip, he would make a check out to "cash" and then record that amount into the petty cash ledger. Now Peat Marwick's auditors found that in numerous cases checks made out to "cash" were never actually entered into the petty cash ledger. According to what the Peat Marwick auditors told the FBI, Mr. Dale could not explain these discrepancies. FBI investigators have told committee staff that these discrepancies, coupled with the fact that Mr. Dale appeared on the second day of the review with $2,800 in cash which he said accounted for some of the missing petty cash, gave them a sufficient reason to open a criminal investigation. However, from an auditor's point of view, this was not the most serious finding. The most serious charge was the Travel Office lack of accountability.

So what? Here is what. Peat Marwick found a lack of accounting controls, no formal financial reporting process, no reconciliation of financial information—I even reconcile my bank account, my checkbook account—no documentation system of checks and balances of transactions—whoever heard of such a thing in accounting decisions—and no oversight of review of financial activities. Lack of accountability may not—may also have resulted in such abuses of fundamental common sense as placing checks to the Travel Office directly into Mr. Dale's personal checking account.

Again, let me make this clear so that the public understands this. So what? Here is what. One of the reasons that Mr. Dale came under suspicion from the prosecution was for placing a total of $54,000 of Travel Office funds into his personal checking account, a practice his own attorney characterized as "a disastrous business judgment."

So in closing now let me again note that all of us on this committee have great empathy for the five lower level employees. I am sorry for what they have gone through and I hope that there are lessons not only for future White Houses but for future Congresses as well when they fire nonpartisan career staff.

To Mr. Dale, I say you have also been through a great deal of suffering and a jury has found you not guilty of criminal charges. Now, normally that would be the end of the matter, but the Chairman has convened this committee hearing to look into the circumstances of your firing, and I hope that today's hearing will provide you with another opportunity to respond to the various allegations made by the GAO, Peat Marwick, and the Public Integrity section concerning the management, and I use the word loosely, of the Travel Office, and yield back the balance of my time.

Mr. CLINGER. I thank the gentlelady.

And in response to your request for having the Justice Department here, I think we certainly are willing to take that under advisement. I would, however, remind the gentlelady that we have

been requesting documents with regard to this matter from the Justice Department for some time. We still do not have the documentation we would need which we would need to have prior to a hearing. But as soon as those documents are forthcoming, we would certainly take that request under advisement.

[The prepared statement of Hon. Charles F. Bass follows:]

PREPARED STATEMENT OF HON. CHARLES F. BASS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE

Thank you Mr. Chairman. First, let me say that I am glad that the seven witnesses before this committee have finally been given the opportunity to tell their side of the story. The administration used these dedicated professionals as scapegoats in a plan to get good press. I believe that this type of manipulation is intolerable. Furthermore, I must state my grave concerns about the White House's decision to use the Federal Bureau of Investigations to justify these firings. The investigations were costly to these seven former Travel Office employees both in terms of their reputations and their life savings. In fact, Billy Dale was forced to spend almost half a million dollars to defend himself. This is inexcusable.

Today, I hope that we will be able to show that these gentlemen before us were used as political pawns in a press game. We will see that they had served a number of other administrations and done the job required of them. Unfortunately, this was not good enough for the current administration. Instead, it appears that the only way the Travel Office employees could be good enough for the current administration would have been if they were political cronies.

Thank you Mr. Chairman.

Mr. CLINGER. I think we are now prepared to invite our witnesses to come forward to the witness table, if you would.

Gentlemen, and if you want to, as you probably know, it is a custom, the custom of this committee to swear all of our witnesses so that no witness is prejudiced in any way. So if you have no objection, I would ask you to raise your right hand.

[Witnesses sworn.]

Mr. CLINGER. Let the record indicate that all of the witnesses answered in the affirmative, and with that, gentlemen, if you will take your seat and welcome you all here. And I am going to, first of all, start out with the former head of the Travel Office, Mr. Billy Dale. If you would proceed with your testimony, Mr. Dale. You can summarize it or give it in full or however you want to proceed.

STATEMENT OF BILLY R. DALE, FORMER DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. DALE. Good morning, Mr. Chairman, committee members and counsel. My name is Billy Dale and I am the former Director of the White House Telegraph and Travel Office. It is with great relief that I sit with you this morning to tell my side of the story about the scandal and abuse of political power now popularly referred to as Travelgate.

For nearly 32 years I worked in the White House Travel Office, as its director for the last 11. During that time, my colleagues and I carried out the rigorous task of arranging for the press to accompany and cover the President of the United States as he traveled this Nation and around the world.

Through several administrations we functioned as an efficient, effective organization serving the President without regard to partisanship. In fact, I have faithfully served seven Presidents prior to Mr. Clinton and, even though I was ready for retirement, my colleagues would have gladly continued in that role for him through-

out his entire administration. But that was not to be, as the Clinton campaign, transition teams, and the Clinton administration had other designs on the White House Travel Office.

During the 2½ years between May 19, 1993, and the day I was—the day I was fired from my position as Director of the Travel Office and the day I finally got to testify at my trial to defend myself against the false charge that I embezzled money from the press, I did not attempt to answer that charge or any of the other false charges that were leveled at me concerning my management of the Travel Office. It was not easy for me or my family. We were subjected to the most intense intrusions and harassment you can imagine. We were sustained during those very difficult times by our faith and the many friends and professional colleagues who stood by our side.

I had hoped that after the jury found me not guilty so quickly we could return to the very quiet and simple life we used to live. However, since the release of David Watkins' memorandum describing how he was supposedly pressured to fire the entire staff at the White House Travel Office, I have been subjected to false attacks at least as vicious as the ones I was tried and acquitted. This time, however, there is no trial pending. This time I will not sit silently and take it.

The Clinton administration and the spokespersons have truly gone into full attack in an effort to hide the truth. In a series of radio, television, and print interviews, Mrs. Clinton has sought to minimize her involvement in the firing. In interviews with Barbara Walters and again on National Public Radio, Mrs. Clinton stated that her only involvement was to express concern about the financial mismanagement that was discovered when the President arrived. Since the President arrived in January 1993, one can only assume she was referring to purported financial mismanagement that was discovered at or about that time. Her lawyer, David Kendall, repeated this claim on Nightline and Ann Lewis, the deputy director of the Clinton-Gore campaign did the same on a National Public Radio talk show. Over two Sundays, Robert Bennett first claimed on This Week With David Brinkley that I had agreed to plead guilty to embezzlement and followed this up on Face the Nation with the untrue and previously unheard charge that the Travel Office was involved in a scandal which implicated Customs laws and State tax laws.

I do not know who gave the order that resulted in David Watkins firing me and my six colleagues on May 19, 1993.

I can tell you that I met with Miss Janet Greene, Mr. Watkins' former assistant, on May 17, 1993, in the office of Mr. Al Nagy, another member of the White House staff, to discuss what had gone on in the Travel Office over the previous weekend.

After meeting with Miss Greene for about an hour, she said, Billy:

> I'm gonna tell you something and if you ever repeat it, I will deny it. There is one person and only one person responsible for what has taken place with—with your office and he occupies the Oval Office. Now do I need to mention any names?

From my point of view, it hardly matters whether Mr. Watkins was acting on his own or at the direction of the President, Mrs. Clinton, Harry Thomason or anyone else. What does matter is that

the public understands that the firings were not driven by supposed concerns over financial mismanagement but were in fact the product of a decision that was reached long before anyone even began to look into the way the Travel Office was managed.

What matters to me is that fancy lawyers and others who speak for the White House not be allowed to get away with the lie that my colleagues and I were involved in other kinds of wrongdoing. It also matters to me that people not be allowed to spread the equally vicious lie that I was willing to plead guilty to embezzlement before trial. And, finally, it matters to me that these same people not be allowed to tell the public that the Travel Office was cleaned up and is now managed better.

During the preparation for my trial, we discovered a lot of information that demonstrated that the so-called financial mismanagement discovered by Peat Marwick between May 14 and May 16, 1993, merely provided a convenient excuse to carry out a decision that had been in the works for a long time. Legal rules kept the jury from hearing those facts.

For example, in September 1992, Travel Weekly magazine published an interview with David Watkins in which he extolled the critical role of World Wide Travel for its essential role in ensuring that the Clinton campaign had sufficient funds to spend on certain crucial primaries. World Wide had accomplished this by its creative billing procedures of the media that traveled with the Clinton campaign. This is the same Little Rock travel agency whose employees were already sitting at our desks when we returned from our meeting with David Watkins the day we were fired.

Then in November 1992, days after the election, Steven Davison of World Wide told Arkansas Business magazine that World Wide was already considering opening an office in Washington to handle the travel needs of the President's staff, a function that had always been performed by the Travel Office.

In December 1992, World Wide raised this issue in a letter to Catherine Cornelius, a Clinton campaign and transition staffer and cousin of the President, who passed it on to her superior, David Watkins, along with her endorsement. Later that month came the first of several memoranda written by Miss Cornelius in which she set forth her plans to restructure the Travel Office with herself in my job and giving World Wide the staff ticketing function.

We also learned at about the same time several White House correspondents were told by a Clinton transition official that the new administration had plans to remove the Travel Office staff.

On Inauguration Day, we began to get calls at the Travel Office for people looking for the "new director", Catherine Cornelius. A few days later, Darnell Martens, Harry Thomason's partner in the charter-brokerage business, drafted a memorandum in which he set out his ideas for taking over the other major function of the Travel Office: arranging for press charters. Like the ticketing function, this was another potentially lucrative area of business for a private firm.

I was not aware of this memorandum when Mr. Martens called me a few weeks later to discuss this proposal. When I explained to him politely I had thought that I couldn't see the benefit of dealing through a middleman to perform the function that the Travel

Office had performed for decades to the apparent satisfaction of press and all previous administrations, Mr. Martens followed up with a second memorandum to Mr. Thomason complaining about me personally.

Of course, I was unaware of this memorandum. I was also unaware that several weeks later and several weeks before Peat Marwick ever set foot in the Travel Office, Mr. Thomason began to spread the rumor that I was demanding kickbacks in exchange for charter business. No one ever confronted me with that rumor; nor, to my knowledge, did anyone ever try to determine whether there was any truth to it until after I was fired. It was an absolute lie that was spread, so far as I can tell, to begin a process of justifying my removal. I take some satisfaction in the fact that the Justice Department thoroughly investigated this allegation and rejected it.

Yet, without even looking into the charge, Mr. Watkins installed Catherine Cornelius into the Travel Office with the directions to keep her eyes and ears open. When Miss Cornelius reported to him and Mr. Thomason that she believed that I and other Travel Office employees were living beyond her conception of what a Government employee ought to be able to afford, the White House counsel was notified and the FBI was contacted.

All of this occurred before the administration's decision on May 13 to retain Peat Marwick to perform a financial review of the Travel Office. In addition, documents I have read about in the papers the last few weeks state that on May 12, Mrs. Clinton was already expressing her desire to have us replaced. So I am forced to wonder what is the financial mismanagement that she was concerned with before Peat Marwick even began its work?

It is also important for people to understand that the most serious issue raised by Peat Marwick, which did not issue its final report until 2 days after we were fired, was my failure to report five checks totaling $14,000, in the office's petty cash-flow. No one from the administration ever asked for an explanation, even though I had worked at the Travel Office for seven previous Presidents, had background investigations by the FBI, and maintained an unblemished record. What's even worse, they decided to fire everyone, even though it was clear that I was the only person responsible for these discrepancies.

All these facts lead us to conclude that the financial mismanagement that the White House says is the reason we were fired is just a convenient excuse. If the President or the First Lady or anyone else wanted us out in order to give the business to their friends and supporters, that was their privilege. But why can't they just admit that that is what they wanted to do, rather than continue to make up accusations to hide that fact?

The administration has also tried to justify its handling of my firing by claiming that I had offered to plead guilty to embezzlement, the charge that the jury acquitted me on. That is simply not the case.

In late November 1994, after investigating me for 18 months, the Justice Department told my lawyers that it had decided to indict me on two counts of embezzlement. After talking to my family and consulting with our lawyers, we decided to try to put an end to the anguish and avoid the expensive trial, which was estimated up-

wards of $450,000, by admitting that I should not have put Travel Office checks into my own account, something I have always admitted at trial.

The letter from my lawyer to the Justice Department made clear that I would never admit to having spent the Travel Office money on myself, because I had not done that. It was always important to me that everyone understand that I had not embezzled any money. The Justice Department refused to end the case on that basis, so we went to trial, and the jury accepted my explanation.

Since the Justice Department's own rules prohibit the release of confidential communications, I don't know how the letter made it into the hands of the press, but it angers me beyond words that people are trying to take advantage of this leak to suggest that my acquittal was not deserved.

At the end of the trial, the President apologized for what I went through, but I must question the sincerity of that apology in light of the events of the past 2 weeks. And no one has yet apologized to my colleagues. Instead, the President's lawyer goes on television to level new false charges, and no one tells the public that the new and better Travel Office doesn't pay its bills on time and has been the subject of constant complaints from the people it is supposed to serve.

I will always be grateful to the people who stood up for me at my trial and the many great people around the country who supported us through these trying times. I always tried to gain the respect and trust of the people I worked for in the White House and the people I worked with in the press. I look forward to the day this is behind my family and me.

Mr. Chairman, I thank you for this opportunity and I—I am prepared to answer all questions to the best of my ability. Thank you.

Mr. CLINGER. Thank you very much, Mr. Dale. Appreciate your testimony.

[The prepared statement of Mr. Dale follows:]

PREPARED STATEMENT OF BILLY R. DALE, FORMER DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Good morning Mr Chairman, committee members and counsel.

My name is Billy Dale and I am the former Director of the White House Telegraph and Travel Office. It is with great relief that I sit with you this morning to tell my side of the story about the scandal and popularly referred to as "Travelgate."

For nearly thirty-two years I worked in the White House Travel Office, as it's director for the last eleven. During that time my colleagues and I carried out the rigorous task of arranging for the press to accompany and cover the President of the United States as he travelled this Nation and around the world.

Through several administrations we functioned as an efficent, effective organization serving the President without regard to partisanship. In fact, I had faithfully served seven Presidents prior to Mr. Clinton and, even though I was ready for retirement, my colleagues would have gladly continued in that role for him throughout his entire administration. But that was not to be, as the Clinton campaign, transition teams and the Clinton administration had other designs on the White House Travel Office.

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I will always be grateful to the people who stood up for me at my trial and the many great people around the country who have supported us through these trying times. I always tried to gain the respect and trust of the people I worked for in the

White House and the people I worked with in the press. I look forward to the day when this is behind my family and me.

Mr. Chairman I thank you for this opportunity and I am prepared to answer all questions the best of my ability.

Mr. CLINGER. I will now ask Mr. Brasseux if you would present us with your testimony.

STATEMENT OF BARNABY L. BRASSEUX, FORMER ASSISTANT TO THE DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. BRASSEUX. Thank you, Mr. Chairman.

Mr. Chairman, distinguished members of this committee, my name is Barney Brasseux; and I'm a former member of the White House Travel Office. I began my service at the White House in July——

Mr. SHAYS. Mr. Chairman, could the gentleman put the microphone much closer to him?

Mr. BRASSEUX. I'm sorry.

Mr. SHAYS. I'm sorry—and it's the silver mike that picks up your voice.

Mr. BRASSEUX. Is that better? I'm sorry.

I began my service at the White House in July 1982 and served until May 19, 1993. In my 11 years at the White House, I worked hard; and I always tried to do my best. I take a great deal of pride in the job I did and the tremendous privilege of working at the White House and serving the President of the United States.

I'm here today to answer any questions this committee may have regarding my experience in the White House Travel Office and the events surrounding the termination of the Travel Office employees by the Clinton administration on May 19, 1993.

For me, the 19th of May, 1993 was the beginning of a difficult time and the first of several eventful days that turned my life upside down. I was fired, told to vacate the premises within 2 hours, driven out of the White House in the back of a cargo van with no seats, implicated by the White House in criminal wrongdoing, and placed under investigation by the United States Justice Department, even though I had no financial responsibility whatsoever in the office.

I sometimes find it hard to believe that I'm in the middle of what has become such a publicized event. For the past 2½ years, I and my colleagues have been the subject of numerous newspaper and magazine articles, radio programs and television news stories. In the past few weeks, there has been a newspaper story about the Travel Office firings almost every day.

Many questions and concerns have been raised in these reports regarding the handling of our termination. The manner of our dismissal, the damage to our reputations, the impact of this action on our families, the possible involvement of the First Lady of the United States, and the role of the Federal Bureau of Investigation are just a few. All of these issues are very important to me and I trust to you as well.

I sincerely hope that my presence here today will prove helpful to you in your continuing efforts to fully explore this entire affair, and I look forward to the final results of this committee's investigation.

Thank you very much, Mr. Chairman.

Mr. CLINGER. Thank you. Sorry for giving you the French pronunciation of your name, Mr. Brasseux.

[The prepared statement of Mr. Brasseux follows:]

PREPARED STATEMENT OF BARNABY L. BRASSEUX, FORMER ASSISTANT TO THE DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. Chairman, distinguished members of this committee, my name is Barney Brasseux and I am a former member of the White House Travel Office. I began my service at the White House in July of 1982 and served until May 19, 1993. In my eleven years at the White House I worked hard and always tried to do my best. I take a great deal of pride in the job I did and in the tremendous privilege of working at the White House and serving the President of the United States.

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I sincerely hope that my presence here today will prove helpful to you in your continuing efforts to fully explore this entire affair and I look forward to the final results of this comittee's investigation.

Thank you very much.

Mr. CLINGER. Mr. McSweeney.

STATEMENT OF JOHN P. McSWEENEY, FORMER ASSISTANT TO THE DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. McSWEENEY. Mr. Chairman, ladies and gentlemen of the committee, I should start by telling you that I have never made a speech in my life; and I ask for your indulgence for my nervousness.

As background, my Government career began on February 2, 1980, when I accepted a position in the White House Travel Office during the administration of President Jimmy Carter. Although I had been a registered Democrat for 44 years, it was not a political but a civil service appointment. This came to an abrupt halt while I was on leave in Ireland when my son Jim called to inform me that the evening news shows had just announced that the entire staff of our office had been fired and that the FBI was starting an investigation for possible criminal activity.

For me, our termination did not come as a surprise as for months prior there were many indications that we were not in their future plans—World Wide Travel from Little Rock in December 1992, giving interviews to travel trade papers stating that they would be opening an office in Washington to handle White House travel; on

their first full day in office receiving phone calls for Catherine Cornelius, the "new head of the White House Travel Office".

And one final indication occurred in the beginning of May when a uniformed White House messenger burst into our office and presented each of us with a beautiful long-stemmed red rose, along with a note signed by the President and the First Lady thanking us for all of our hard work during the first 100 days and urging us on to greater accomplishments during the following months. Five minutes later, the same messenger returned and retrieved them with the remark that we should not have received them.

On my return to the United States, I was directed to and did report to the office of Mr. David Watkins on the morning of May 24, to complete the sign-out formalities required when terminated. I was escorted to the Travel Office and on entering found Catherine Cornelius, the President's cousin and now officially the head of the office, who on seeing me departed the office. I was then left with 12 to 15 individuals—none with White House passes—either seated at every desk or going through the travel records located in vertical files within the office.

I wish I could say that at that time my concern was for Billy Dale, but it was for myself as I realized that any document or record that I might need to answer any and all charges that might—may be brought against me were being gone through by total strangers without anyone with White House clearance being present.

As difficult and intimidating as this was, I was more upset to find that when I prepared to pack up my personal effects I found that they had been thrown out. In fact, the mailbox unit itself, within which we each had storage space, had been dismantled and was sitting in the middle of the office with a sign that said "out."

The items lost were trip photos and mementos, personal correspondence, phone and address books, pay stubs, travel vouchers—nothing of great monetary value but my property. What has worried me is that any mail that may have arrived for me during my 10-day leave had also been discarded, and I have never been given an explanation by anyone at the White House for these actions.

During the day I had repeatedly asked that I be given a letter informing me of the reason for my termination and was assured that before I completed my sign-out one would be provided. Unfortunately, what actually happened was that I was escorted across Pennsylvania Avenue, a public street, as if under arrest by a member of the White House security office and taken to the personnel office in the New Executive Office Building where I was presented a prepared letter of resignation that stated that I was resigning due to change in administration.

My last act as a White House staff member was to refuse to sign the document presented me, and I was then escorted out of the building.

I listened with interest last week when a comparison was made between our dismissal and the handling of the congressional staff members who lost their jobs as a result of the last election and if one, even one, was handled as we were, they have my sympathy.

The following day, May 25, in spite of all the accusations being put out by the White House during the previous 6 days, I received a call from Mr. Mark Gearan, an aide to Mr. Mack McLarty, who actually attempted to convince me that I had not really been fired but had been put on administrative leave, as they now realized that I had no financial authority of any kind within the office. He had no explanation as to why the five of us to which this applied would not be permitted to return to the White House Travel Office.

Although the White House recognized that not all of us had any financial authority, for the next 30 months we all became part of a full-blown Department of Justice investigation with Billy Dale as their target. For myself, it involved FBI agents interviewing my neighbors, two grand jury appearances, two Justice Department and FBI interviews, and one meeting with the IRS, along with legal fees of over $65,000 of my retirement funds.

Over time, where before I had been intimidated, it now turned to complete frustration as the White House had free reign with the media in putting out its story while we were muzzled by the Justice Department. They presented me with a letter that stated that I was not a subject or target of their investigation at the present time, which meant that anything I said could be used against me.

Every day, the White House justifying its actions on the basis of an accounting firm's "audit" that found "financial mismanagement"—while I'm sitting at home with a copy of the firm's report which reads—and this is a direct quote from their covering letter:

As you know, the procedures were revised throughout our onsite work to reflect the timeframe and the limited availability of data, information and documented policies and procedures. As such, this report may not necessarily disclose all significant matters about the Press Travel Office or reveal errors or irregularities, if any, in the underlying information. Our procedures do not constitute an audit, examination or review in accordance with standards established by the American Institute of Certified Public Accountants and, therefore, we do not express an opinion or any other form of assurance on the information presented in our report.

To this day the White House has based the justification of our dismissal on the findings of this report.

Billy Dale's trial, which began on October 26th of last year, was preceded 2 days earlier by the initial hearing of this committee. Again to have to sit, in frustration, and hear members of the committee describe our office as a "rat's nest" of Reagan supporters who stonewalled when one member of the committee attempted to have us make financial disclosure on the cost of Presidential travel and we would not, while it is common knowledge that our office has nothing to do with Presidential travel and has no allotment or authority to disburse Government funds at any time. The allotment and accounting of Government funds for nonmilitary Presidential travel is made through the Administrative Office of the White House and for the use of military assets, such as Air Force One and the helicopters, through the military office in the White House.

Also, the author of an anonymous whistle-blower letter was identified by a committee member as a Mr. John Vickroy, a former member of our office, who was then supposedly fired when his identity became known to Billy Dale, a clear violation of Federal law—when it is common knowledge that John Vickroy retired from the White House and when notified of the committee member's comments sent a fax to the Chairman that same evening stating his

outrage at his name being used, completely denying any involvement with the letter and supporting Billy Dale's handling of the office.

The culmination for me, I had hoped, was when a jury, after less than 2 hours' deliberation, acquitted Billy Dale of all charges. During this trial, countless members of the press, the very people that he was supposed to be stealing from, came forth and testified on his behalf, while the Justice Department could not produce one—not one—to testify against him.

For him and his family their ordeal should have been over. In fact, the President himself said he was sorry for what Billy had gone through, wished him well and hoped that he could get on with his life. No one would like that more than Billy Dale, his family and, along with our families, each and every one of us at this table.

Unfortunately, as a result of the discovery of a memo from a then senior staff member of this administration, which contradicts comments of the First Lady, we again have become targets of false charges. We are now accused—and I believe the wording was "it now seems clear"—that we allowed press members to circumvent customs regulations on their return to the U.S. from overseas Presidential travel, this in spite of the fact that every international White House press charter has assigned to it, on a rotational basis, a U.S. Customs agent who travels with the group and has the responsibility of collecting from each manifested passenger a completed customs declaration and clears all passenger and cargo on board the aircraft. In fact, the same procedure applies to all passengers and cargo on board Air Force One, including the President himself.

We were also described as no more than glorified bellmen for the press. I would only quote the President at his press conference of last week when he said, "an allegation is not the same thing as a fact" and also that "the American people are fundamentally fair-minded." I would hope that he would repeat his statement to some of his spokesmen.

Along these same lines, during your hearings of last week a new so-what, who-cares attitude seemed to be the new theme for some in this room. During a recent First Lady interview, Mrs. Clinton expressed, as would any parent, how concerned she was and the effort she had made to help her daughter cope with hearing the many negative comments being made about her mother.

Blanche Dale, unfortunately, was not able to do so for her daughters over the past 30 months. She had to sit and watch as her daughter Kim who, 2 days after returning from her honeymoon, had to report to the Department of Justice and show how she had paid for her wedding, her reception, her honeymoon, and, since we were present at her reception, answer questions about any discussions we may have had.

Her daughter Vickie, when interviewed by the Justice Department, in explaining that she was giving her cash car payments to her father so that he could deposit them in the White House Credit Union for her, was asked if she was not uncomfortable with giving her cash to someone who was stealing money from the Travel Office.

To those who say so what, you should remember that the American people may have a gray area on legalese, but they know right from wrong.

On January 1 of this year I officially retired from Government service, having had the privilege of serving four Presidents, even if only in a "no more than" capacity. I would hope that people would understand that, for me and thousands of others, when Air Force One would arrive the markings on the side were not Democratic Party or Republican Party. It read United States of America. The emblem on its side was not a political poster. It was the seal of the Executive Office of the President. And when that door opened, the man or woman chosen by the people of this country to fill that office had my complete loyalty and support, and I did that for 13 of the proudest years of my life.

Thank you, Mr. Chairman.

Mr. CLINGER. Thank you very much, Mr. McSweeney, for that eloquent testimony.

[The prepared statement of Mr. McSweeney follows:]

PREPARED STATEMENT OF JOHN P. MCSWEENEY, FORMER ASSISTANT TO THE DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. Chairman, ladies and gentlemen of the committee, I should start by telling you that I have never made a speech in my life, and I ask your indulgence for the nervousness on my part. I will do my best. As background, my Government career began on February 2, 1980 when I accepted a position in the White House Travel Office during the administration of President Jimmy Carter. Although I have been a registered democrat for 44 years, it was not political but a civil service appointment. This came to an abrupt halt while I was on leave in Ireland, when my son Jim called to inform me that the evening news shows had just announced that the entire staff of our office had been fired, and that the FBI was starting an investigation for possible criminal activity. For me, our termination did not come as a surprise as for months prior there were many indications that we were not in their future plans—World Wide Travel from Little Rock in December of 1992 giving interviews to travel trade papers stating that they would be opening an office in Washington to handle White House travel; on their first full day in office receiving phone calls for Catherine Cornelius, the "new head of the White House Travel Office"; and one final indication occurred in the beginning of May, when a uniformed White House messenger burst into our office and presented each of us in the office with a beautiful long stemmed red rose, along with a note signed by the President and the First Lady, thanking us for all of our hard work during the first 100 days, and urging us on to greater accomplishments during the following months. Five minutes later the same messenger returned and retrieved them with the remark that we should not have received them. What did concern me, though, was the fact that the FBI was involved. Needless to say, the remaining time away was not pleasant, but it became more bearable as the press reports uncovered more and more discrepancies in the story being spread by the White House.

On my return to the U.S., I was directed and did report to the office of Mr. David Watkins on the morning of May 24 to complete the sign out formalities required when terminated. I was escorted to the Travel Office, and on entering found Catherine Cornelius, the President's cousin, and now officially the head of the office, who on seeing me departed the office. I was then left with 12 to 15 individuals—none with White House passes—either seated at every desk, or going through the travel records located in vertical files within the office. I wish I could say that at that time my concern was for Billy Dale, but it was for myself, as I realized that any document or record that I might need to answer any and all charges that may be brought against me were being gone through by total strangers without anyone with White House clearance being present. It was later discovered that this same situation went on for 22 days after our firings. As difficult and intimidating as this was, I was more upset to find that when I prepared to pack up my personal effects I found that they had been thrown out—in fact the mailbox unit itself, within which we each had storage space, had been dismantled and was sitting in the middle of the office with a sign that said "out". The items lost were trip photos and momentos, personal correspondence, phone and address books, pay stubs and travel vouchers—

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The following day, May 25, in spite of all the accusations being put out by the White House during the previous 6 days, I received a call from Mr. Mark Gearan, an aide to Mr. Mack McLarty, who actually attempted to convince me that I had not really been fired, but had only been put on administrative leave as they now realized that I had no financial authority of any kind within the office. He had no explanation as to why the 5 of us to which this applied would not be permitted to return to the White House Travel Office.

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- stonewalled when one member of the committee attempted to have us make financial disclosure on the cost of Presidential travel and we would not—while it is common knowledge that our office has nothing to do with Presidential travel and has no allotment or authority to disburse Government funds at any time—the allotment and accounting of Government funds for non-military Presidential travel is made through the Administrative Office of the White House, and for the use of military assets, such as Air Force One and helicopters, through the military office in the White House.
- The author of an anonymous "whistleblower" letter was identified by a committee member as a Mr. John Vickroy, a former member of our office, who was then supposedly fired when his identity became known to Billy Dale, a clear violation of Federal law—when it is common knowledge that John Vickroy retired from the White House, and when notified of the committee members comments sent a fax to the chairman that same evening stating his outrage at his name being used, completely denying any involvement with the letter, and supporting Billy Dale's handling of the office.

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of the press—the very people that he was supposed to be stealing from—came forth and testified on his behalf, while the Justice Department could not produce one, not one, to testify against him. For he and his family their ordeal should have been over—in fact the President himself said he was sorry for what Billy had gone through, wished him well, and hoped that he could get on with his life. No one would like that more than Billy Dale, his family, and, along with our families, each and every one of us at this table. Unfortunately, as a result of the discovery of a memo from a then senior staff member of this administration, which contradicts comments of the First Lady, we again have become targets of false charges. We are now accused—I believe the wording was "it now seems clear" that we—allowed press members to circumuent customs regulations on their return to the U.S. from overseas Presidential travel. This, in spite of the fact, that every international White House press charter has assigned to it, on a rotational basis, a U.S. Customs Agent who travels with the group and has the responsibility of collecting from each manifested passenger a completed customs declaration, and clears all passengers and cargo on board the aircraft. In fact, the same procedure applies to all passengers and cargo on board Air Force One—including the President himself. We were also described as "no more than glorified bellmen for the press." I would only quote the President at his press conference of last week when he said "an allegation is not the same thing as a fact", and that ". . . the American people are fundamentally fair-minded." I would hope that he would repeat his statement to some of his spokesmen.

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- Her daughter Kim, who two days after returning from her honeymoon had to report to the Department of Justice and show how she had paid for her wedding, her reception, her honeymoon, and, since we were present at her reception, answer questions about any discussions we had.
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Mr. CLINGER. I would now like to ask Mr. Wright—if you would present your testimony, Mr. Wright.

STATEMENT OF GARY D. WRIGHT, FORMER DEPUTY DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. WRIGHT. Good afternoon, Mr. Chairman, members of the committee. That is a rather hard act—sorry, that is a hard act to follow, John. I'll read my rather brief statement.

My name is Gary D. Wright. I was employed at the White House Telegraph and Travel Office for 32 years before being fired on May 19, 1993, along with the rest of the staff. At the time of my dismissal I was the Deputy Director of the Travel Office.

I was well aware during my 32 years of serving eight Presidents that I worked at the pleasure of the President, which means that I could be terminated at any time without protection afforded a

Government employee. However, as one of the White House operating units, our office function was nonpolitical.

Our office dates back to at least the Lincoln administration, and no incoming President ever found it necessary to replace our office with his campaign workers.

After President Clinton took office, we started getting indications and hearing rumors that we might be replaced by Clinton people and a travel agency. No top-level White House staffers of the Clinton—Clintons ever came to our office to find out what we did, how we did it or to advise us of any instructions or changes they would want. We worked with the press office during Presidential trips as usual. The press office seemed to be happy with our work, so I began to think that we would survive.

It came as a complete shock to me on May 19, 1993, to hear on Cable News Network that I and our entire office had been fired. At the time I was at work in Seoul, Korea, with a White House advance survey team preparing for President Clinton's first foreign trip. I was absolutely stunned to hear that Bill Clinton's staff had ordered an FBI investigation of us for criminal wrongdoing.

Because of the criminal investigation, I, along with each person in our office, was forced to hire an attorney. As Deputy Director of the office, I was a prime target, along with the Director, Billy Dale; and my financial affairs were investigated in minute detail by the FBI.

Due to my position as Deputy Director, I was not offered another job in the Government. I was forced to accept an early and voluntary retirement from the Government at a reduced annuity. This early retirement has caused financial hardship for me and my family.

There have been accusations made about gross financial mismanagement, taking illegal kickbacks and embezzlement. These allegations are all false.

I would like to give you a brief history of how we operated our office. Our office originated as the White House Telegraph Office. As telegraph operators for the President, someone from our office traveled on the train with the President when he traveled. The office was given the task of coordinating all the arrangements with the railroad for the President, staff and press.

As travel progressed from trains to airplanes, our duties and responsibilities changed. When the President started using military aircraft, our office worked with commercial airlines to charter planes for the press. Our primary job was to coordinate the air charters, bus charters, rental cars, baggage trucks, hotel accommodations for the press and the press office staff.

In addition to being in charge of the press charter, keeping track of the manifest and seeing that things ran smoothly, we also sent a man out in advance of the trip to each overnight stop. After each trip a memorandum was prepared for each member of the press advising them of their prorated share of the cost of that trip.

Billing and bookkeeping, an important and necessary function, was just one part of our job. While our accounting procedures may not have been perfect in the eyes of a professional accounting firm, we did keep complete records of financial transactions. We had spreadsheets that detailed what each member of the press's in-

volvement was in each trip and what they were being billed as their prorated share of the trip. The check payment for their travel was logged and posted in the spreadsheet. Every invoice was logged in and a record made of the date and check number when it was paid.

In order to get the bills to the press out on a timely basis, usually one or 2 days after a trip, we had to use estimates for some of our expenses, because frequently the vendors' bills would not arrive for several weeks. Because of this, we would sometimes overbill and at other times underbill. Since the same news organizations went on most of the trips, it all evened out over time. As a result of mailing our bills in a timely manner after a trip, we were able to receive payment and pay all of the vendors in 30 days most of the time.

At no time did we ask for or accept kickbacks from any air carrier or any other vendor with whom we did business. At Mr. Dale's direction, our primary goal was to keep trip costs down.

When it came to trip costs, we were the best friends the press corps had. I guess that may have been one of the reasons for the Clintons to fire us. We were a small group of honest, hard working, dedicated Government employees who were trying to do our job the very best we knew how. We all have letters of commendation from the Presidents we have served as well as their press secretaries.

I am still trying to come to grips with how our office, so highly thought of and trusted by the people for whom we worked and with whom we did business for so many years, could be perceived by the Clinton White House as being so rotten that the only way they felt they could deal with us was to fire us and engage the FBI to investigate the phony allegations made against us.

Thank you.

Mr. CLINGER. Thank you, Mr. Wright.

Now we will ask Mr. Dreylinger if you would present us with your testimony.

STATEMENT OF JOHN P. DREYLINGER, FORMER ASSISTANT TO THE DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. DREYLINGER. Mr. Chairman, members of the committee, my name is John P. Dreylinger. I am one of the fired members of the White House Travel Office. I was employed at the White House Travel Office from February 22, 1967, to May 19, 1993.

While I was an enlisted man in the Army, from December 1961 to February 1967, I had been assigned to duty at the White House Communications Agency. On my release from active duty I was offered and accepted a job as an assistant in the White House Travel Office. I served in the Travel Office during the administrations of Presidents Johnson, Nixon, Ford, Carter, Reagan, Bush, and Clinton. Counting both my military and civilian service, I have been a Government servant for almost 35 years.

My duties as an assistant in the Travel Office were to serve the needs of the White House by assisting the press corps that wished to travel with the President on trips outside of Washington, DC, and when in Washington to provide commercial travel services for the White House staff.

My duties included acting as an advance representative for Presidential trips. This required me to travel to the locations that the President would be visiting and, while there, make arrangements for hotel space, telephone service, local transportation, and meal catering that would be needed by the members of the press corps and White House staff traveling aboard the press charter. I also traveled on the press charter and coordinated the transportation needs of the press corps and staff during those trips.

During my 26 years at the Travel Office, I believe that I did a good job, both for the White House and for the press corps. I don't know of anything I did that would justify the accusations of financial mismanagement that were made against me in 1993.

To the extent that I dealt with the financial end of the Travel Office—the preparation of bills to the press, the processing of incoming and outgoing checks, and the handling of the petty cash that I would need to take on trips—I don't think that I mismanaged anything. To this date, no one has indicated, either orally or in writing, the specifics of what it was that I was accused of doing wrong.

In carrying out my duties at the Travel Office, I dealt with the White House staff, the Secret Service, the Department of State, the military, domestic and foreign airlines, bus and rental car companies, hotel and convention centers, and representatives of many foreign governments. I believe that during my years at the Travel Office that the office enjoyed a reputation for honesty, integrity, and competence.

I enjoyed my position at the Travel Office. My duties required that I travel to different parts of the United States and to many foreign countries in the service of the President and the press corps. It was a satisfying job, even though it often required long hours and hard work.

I was stunned when I was told by David Watkins on May 19, 1993, that I was being terminated on 2 hours' notice, and I was angered when I learned that I was being accused of criminal misconduct by the White House. There never was a basis for those accusations, and I think it was irresponsible of the people who made them. I regret that we were not treated as individuals and that the implication of criminal activities was used across the board and tarnished everyone.

After the White House, in July 1993, acknowledged its mistake in terminating me and most of the others from our Travel Office positions, I thought that I may be restored to that position and continue in the job. But during the months that the White House was looking for a position for me within the Government, it was made absolutely clear to me that I would not be returned to the Travel Office. There never was an explanation why.

Eventually I was forced to accept a position at another Government agency, where I am still employed. It is not the position that I wanted, but I was told that if I did not accept it, I would be terminated from Government service. I could not afford to have that happen.

I understand today, from reading the accounts of the events that preceded my firing in May 1993, that the administration wanted to put its people into the Travel Office. What they didn't seem to un-

derstand about the seven of us that staffed the White House Travel Office under the administration of as many as eight Presidents is that we were their people. I myself had the honor and the privilege to serve six other Presidents, and I would have continued to serve President Clinton had I been given the opportunity.

Thank you, Mr. Chairman.

Mr. CLINGER. Thank you, Mr. Dreylinger.

And now Mr. Van Eimeren, please.

STATEMENT OF ROBERT S. VAN EIMEREN, FORMER ASSISTANT TO THE DIRECTOR, WHITE HOUSE TRAVEL OFFICE

Mr. VAN EIMEREN. Good morning.

My name is Bob Van Eimeren, and I worked in the White House Travel Office from May 19, 1984, until our sudden dismissal on May 19, 1993.

My primary duty was handling reservations and ticketing for commercial air and rail travel for the White House staff and those agencies that are part of the Executive Office of the President. I also traveled, to a limited extent, in advance and with the White House press corps and Press Office staff in conjunction with a trip of the President. This involved, in brief, making arrangements necessary to assure a smooth and successful trip on their behalf.

On May 19, 1993, I and my former coworkers were terminated under the guise of financial mismanagement. Speaking for myself, I had no involvement in the finances under question in review of the Travel Office, yet I was terminated nonetheless.

To add insult to injury, I found my reputation dragged through the mud when the White House Press Secretary announced to the world that the FBI was called to investigate possible criminal conduct in the office. At that point I had to seek counsel and an attorney to defend myself from this baseless charge. I understood that I served at the pleasure of the President, but I did not have to accept false accusations.

I was placed on paid administrative leave after it was determined that I had no connection to the charges being levied. After 5 months of negotiations with the White House, a position with another Government agency was offered to me, which I accepted, and for that I am grateful. But almost 3 years later questions regarding the operation of the Travel Office under Billy Dale remain, and I welcome this opportunity to respond to your questions pertaining to my role and tenure in the White House Travel Office.

Thank you.

Mr. CLINGER. Thank you, Mr. Van Eimeren.

Mr. Maughan.

STATEMENT OF RALPH T. "MOE" MAUGHAN, FORMER COMMUNICATIONS OFFICER, WHITE HOUSE TRAVEL OFFICE

Mr. MAUGHAN. Thank you, Mr. Chairman.

I am Ralph T. "Moe" Maughan. I was born and raised in Northport, Alabama, attended Northport Elementary School and Tuscaloosa County High School—like some of the others, I am not used to this—in March 1949, I joined the Alabama National Guard, 31st Division and was placed on active duty with the Army in January 16, 1951.

While on active duty, I served at Eniwetok Atoll in the Marshall Islands, which was the Pacific Atomic Proving Grounds for the United States. I served until August 1952, I was released from active duty, returned to Northport where I finished high school, worked in a shell plant until August 1953, at which time I enlisted in the U.S. Air Force and spent the next 19 years on active duty. My primary job in the Air Force was in cryptographic operations.

During my career in the U.S. Air Force, I had numerous assignments throughout the world. One of these assignments was at Shepperd Air Force Base, TX. While at Shepperd, I worked as a cryptographic operations instructor. During this assignment, I was one of 20 instructors interviewed for duty with the White House Communications Agency at the White House. Of the 20 interviewed, 3 were selected for duty at the White House.

During my 5 years at the White House, during the Johnson and first Nixon administration, I worked as a communications center specialist. At the end of my 5-year tour, I spent a year in Vietnam. Upon returning to the States, I was assigned to the Defense Communications Agency with a duty station in JCS—Joint Chiefs of Staff—communications center at the Pentagon. I worked there until I suffered a heart attack in November 1971.

I was hospitalized for 2 months, then returned to light duty until I was placed on TDRL—Temporary Disabled Retired List—in June 1972. I remained on TDRL until December 25, 1973, at which time I was placed on the Permanent Disabled Retired List because of my inability to pass a physical for worldwide duty.

I worked two civilian jobs after that, one as a service station attendant and the other as a management trainee for a consumer finance company after I was medically retired. I returned to the White House as a civil service employee in September 1973, and worked in the Telegraph and Transportation Office as a communications officer and a travel assistant, as required.

I was employed as a civilian in the White House for a period of 19 years and 9 months, during the Nixon, Ford, Carter, Reagan, and Bush administrations and the first 4 months of the Clinton administration, at which time I was fired along with six other employees in the Telegraph and Travel Office, supposedly for financing mismanagement and sloppy bookkeeping.

While employed in the Telegraph/Travel Office, I was responsible for the record—which was printed communications—all unclassified, both sent and received by the President, Vice President, and staff members of the Executive Office of the President and the White House Office of Administration. This duty included preparing and transmitting large books, or batches, of mail-gram invitations to social events, as directed by the Social Office.

I also made bank deposits to the White House Press Travel Fund bank account to Riggs National Bank located on Pennsylvania Avenue NW, Washington, DC. This entailed taking checks that were received from the press participants of a trip in support of the President, running a tape on them, verifying the tape to be correct, usually with another member of the office staff, but not always, due to personnel being out of the office on trips supporting the President.

This verified tape was then Xeroxed, and the proper check number and organization from which it came would be typed next to the amount of the check. This provided us with a 3-column record for future reference if the need ever arose to verify any check or billing misunderstanding.

On May 19, 1993, the complete office staff of the Telegraph and Travel Office was summarily fired. This action caused an untold amount of stress on the seven employees and their families. During the time of the firing and the time that Mr. Billy R. Dale was cleared in a jury trial, three of our fathers passed away prior to the trial and were buried, never knowing for sure that their sons were not guilty of what they had been accused of.

Five of the employees, two of which were not even in the country at that time, were placed on administrative leave with pay for the remainder of May, at which time we were told we would be removed from the payroll but would continue to have medical and hospitalization insurance for an additional 30 days.

Prior to the end of May, we, the five, were called by Mr. Mark Gearan, the Deputy Chief of Staff, and told we would be on administrative leave with pay for an indefinite period of time. After a 5-month period of administrative leave, we were offered jobs with the Federal Government at different locations. Two were employed with the General Services Administration, one by the State Department, one by the Commerce Department, and I went to the Defense Department in the Office of the Deputy to the Under Secretary for Policy, Policy Support, and Emergency Planning, where I remained until I retired from the Federal Government on January 2, 1996, with a combined total of 42 years and 8 months of service to the United States of America, of which I am very proud.

I sincerely thank you for giving me this opportunity to read this statement into the record. Thank you.

Mr. CLINGER. Thank you, Mr. Maughan and thank all of our panel for your very compelling stories of the events surrounding your firing and the events subsequent to your firing and what it has meant to you during your lives.

We will now start with the 5-minute rule and I will start with the first round of questioning.

Mr. Dale, just to be very clear, you did not handle taxpayers' money. There was no Federal money involved in the accounts that were under your supervision, was there?

Mr. DALE. That is true.

Mr. CLINGER. One of the things that struck me about this whole exercise for the past 2½ years that we have been sort of looking at this or attempting to look at it, has been the very strong support you and the others have received really across the board, many of those coming from the news media, who are the ones, presumably, that were affected, if there was, in fact, wrongdoing with regard to their money; people like Brit Hume, Sam Donaldson, and others really who testified on your behalf.

Were there any members of the news media whose funds you were the steward of who testified in your trial against you or raised concerns about your mismanagement, supposedly of the Travel Office funds?

Mr. DALE. No, sir.

Mr. CLINGER. In fact, all of the witnesses that appeared from the news media were character witnesses on your behalf; is that correct?

Mr. DALE. That is true, and we had more standing in the wing waiting to testify, wanted to testify, and the judge said I have heard enough, let's call a halt to all of this.

Mr. CLINGER. Even though you were being accused of stealing from the news media?

Mr. DALE. That is correct.

Mr. CLINGER. These were their funds, not taxpayer funds, their funds you were being charged with ripping off, basically.

Let me get right to a couple of critical charges that were made just to clarify them. The charge that you handled large, sort of a large slush fund of money, you carried large amounts of cash which were unaccounted for, one; and the second charge is that you did put money into your own account and that you have testified the reason for that was the reasons you negotiated a plea was because that was going to be difficult to really get across to a jury.

Tell us in your own words why you used that technique.

Mr. DALE. Yes, sir.

In 1982, when I took over as Director of the Travel Office, I had a meeting with the White House Correspondents Association and some other White House staff members to discuss how we could hold down the cost of future trips. In that meeting it was decided that I should maintain a surplus of $25,000 in the account, and if that account grew to, let's say, $30,000, because of some windfall or something, then the next trip I would work that $5,000 off by decreasing the trip expenses by 1, 2, 3, 5 percent.

Also, if that fund dropped to $20,000, I could make it up on future trips or the next trip by using the same manner of accounting. Well, $25,000 in 1982, was probably enough money, but by 1988, it had become apparent to me that $25,000 was not enough money to maintain this surplus. And I will give you an example of what I am talking about.

In 1986, UPI went bankrupt and stuck me with approximately $40,000. That was $40,000 that I had to make up on future trips and it was not easy. And there were other things that happened along the way, unexpected charges that came up. One time in Madrid, Spain, I had to pay $29,000 for unused hotel rooms on behalf of the Press Corps.

So the checks, by and large, that I put through my personal checking account, were refund checks from telephone companies that had overbilled us for one reason or another and sent the money back. Now, if I had put those in the Riggs account, it was my obligation to work that off on the next trip.

Well, it was apparent to me that the next trip was not necessarily the one that I wanted to work it off on. It may not be the one that needed to work it off on, so I cashed in those checks. I kept the money in the Travel Office behind my desk and I used it as I saw fit on future trips for unexpected expenses like that that I did not intend to bill back to the press.

Mr. CLINGER. And none of that money was used for your own benefit in any way?

Mr. DALE. No, sir, that money was always in the Travel Office.

Mr. CLINGER. And you did keep a record of the amounts that were put through that account, but my understanding is that those records have not been able to be located?

Mr. DALE. That's right, I kept the same ledger sheets for that fund that I kept for the petty cash fund. In February 1993, the loose-leaf binder that we had kept the petty cash logs in had never been emptied and I decided to take all the ledger sheets out of the petty cash log except for 1 year's worth and I put all of these together in a large Manila envelope.

It was my intention to separate those by years and then file them in a file cabinet that corresponded to that year, but I got busy later that afternoon, got a telephone call or something, and I just put the envelope behind my desk on a window well, in a file rack, and thought I will get to it later. I never got to it later because that envelope disappeared after Catherine Cornelius came to work in the office.

Mr. CLINGER. Let me just ask all of you one simple question, I think it requires a yes or no. My time is about to expire.

One of the accusations was, and there was a whistle-blower letter at one point that suggested that you all were sort of aiders and abetters of smuggling operations in terms of bringing in valuable oriental rugs and fine wines and so forth. Let me just ask each of you, if you would, to say yes or no.

Did you facilitate or aid or abet smuggling of this kind in any way?

Mr. Maughan?

Mr. MAUGHAN. No, sir.

Mr. CLINGER. Mr. Dreylinger?

Mr. DREYLINGER. No.

Mr. CLINGER. Mr. McSweeney?

Mr. MCSWEENEY. No, sir.

Mr. CLINGER. Mr. Dale?

Mr. DALE. No, sir.

Mr. CLINGER. Mr. Brasseux?

Mr. BRASSEUX. No.

Mr. CLINGER. Mr. Wright?

Mr. WRIGHT. No, sir.

Mr. CLINGER. And Mr. Van Eimeren?

Mr. VAN EIMEREN. No, sir.

Mr. CLINGER. Well, I just wanted to get that laid to rest right off the bat so we don't have to deal with that.

Ms. NORTON. Mr. Chairman, on your line of questioning, could I ask for a clarification?

I believe you asked the question concerning the people who testified at the trial and indicated that they were willing to testify, despite the fact that the funds involved were their funds. Is it not true that the funds involved would have been the funds of their employer and not their personal funds?

Mr. CLINGER. That is correct. But I believe he also indicated that nobody from the news media, neither the employers or the employees, testified or were involved in his trial at all.

Ms. NORTON. I wanted to clarify that Sam Donaldson, if he was testifying, it was not about his personal funds that he had any rea-

son to be concerned, because he would have been reimbursed in any case by ABC.

Mr. CLINGER. He did indeed, but he also indicated that he felt that Mr. Dale was a totally honest man and that he never had any cause to question his integrity.

The gentlewoman from Illinois.

Mrs. COLLINS of Illinois. Thank you, Mr. Chairman.

I understand that several of you, or two or three of you, have already retired, but at the time this happened, did any of you lose any pay? Any of you?

Mr. MCSWEENEY. No, I was paid, but called a thief.

Mrs. COLLINS of Illinois. Everybody else was paid; is that right?

Mr. MAUGHAN. Same answer.

Mrs. COLLINS of Illinois. All of you were paid.

OK, thank you very much.

Now, in your new jobs, were you given civil service protections?

Mr. DREYLINGER. Yes.

Mr. MAUGHAN. I was.

Mrs. COLLINS of Illinois. All of you were given civil service protections. And that included seniority rights, and more important than that, due process rights; is that so?

Mr. MAUGHAN. Yes.

Mrs. COLLINS of Illinois. Mr. McSweeney, I believe it was you who testified on page 5 of your testimony that you had legal fees of over $65,000 of your retirement funds.

Mr. MCSWEENEY. $65,000 of my money, which I planned to use for my retirement. My retirement funds are in the Government. They are my funds.

Mrs. COLLINS of Illinois. Were you aware of the fact that GAO said that you were entitled to have those legal funds reimbursed?

Mr. MCSWEENEY. GAO has what? I'm sorry.

Mrs. COLLINS of Illinois. GAO has said that you are entitled to have those funds reimbursed.

Mr. MCSWEENEY. Those funds, the funds that were within the Government for my retirement, is a completely separate amount of money from the $65,000 that came out of my pocket. Not the Government retirement.

I think what I might clarify is that the use of the term "pension funds" is that I wanted to use that money for my pension when I retired.

Mrs. COLLINS of Illinois. I am looking at the GAO report, and it is on page 49, in case you want to review it or have some legal person review it, it says that Title I of the Act which appropriates money to the Department of Transportation, provided $150,000 to the Office of General Counsel for the Travel Office investigation-related expenses of the five employees during calendar year 1993, on the condition that the employees were not subjects of the investigation.

And as of April 14, no funds had been paid yet to reimburse the employees legal expenses. So somewhere along in there I believe you can be reimbursed.

Mr. MCSWEENEY. I'm sorry, I misunderstood. Yes, in fact, we have been reimbursed for that $150,000, but it does not cover what we all spent.

Mrs. COLLINS of Illinois. Does not cover it all.

All right, then.

Mr. Dale, you have answered some of these questions, and I want to just ask you a few more. You know all these findings of all Peat Marwick, lack of accountability and all that kind of stuff.

Do you disagree with these findings?

Mr. DALE. Absolutely.

Mrs. COLLINS of Illinois. That answers that question very, very quickly.

Now, what about the lack of accounting controls and systems and policies and no system for procurement documents, and no general ledger and all of that; do you agree with those findings?

Mr. DALE. I do not, and I don't know if those are—if they mean me, the White House, or who are they referring to, that report that you are reading from?

I had records to prove every financial transaction that took place in that Travel Office as long as I was the Director, until Catherine Cornelius came into the office. After she came in, I could not tell you what happened.

I can tell you that on October 24, I sat at home and I watched this hearing, and if the jury had been sitting in this room, I was a convicted felon by the tone of some of the people on this panel. I got so angry that I didn't know what to do.

Mrs. COLLINS of Illinois. And you said to yourself later, thank God for juries, because the jury found you not——

Mr. DALE. But the jury was not sitting in this room that day.

Mrs. COLLINS of Illinois. No, that is true, but, ultimately, that happened.

Mr. DALE. But you people convicted me before I ever went to trial. I went back and watched the tape of it yesterday and it just irritated me even deeper than it did then.

Mrs. COLLINS of Illinois. Let me say this; if, in fact, you were convicted, as you say by this panel, I believe it was in an effort to find out actually what had happened. And if you felt that you were offended in some way, know, too, that that is part of our responsibility, to try to get at the truth of whatever the matter was.

We hope that you do not now feel that we have created a great injustice to you, especially in light of the fact that the jury found that that was not the case.

Mr. DALE. Well, I will reserve my feelings.

Mrs. COLLINS of Illinois. Well, fine, that is fair enough.

Now, you have taken issue with the White House's allegation of financial mismanagement and shoddy accounting. And on May 14—I keep on doing this Peat Marwick because I want to give you a chance to clear it up.

On May 14, 1993, the Peat Marwick reviewers discovered discrepancies in the recording of accounts in the petty cash fund. We talked about that. And the following day, you told Daniel Russell, one of those CPAs, that you had located some of the missing funds.

I am going to quote from the FBI interview notes to you. And it says you told Mr. Russell that you had to set aside money to use as kickback money to move luggage. Dale, he says, did not supply the money earlier because he knew it did not look good and it reflected that he had done a poor job of accounting.

Tell me in your own words what happened there.

Mr. DALE. First of all, when Mr. Russell came in the office on the morning of May 14, nobody ever told me that this was an audit. This was a review of the Travel Office to see if services could be streamlined or improved in any way.

Nobody ever told me to provide any money to Mr. Russell and I dispute the fact that he said I gave him the money the next day. I remember it as showing it to him that afternoon, when it became apparent to me that this was more than just a review because of the records that he was asking for.

So there are some inconsistencies in what he remembers and what I remember.

Mr. CLINGER. The gentlewoman's time has expired.

The gentleman from Indiana, Mr. Burton, is recognized for 5 minutes.

Mr. BURTON. Thank you, Mr. Chairman.

You know, I have heard this White House talk about their concern for Federal employees over the past several weeks and months, but the way you guys were treated is beyond comprehension. It rivals, in my opinion, the Spanish Inquisition. This is just unbelievable.

The jury was out less than 2 hours, less than 2 hours, and they came back with a not guilty verdict on Mr. Dale, and yet my Democrat colleagues appear today to continue to question the veracity of that decision. I mean, I don't know why you are even talking about that. He has been acquitted. Not guilty. No problem.

Now, these people, Mr. McSweeney and Mr. Dale, both voted for Bill Clinton. They are Democrats. So this cuts across party lines. They were there——

Mrs. COLLINS of Illinois. Will the gentleman yield?

Mr. BURTON. I will not yield.

Mrs. COLLINS of Illinois. Well, you used my name.

Mr. BURTON. I will not yield. I will not yield.

Mrs. COLLINS of Illinois. Mr. Chairman.

Mr. BURTON. I will not yield.

Mr. CLINGER. The gentleman from Indiana controls the time and he has indicated he will not yield.

Mr. BURTON. I will not yield.

Mrs. COLLINS of Illinois. Well, Mr. Chairman, the gentleman did use my name and called me Democrat Collins, and I think the Republicans over there ought to have the courtesy to allow me to explain my position.

Mr. CLINGER. I do not believe the gentleman used you're name.

Mrs. MALONEY. Mr. Chairman, point of information and clarification.

Mr. CLINGER. The gentlewoman will state her point of information.

Mrs. MALONEY. Point of information and clarification.

Mr. Chairman, the speaker, Mr. Burton, said that the Democrats called this hearing.

Mr. BURTON. I did not say that.

Mrs. MALONEY. We did not call this hearing. This was not our idea.

Would you please clarify who called this hearing?

Mr. CLINGER. The gentlewoman should understand that the Chairman called the hearing. I do not believe Mr. Burton implied or suggested or stated that the minority had called this hearing. It was called at my request, because I felt it was time, past due time, for these gentlemen to have a chance to tell their story under oath in a public forum.

The gentleman from Indiana.

Mr. BURTON. Mr. Chairman, I hope they did not take away from my time because I want my full 5 minutes.

One of the things that concerns me—and, first of all, I want to apologize to you guys for what you have been through, for what your kids and wives have been through and your families have been through. I think you have done a great job. And I have talked to a lot of members of the media and you have the highest respect from the people in the media. People who attack Republicans as well as Democrats, they think you did a great job down there. That is one of the reasons I think they took the approach they did at the White House to try to get rid of you because they did not want to offend the media and cause a black eye for themselves.

Now, let me just talk about a few things. The First Lady has said time and again, she had no involvement in this. We go back to Mr. Watkins, and he says we both knew there would be hell to pay if after our failure in the Secret Service situation earlier, we failed to take swift and decisive action in conformity with the First Lady's wishes.

Now, there is some question. She says time and again, she had nothing to do with this, but today we find a note to Mack McLarty from Ricki Seidman, the White House Senior Adviser to Mack McLarty, on July 9, and she says in that memo: Heads up. Possible New York Times negative editorial regarding Hillary and the Travel Office. Maggie and Podesta trying to stop it. She is talking to a Janine regarding scheduling Webb Hubbell. Must meet with you.

And there is another note here that says: Heads up. New York Times negative editorial regarding Hillary and the Travel Office. Webb Hubbell needs 30 minutes with the First Lady.

It seems to me unbelievable that all of these people at the White House are either lying or incorrect in the First Lady's involvement.

I am not concerned about the administration's ability to fire these individuals, should they have chosen to do so. That does not bother me, because new administrations come in and they can replace anybody they choose. But when they start doing things like they did, destroying people's reputations and misusing the power of the White House, that goes way beyond the scope of just getting rid of people they do not want in this and putting people in who are their friends.

I have been led to believe, and I hope, Mr. Chairman, we are able to bring Ms. Richardson, the head of the IRS in here, because we have notes which lead us to believe that the IRS may have been involved in trying to keep a lid on this. I am trying to find my notes here quickly. Here we are.

According to the White House staff, notes of an interview with Beth Nolan and Cliff Sloan of the White House Counsel's Office, BK, that is Bill Kennedy in the White House Counsel's Office, said PR, that is Peggy Richardson, the Commissioner for the IRS, is on

top of it. She said at a party the IRS is on top of it, and some reference to IRS agents aware of something like that.

Now, if the White House went so far as to use the IRS and the FBI to try to discredit these people and to force them out, that is a miscarriage of justice, and I believe it borders on a felony, and we need to get to the bottom of that, Mr. Chairman, and bring those people before this committee, have them put under oath, so that we can find out if those kinds of wrongdoings took place. There may be some prosecutions in order down the road.

I have a number of questions here I would like to ask the gentlemen real quickly. I know my time is probably going to run out.

Do you believe, gentlemen, any of you, that the IRS may be prepared to audit you, or have you had any indications you might be audited by the IRS?

Mr. DALE. Mr. Burton, first of all, let me correct the record. I am not a Democrat.

Mr. BURTON. Well, the only reason I said that, Mr. Dale, is because in November 1992, in an article, it says, "Like a lot of fellow Marylanders, Billy Dale went into the polling booth and cast his vote for Bill Clinton. 'I was like a lot of people,' he says, 'I thought we needed a change.'"

So maybe you just made one mistake.

Mr. MCSWEENEY. Can we make that two? I did not vote for Bill Clinton. My lawyer said I did because I was a registered Democrat, but, no, I did not.

Mr. DALE. But on your question, yes, I am the target of an IRS audit at this time.

Mr. BURTON. Do you feel that this is an unjustifiable action?

Mr. DALE. I feel like it was brought on by the Travel Office firings, yes.

Mr. BURTON. Are you familiar with UltrAir in Tennessee?

Mr. DALE. Yes, sir, I am.

Mr. BURTON. Have you talked to any of those people down there in the last few months?

Mr. DALE. Yes, sir, I have.

Mr. BURTON. They asked for an opinion from the IRS about excise taxes, and within 24 hours they were literally attacked by the IRS agency, took all of their records, and for the next 24 months had them under a very scrupulous investigation, and they were found to not have done anything wrong.

It leads one to believe that the IRS was used to try to discredit you through UltrAir and also discredit UltrAir. Do you believe that is the case?

Mr. DALE. Yes, sir, I do.

Mr. BURTON. So you think there is a real possibility that the IRS and Mrs. Richardson may have been involved with the White House in trying to put you fellows in a bad light?

Mr. DALE. I can tell you that I don't remember the date, but somewhere along October, November 1993, I got a summons from the IRS to appear in my attorney's office and bring all documents pertaining to the Travel Office. I went, and it was our understanding at that, that they were going to question me about the excise tax and how the White House Travel Office had handled it.

As the meeting was drawing to a close, they had asked me a lot of personal questions, what kind of automobile did I drive and things like that, and they looked at me and they said, "Don't be surprised if you hear from Baltimore and they want to audit you."

Mr. BURTON. As I understand it, the rest of you have had indications that the IRS may be wanting to audit you or talk to you as well.

Mr. McSWEENEY. That is correct.

Mr. BURTON. Is that correct?

Mr. DREYLINGER. I am not aware of that in my case.

Mr. MAUGHAN. No.

Mr. BURTON. You two are not.

Any of the rest of you?

Mr. BRASSEUX. No.

Mr. WRIGHT. No.

Mr. McSWEENEY. At the meeting between my counsel and the IRS, they said basically the same thing, not to be surprised if it happened.

Mr. BURTON. Mr. Chairman, I know my time is up, but let me make one request, and that is, we do have Ms. Richardson appear before this committee under oath, and I hope we can bring Mr. Hubbell as well, because I have a number of questions.

Mr. CLINGER. As I have indicated to you, we intend to do that, Mr. Burton.

Mr. BURTON. Thank you, Mr. Chairman.

Mr. CLINGER. At this time I recognize the gentlewoman from New York, Mrs. Maloney.

Mrs. MALONEY. Thank you, Mr. Chairman.

Once again this committee is playing politics instead of shaping policy. More taxpayer dollars are being spent on allegations that, even if revealed to be true, would not even be illegal.

If the majority is so concerned about the White House Travel Office, it should be focusing this hearing on how to improve management in the White House Travel Office. That would be a very constructive conversation.

So at the risk of sounding constructive in what I consider just one more shot in the opening of the 1996 Presidential campaign, I would like to ask my colleagues to join me in a bill that would privatize the Travel Office, that would just depoliticize it, professionally manage it. The Republicans aren't happy with the way the Democrats ran it; the Democrats aren't happy with the way the Republicans ran it. I suggest we move forward, privatize the office, and get on with the other problems before Government.

I would like to ask the panelists a question. I would like to ask each and every one of you the same question, and I would like to begin with Mr. McSweeney. I would like to ask you if you personally knew of any activity relating to White House Travel Office operations, and occurring during your service in that office, that was illegal. And if you knew of any activity that was illegal, will you please elaborate and tell us about it.

Mr. McSWEENEY. No, I did not, do not, know of any that was illegal. Do you have a specific?

Mrs. MALONEY. No. I am asking you.

Mr. McSWEENEY. No, ma'am, I do not. I would not have done it.

Mrs. MALONEY. I know you would not have.
Yes, sir, would you?
Mr. DREYLINGER. I am not aware of any illegal activities.
Mrs. MALONEY. Did you?
Mr. MAUGHAN. No, ma'am.
Mr. BRASSEUX. No, ma'am.
Mr. WRIGHT. No, ma'am.
Mr. VAN EIMEREN. No, ma'am.
Mrs. MALONEY. Mr. Dale?
Mr. DALE. No, ma'am.
Mrs. MALONEY. Mr. Dale, would you describe the duties of the Travel Office?
I was curious about one of your statements earlier where you said that in travel over to Spain you had to pay for the cost of the hotel rooms for the press corps. Why did you have to pay for their hotel room? Why didn't they pay for their own hotel room?
Mr. DALE. Because these were hotel rooms we reserved on their behalf and went unused.
Mrs. MALONEY. And if they are not used, then your office would pick up the cost of that as opposed to billing——
Mr. DALE. Unfortunately, we never had to pick up a tab that large before.
Mrs. MALONEY. Could you just outline what your office did?
Mr. DALE. Well, our office made the travel arrangements for the White House press corps to cover the President, which included the chartering of an airplane; handling their luggage, equipment, chartering buses, trucks, rental vehicles to meet them on the distant end; reserving hotel rooms; booking them; coordinating with the bell man; and just any logistical arrangement that needed to be made on their behalf, which included handling their passports on international trips, turning them over to an immigrations officer that traveled along with the Customs officer, and just making sure that everything ran smooth; and I felt we did a good job of it.
Mrs. MALONEY. Are you aware that last September an interagency group issued a report recommending full agency use of travel management centers—in other words, privatizing all travel throughout Government? Did you see that report?
Mr. DALE. No, ma'am, I did not.
Mrs. MALONEY. And you mentioned that you handled reservations and ticketing service for the White House. Are you aware that they are now being performed by a private travel management agency?
Mr. DALE. Yes, ma'am.
Mrs. MALONEY. Which is really, as I understand it, how it is handled throughout Government.
In a 1994 GAO report, a request for proposal for Executive Office travel services was issued, in 1994 of April, and that also offered the possibility of additional work to include arranging air charter services with fees to be negotiated.
I would appreciate your comments on the outsourcing or privatizing of the air charter operation for the Executive Office. Do you see any reason why that service cannot be privatized?
Mr. DALE. Personally, yes, I do.
Mrs. MALONEY. Could you tell us why?

Mr. DALE. Because of the security that was required in Presidential trips.

If you are talking about the White House press charters, that is the only one I am familiar with and the only one I feel qualified to talk about.

But if you are suggesting that a private company could arrange those charters, well, I think that you need to find out more about what the Travel Office did and the security involved in a Presidential trip.

Mrs. MALONEY. In Presidential trips now, staff travel in the White House currently is done by a private contractor. If it is done for the staff by a private contractor, why cannot the press activity also be done by a private contractor?

Mr. DALE. It is my understanding it is not.

Are you talking about the commercial travel or the charters?

Mrs. MALONEY. Both.

Mr. DALE. It is my understanding that a private company does the commercial travel but White House employees handle the White House press charters. That is my understanding. And understand, I have not been back since the day after I was fired.

Mrs. MALONEY. Can you elaborate on why your job could not be done by a private company?

Mr. DALE. I didn't say it couldn't be done. But I don't think that it is realistic to think that a private company can come in and the Secret Service would communicate with them on security arrangements and the coordination of the movement of Air Force One with a private company and the turnover that they might have as they would with Government, White House employees.

Mrs. MALONEY. Yet that is the way it is handled in many cases. That is the way it is handled with the staff.

Mr. DALE. Not for the President of the United States.

Mr. McSWEENEY. Are you talking of the staff on Air Force One when you talk of staff?

Mrs. MALONEY. The staff on Air Force One is on Air Force One. I am talking about additional staff that may go that is not on Air Force One. If the staff is on Air Force One, they are with the President.

Mr. McSWEENEY. The only staff that would be going on the press plane would be the press office staff, and their arrangements are made through White House personnel working in the White House Travel Office unless, that is, that has changed in the last month and a half.

Mrs. MALONEY. If I could have an additional minute, I was very touched by your statement, Mr. McSweeney, when you said you looked at Air Force One, and there was the emblem, and it was not a Republican emblem, and it was not a Democratic, it was the United States of America, and I do not see why we cannot treat the Travel Office the same way. Let us not have a Republican one or a Democratic one; let us have a professional office——

Mr. McSWEENEY. We never have. We never have.

Mrs. Maloney.—that makes the appropriate arrangements. And I would like to discuss this further with you. I do not see why this cannot be handled, if it is a separate plane, separate from the President, by private companies.

Mr. CLINGER. The gentlewoman's time has expired. And in response to the question, shouldn't one of our concerns be how we could improve the Travel Office, I think that is obviously one of our purposes here, as well as how we can improve travel in the Department of Commerce, travel in the Department of Energy, where there seem to have been serious problems that have not yet come before this committee but perhaps shall.

At this time I will recognize the gentlewoman from the State of Maryland.

Mrs. MALONEY. Will the chairman yield?

Mr. CLINGER. The time is Mrs. Morella's.

Mrs. MORELLA. Thank you, Mr. Chairman.

I want to commend you, Chairman Clinger, to hold this important hearing to further investigate the injustice that was done to our seven Federal civil servants. I really want to thank our witnesses for their years of loyal Government service and for appearing before us today.

We know it is not easy to relive this over and over again. The effects that the firings have had on your lives and the lives of your families is really inexcusable, and I find it to be shocking.

All White House employees, whether they are part of the civil service or political appointment process, serve at the pleasure of the President. The President will restructure the White House according to perceived needs or the plans of the administration and no one has questioned that.

Indeed, Mr. Dale, you indicated that you and your colleagues anticipated there might be changes in the Travel Office. But to fire seven loyal civil servants under the pretenses of criminal conduct without real evidence before a report was even complete is absolutely outrageous.

I am particularly glad that we are holding a hearing to focus on the impact of these political actions on the lives of those of you who were involved, something that politics have overshadowed so far. The Travel Office staff members were career Government employees, and we have heard from between 9 and 32 years experience in the Travel Office itself, including service to both Democratic and Republican Presidents. They reported to work one day, were told that they were fired as a result of their poor performance and mismanagement.

Further, a White House spokesperson told me that their termination was also due in part to findings of an FBI investigation, including potential criminal conduct. They were told to clear out their belongings after up to 32 years of service, were escorted from the White House grounds in a cargo van by the Secret Service. What a reward that is for loyal service. They returned home to friends and family who had learned on television that they were fired in conjunction with an FBI investigation.

You know, Mr. Chairman, it is precisely these human effects that warrant these hearings. Federal employees, regardless of where they work—at the Justice Department, Defense, White House—should not be fired on the basis of false allegations. What is so painfully apparent in this case is that false charges were brought against dedicated, long-term Federal employees to justify their firings.

I serve on the Civil Service Subcommittee; I represent a lot of Federal employees; I think this is absolutely outrageous.

I wanted to point out, Mr. Dale, the investigation of you even involved the investigation of the costs of your daughter's wedding. I have never heard of anything like that.

Mr. Brasseux, you were in a cargo van, you mentioned, with no seats. You were asked to vacate in 2 hours and that an investigation was to take place.

Mr. McSweeney, you were called by your son in Ireland and told that this was the case.

Mr. Wright, you were in Korea, and you had to hire an attorney.

Mr. Dreylinger, 26 years in the Travel Office with 7 Presidents.

Mr. Van Eimeren, no involvement in finances in the work you did in the Travel Office. You needed an attorney. What a plight to be in.

Mr. Maughan, you have served 42 years for the United States of America, and, as was mentioned, Americans do know right from wrong.

Now, there are many questions I could ask, but I wanted to quote from Mr. McSweeney's statement because he quoted a report, that we hear a lot of, that came from the Peat Marwick management team that they put together kind of at the last minute, not the auditing team, and in that report he says that:

> As you know, the procedures were revised throughout our onsite work to reflect the timeframe and the limited availability of data, information, and documented policies and procedures. As such, this report may not necessarily disclose all significant matters about the Press Travel Office or reveal errors or irregularities, if any, in the underlying information. Our procedures do not constitute an audit, examination, or review in accordance with standards established by the American Institute of Certified Public Accountants. We do not express an opinion or any other form of assurance on the information presented in this report.

As a matter of fact, they had stated at a subsequent time that what they looked at did not warrant firings. I point that out, and if I have any time left, referring to what Mr. Dale had said about management now in the Travel Office, would you, Mr. Dale, in my remaining few moments, like to make any comments about how it is now organized and managed?

Mr. DALE. Well, the only thing I can tell you is secondhand, hearsay.

But I have checked with AT&T. At the time that I left the White House, I owed AT&T approximately $300,000, which I was waiting for invoices. AT&T has told me that to this day it has never been paid; that the White House Travel Office is indebted to them hundreds of thousands of dollars. They would not tell me how much. They shouldn't have told me they were indebted, probably. But when I can call their accounting department, and my name is on these bills, it is easy enough for me to find out what is still outstanding from when I was in the office.

If I remember correctly, my checkbook balance, when I left the White House Travel Office, was somewhere over $600,000. I had invoices that we had submitted to the press corps that would probably bring in another million dollars. I was wondering what happened to that money.

Mrs. MORELLA. Is it true that they balanced the checkbook for the first time in 8 months just before the 1995 GAO report?

Mr. DALE. I heard that, yes, and found approximately $200,000 that they had deposited in the bank and didn't know about.

Mrs. MORELLA. Thank you, Mr. Dale; and thank you, Mr. Chairman.

Mr. CLINGER. The gentlewoman's time has expired, and I now recognize the gentleman from Vermont, Mr. Sanders, for 5 minutes.

Mr. SANDERS. Mr. Chairman, I share your concern about the way the White House fired these seven employees of the White House Travel Office.

It is my understanding that the White House had every right, if it chose to do that, when they came into office, for political reasons, to say we don't want you, we want other people. I don't think there is any dispute over that.

It is also my understanding that the White House inappropriately fired them, quote-unquote, for cause, suggesting that there was financial mismanagement when, in fact, that may not have been the case. To the degree that the White House did that, clearly what the White House did was inappropriate and it was wrong.

Mr. Chairman, my concern is not that we should not take a hard look at what happened to these people, but my concern is that we should take a look at all issues that impact Federal employees in a nonpartisan way and in perspective.

For example, Mr. Chairman, I note today that in The Hill newspaper, front page, headline, "House Hands Pink Slips to 113 Postal Workers." "Less than a day before the Congressional Accountability Act took effect Tuesday, the House Chief Administrative Office fired all but 6 of the 119 post office workers, making room for a private company to take over the House postal operations next month."

The 113 mail room employees received notice of their dismissal just hours before a deadline for accepting an offer from Pitney Bowes' Management Service, etc. Just hours. Mr. Chairman, that is 113 workers. Are we going to have a hearing on that as well?

To the degree that these people were wronged, so have other Federal employees been wronged. Mr. Chairman, recently, as you know, 750,000 Federal employees were either furloughed, sent home without pay, or were forced to work without pay. These people have suffered pain and embarrassment and financial problems as a result of what the White House may have done to them, but so did hundreds of other, hundreds of thousands of Federal workers, who did not receive the paychecks that they were entitled to.

Some of those folks may not have been able to pay their mortgage on time; some of them may have lost their homes; some of them may have paid their tuition payments late. Are we going to take a look at what happened to hundreds of thousands of Federal employees who were sent home without pay?

Mr. Chairman, recently there have been cuts in Federal programs that go to homeless people. How do homeless people survive if there are not going to be housing shelters or affordable housing available to them? How do hungry Americans get by if Federal aid for nutrition programs are cut?

The only point I am trying to make, Mr. Chairman, is not underline not, to defend what happened to these people. It sounds to me

as if they were treated unfairly, and it sounds to me as if an injustice was done to them, and that is wrong. Nobody should apologize to them.

But, Mr. Chairman, I would hope this committee is used in a nonpartisan way to take a look at all of the injustices, all of the miscarriages of justice that take place to all of our Federal employees, and I hope that we can broaden our inquiry and broaden our scope and take a look at other problems that Federal employees are facing as well.

Thank you, Mr. Chairman.

Mr. CLINGER. I thank the gentleman, and I now recognize the gentleman from Connecticut, Mr. Shays, for 5 minutes.

Mr. SHAYS. Thank you, Mr. Chairman.

Mr. Chairman, I am ashamed of this committee but only for one reason, that we are not having people on the other side asking questions that need to be asked. And I know that when I served on the HUD investigation as a freshman and new Member on the Republican side and we looked at HUD and we looked at the Republican administration, I had some of my Republicans say, well, you know, Democrats look at Democrats and Republicans look at Republicans. But I felt, and a lot of other people felt, we should just look at the issue.

I apologize first to you, Mr. Dale. I represent a part of this Government, but on behalf of whatever part of this Government I represent, I apologize to you, I apologize to your wife, I apologize to your children. And for each of you here, I apologize for whatever part of this Government I represent, because I am also ashamed of this Government now that I serve in and that I deeply love.

I am ashamed of an administration which had totally the right to fire each and every one of you. You knew when you got the job you were not hired as a civil servant, you were not protected by civil service laws, but you at least knew if you were let go, they would just do it.

We didn't know that they would use the IRS and the FBI to get you to do it and justify it for cause. Now, I'll tell you what I'm troubled by, Mr. Dale. I'm troubled that you and only one other person had control of money. I think that's a recipe for a disaster, and you may be an extraordinarily honest man and you are guilty of no crime. But what a temptation. And so that process is wrong and it shouldn't exist, so you change the process.

And what I'm somewhat ambivalent now, yes, we're going to get the IRS here and we're going to get the FBI here and we're going to say how could you have done this; and what they are going to do is work harder than ever to prove each and every one of you is guilty because now they have to defend themselves.

So, Mr. Dale, in a way, you can't even speak out because now the IRS is investigating you. And what an un—an incredibly outrageous position to put you in. I'd like to know from each of you how much you have had to spend to defend yourself, and I'm going to start from my right to the left.

Mr. VAN EIMEREN. I am one of the fortunate ones. I am not out-of-pocket anything.

Mr. SHAYS. OK, I don't want to waste my time. You came out whole. You were just accused of being a crook, but other than that, you know, OK.

Mr. VAN EIMEREN. The appropriation was sufficient.

Mr. SHAYS. Mr. Wright?

Mr. WRIGHT. $6,000.

Mr. SHAYS. $6,000.

Mr. BRASSEUX. I have yet to be reimbursed for approximately $4,000.

Mr. SHAYS. But you will be reimbursed?

Mr. Dale?

Mr. DALE. Out of my pocket, so far, I have spent $105,535, and I have faced legal bills of approximately another $300,000.

Mr. SHAYS. Tell me, so far, you have spent how much?

Mr. DALE. $105,535.

Mr. SHAYS. And how much is owed now?

Mr. DALE. Well, my—I think my attorney has sympathy on me, he hasn't submitted his final bill to me yet, but approximately $300,000.

Mr. SHAYS. So you have about $400,000. So when you win you lose.

Mr. DALE. There was also a legal defense fund set up and it's paid close to $100,000, so the legal bills were in the neighborhood of $500,000, so I have been told.

Mr. SHAYS. Thank you Mr. Dale.

Mr. McSweeney?

Mr. McSWEENEY. My total was $65,000, in which I have already been reimbursed about $35,000.

Mr. SHAYS. And will you be reimbursed for the remaining?

Mr. McSWEENEY. We have hopes.

Mr. SHAYS. OK.

Who reimburses you for this?

Mr. McSWEENEY. The Congress.

Mr. SHAYS. OK.

Because someone screwed you and we have to make up for it?

Mr. McSWEENEY. That's correct.

Mr. DREYLINGER. I had a total of about $34,000, and the Transportation funds that were allocated covered all of my legal expenses.

Mr. MAUGHAN. I had approximately $44,000 and $34,000 was covered by the DOT appropriation.

Mr. SHAYS. Now, Mr. Dale, I just want to go through this plea bargain issue. I'm really sorry we have to bring it up because that is confidential information, and once again, they not only went after you to try to prove that you were a crook, but afterwards they then tried to say that you did, you know, you were trying to do a plea bargain so you must have been a crook and that your vindication is somehow tainted.

My understanding is this, that basically you were just going to acknowledge the fact that you had put money in your account. You were not acknowledging in any way that you had done anything crooked; is that correct?

Mr. DALE. That's correct. We told the Justice Department if they wanted jail time, that we would admit that I commingled funds

and that I would agree to serve 2 to 4 months in jail, if that's what they wanted, because I had been told or been estimated that my legal expenses could exceed $450,000 and the anguish of going through a trial, and I didn't want to put my family through that unless I absolutely had to.

Mr. SHAYS. And it is possible, isn't it, Mr. Dale, that you could be innocent and be found guilty and you had to recognize that was a fact, too?

Mr. DALE. That's true. But in my plea bargaining I told them under no circumstances would I agree that I stole any money or used any Travel Office money in any manner except what it was meant to be used for.

Mr. SHAYS. OK, now Mr. Dale and Mr. Wright, you handled the money.

Would, Mr. McSweeney, representing the rest, you did not handle money; is that correct?

Mr. McSWEENEY. No, sir.

Mr. SHAYS. Why were you considered a crook?

Mr. McSWEENEY. Because the only way they could bring in the people from Arkansas was to clean out the entire office, including the telegraph side. That was the only way they could do it.

Mr. SHAYS. I want to hear from each of the individuals beside Mr. Dale and Mr. Wright.

Did any of you—I'd like to go down, did any of you handle money?

Mr. VAN EIMEREN. No, sir.

Mr. SHAYS. Collect money, reimburse it, put it in the accounts and so on?

Mr. VAN EIMEREN. No, sir. I handled very few dollars of petty cash.

Mr. SHAYS. I'm running out of time.

I'm sorry, very few dollars of what?

Mr. VAN EIMEREN. Very few dollars of the petty cash. When a trip was out, bus drivers, what have you, we give them a gratuity.

Mr. SHAYS. Tiny dollars.

Mr. Brasseux, you handled money next?

Mr. BRASSEUX. Yes. Yes, sir, I helped with some of the accounting practices but I had no financial responsibility, meaning I couldn't sign a check.

Mr. SHAYS. You did the bookkeeping.

Mr. BRASSEUX. I helped with some of the bookkeeping, checkwriting.

Mr. SHAYS. Mr. McSweeney?

Mr. McSWEENEY. The same. I did the bookkeeping, but I had no financial responsibility at all.

Mr. DREYLINGER. I had the same, I think all of us did have petty cash responsibilities when we would do a trip or go on an advance, but other than that, no responsibility.

Mr. SHAYS. Have any of you—yes, sir.

Mr. MAUGHAN. Yes. And as is stated in my statement, part of my responsibilities was making a bank deposit for the Press Travel Fund that ranged anywhere from $72,000 to $555,000.

Mr. SHAYS. Thank you very much.

Mr. MAUGHAN. No petty cash.

Mr. CLINGER. The gentleman's time has expired.

Now I recognize for 5 minutes the gentleman from Wisconsin, Mr. Barrett.

Mr. BARRETT. Thank you, Mr. Chairman.

To the gentlemen here today, I am sorry that you had to go through what you went through. I think it's unfair whenever any individual has to incur legal expenses to defend their good name, and I'm sorry that happened. In retrospect, I think that there were mistakes that were made.

Having said that, I look at the letter of May 17, 1993, from Mr. Kennedy—or to Mr. Kennedy from Peat Marwick. And I look at that letter—just take a couple minutes—and I look at that letter, and I assume all of you have seen that, and I would guarantee to each of you that had this administration not done something and had this letter come to the attention of some or many of my colleagues on the other side of the aisle, they would have been yelling to the high heavens about how inept the Clinton administration is, how there was a scandal in the White House Travel Office and that something had to be done now.

And I say that because, unfortunately, that's the reality of the way things work in this town. When I'm back in my district in Wisconsin, people ask me what the difference is between Washington and serving in the State legislature in Wisconsin, and I tell them Washington is just a mean place. It's a mean town and that's the way it is. You have to—you have to understand that.

I don't particularly like the fact that it's mean, but I would bet that most, if not all of you, would agree with me that had the Republicans seen what Peat Marwick said, whether it's correct or not correct—and I understand, Mr. Dale, where you vigorously dispute that.

Mr. DALE. Absolutely.

Mr. BARRETT. That they would have made political hay out of that. I think—would you agree with that; don't you?

Mr. DALE. Well, I don't know because I've never been in a political fight like this before.

Mr. BARRETT. Well, I—then—then perhaps you can accept my presentation that I think—I think that they would do that.

Mr. DALE. Would——

Mr. BARRETT. Go ahead.

Mr. DALE. If you got this letter, would you give me an opportunity to defend myself? I was never given an opportunity to answer one question until I took the witness stand in my trial, approximately 30 months later.

Mr. BARRETT. I probably would have. But, again, that's why I say that I think there were some mistakes that were there, and I, frankly, think that it was clear that the Clinton administration wanted to bring its own people in and I think again we all recognize that they could do that, that this was not the appropriate way to do it having it tied in with this. I don't think that it was. But I understand why that happened.

Now, at the same time, I certainly agree with Mr. Sanders that I am—as I said, I'm sympathetic, I don't think you were treated fairly. But I don't think that this snapshot where we see your faces, and you all look like good people, tells the whole story. Because

what's going on right now in this building is that we're seeing as The Hill says this morning, "113 Postal Workers Who Have Lost Their Jobs," who I—I imagine were very good workers, too.

Mr. McSWEENEY. Mr. Barrett, can you name one of them that turned on a television set to hear himself accused of being a thief?

Mr. BARRETT. No.

Mr. McSWEENEY. Thank you, sir.

Mr. BARRETT. Again, I am not defending. But I can tell you that I will bet these 113 workers are not getting jobs in other parts of the civil service, and I feel sympathetic.

Mr. DALE. On May the 19——

Mr. BARRETT. Excuse me, Mr. Dale.

Mr. DALE. I'm sorry.

Mr. BARRETT. And I feel sympathetic to them.

Again, I'm not here to attack any of you. I think you are good people. I think you're very good people and I think it's unfortunate that this happened. But my point is it's happening to other people and these people have families to support.

When Mr. Maughan said that three of your fathers died before you had a chance to have your names cleared, that pulled at my heart strings. I think that would be terrible to have your father die and not have a chance to have your name cleared.

When I hear Mr. Maughan say that he has served the Government 42 years, 8 months, my reaction was this guy has served the Government longer than I've been alive. My hat's off to you, and I think that you're good people. But I think it's unfortunate that you're—that you're caught up in this.

But again, it's a—it's a two-sided fight, frankly. And the day following the election in 1994—I also serve on the Banking Committee and I had to speak to some banking officials in my district. I said I can't make a lot of guarantees because of the new Congress, but I'll make one guarantee to you; we will have 2 years of Watergate—or Whitewater hearings and they will terminate shortly before the election. And frankly, I would have said the same thing about this issue.

I'm sure every single one of you wants to put this behind you and get on with your lives. And again, I'm sympathetic. I feel sorry for you. I think all of you know this is going to drag on for another 2 or 3 months.

Mr. McSWEENEY. Mr. Barrett, can you assure me that you would advise Mr. Bennett of how you feel?

Mr. BARRETT. I don't know who Mr. Bennett is.

Mr. McSWEENEY. Mr. Bennett is the President's lawyer who has accused us again of some more illegalities. I certainly contact his office——

Mr. BARRETT. Thank you.

I can see the basis for that.

Mr. McSWEENEY. Thank you.

Mr. BARRETT. I am not going to give advice to the President's legal counsel. If you will, I don't.

Mr. McSWEENEY. I appreciate it.

Mr. BARRETT. I just want you to know how I feel. I think that we have to understand the context of what is going on here. This is hard-ball politics from both sides. You're caught in it.

These 113 postal workers are caught in it. The people who are involved in the committees going on across the hall and across the Hill for Whitewater are going on it, too.

Would I like to see it end? I would. I think it would be better for the American people if we put it behind them. I think it would be better for your lives if we put this behind you.

Thank you, Mr. Chairman.

Mr. CLINGER. I thank you, Mr. Barrett.

I would just point out for the record that we have been requesting documents and information about this matter since June 1993.

I would agree with the gentleman from Wisconsin, I would have loved to have had this over and done with a long time ago, but there has been recalcitrance on the part of those we tried to get information from.

And I would now recognize the gentleman from New Mexico, Mr. Schiff for 5 minutes.

Mr. SCHIFF. Thank you, Mr. Chairman.

Mr. Chairman, I think we should make it clear that if—if there was any lax financial accounting procedures in the Travel Office—and that's a matter of some debate. But if there were, that is not the reason why any of the individuals seated in front of us were fired. The proof of that is several-fold.

The first is, why fire all seven of these individuals since it is obvious that only one or perhaps two had clear responsibility for financial management? So if the object was to clean up financial mismanagement, there would be no reason to terminate those employees who were simply following instructions of their superiors, yet, of course, we know all seven were terminated.

Second of all, it seems to me that if any kind of lax accounting procedures were reason to terminate people at the White House, the White House Travel Office, if I'm reading the General Accounting Office report that was just completed at your request correctly, there are lax accounting procedures there today that are outlined in this report. And I think the classic has to be that—the classic has to be that according to the General Accounting Office—excuse me again, the White House Travel Office had not balanced its checkbook, hadn't done what every American individual and business normally does each month, for the period from January 1995, to August 1995, it did so very hurriedly when it heard the GAO was coming, and lo and behold, found $200,000 that had not entered in their checkbook.

Yet the people responsible for that now are apparently still working there. In fact, if travel financial management is that important to this administration, it seems to me if press reports can be believed, that there are two Cabinet Members who probably should be looking for a job right now.

Now, the real reason why these individuals were fired is that there was a political agenda to change their employment from these individuals to a substitute group friendlier to this administration, political allies of this administration. I think the evidence is overwhelming, particularly after Mr. Watkins' testimony before us a short time ago, that from the highest echelons of the Clinton administration, the emphasis was on a plan to put in allies.

I think the—I think Mr. Watkins' recollection was in a direct conversation with Mrs. Clinton: We need the slots, we need to get their people out and our people in.

I'm sure these people—these people that had been there for years didn't realize that they were some of these people, at least in somebody's mind. But the fact of the matter is the evidence is overwhelming that this termination occurred because of a political agenda.

Now, I want to stop right here and emphasize that the question has been raised a number of times, in essence, so what? The fact of the matter is that these positions could be terminated at the pleasure of the President, all these employees knew it. And, in fact, politics being what it is, there are times when both Democrats and Republicans have made changes in employment in certain positions for what might be considered political reasons. I'm not here to defend the practice, but I can distinguish it.

There is no example I can think of in a change of personnel with the change of administration or change in the majority in Congress, that was accompanied by a false set of charges to besmirch the reputations of long-standing, fine Government employees. If changes were made for the reasons cited, that a new majority or new administration wanted their own people in office, that's what was stated and it can be certainly criticized for that reason, but it still is—is immensely different from the idea of charging, and in my judgment, misusing law enforcement, such as announcing an FBI investigation which was totally improper to do that.

I can tell you that as a career prosecutor, the FBI never confirms or denies it's doing an investigation, that there was an investigation here, and I want to continue to say that the suggestion has also been made that, well, that was a mistake made early in May 1993, and the administration really wouldn't continue to do that, act in that fashion.

The problem is that's exactly what they've been doing. Charges continue to be leveled up till the present time against one or more of these employees, and there continues, there has been a resistance to providing documents and information. As the Chairman pointed out, we're still having these hearings because we have requested documents for years that are just now suddenly materializing. So I think there is a major difference here in what we are examining as this committee and other kinds of changes in personnel.

And to conclude on this point, I would say that those who might be watching on C–SPAN or through other electronic device, know they didn't see Mr. Watkins' testimony on C–SPAN or any other electronic form because he pulled the plug. He had the legal right to do so.

But if there's any question about the propriety of what happened in the Travel Office, the fact that the White House official who did the firings took sort of an electronic Fifth Amendment, should answer everybody's question about whether it was appropriate or not.

Mr. McSweeney with my—with my remaining time, I would like to go to you first and then perhaps Mr. Dale or anyone else. You stated that you were reimbursed your salary but called a thief. I believe those were your words. Am I remembering right?

Mr. McSWEENEY. I was re—the question I believe was that we had been given new—another job, so I continue to draw a salary, but I had been labeled a thief. I think that was what I was replying to.

Mr. SCHIFF. Did that mean something to you?

Mr. McSWEENEY. Yes, it did, and to my family.

Mr. SCHIFF. Well, can you explain that? I think it's self-evident, but I will give you the chance.

Mr. McSWEENEY. I'm not one usually that's intimidated. The Irish in me, I've been in it for 2½ years, I've had a rage inside of me that I hope some day to have either Mack McLarty or someone of authority at the White House, I have never had anyone tell me why I was fired and I—I would like to do that.

Mr. SCHIFF. Mr. Dale, did you want to add to that? Or any of the other——

Mr. DALE. No. I can't follow him that well.

Mr. SHAYS. You're not Irish?

Mr. DALE. No, sir.

Mr. SCHIFF. Any of the other witnesses want to add on that?

I mean, it has been suggested you got new jobs or offered new jobs, basically what are you complaining about? I mean, that's what I've been hearing.

Anyone want to explain what they are complaining about real quickly?

Mr. DALE. Well, the most ironic thing about me is that I had my papers in to retire. I had met with David Watkins 2 days before we were fired and notified him of my intentions to retire on June the 3rd. He didn't give me an opportunity.

Mr. SCHIFF. Very quickly, anyone else want to comment on the question?

Mr. DREYLINGER. Yes, sir.

One of the things about the whole thing is you felt like all these institutions of the Government that seemed to be for you have not been there for you, and it—it's disappointing and depressing, even though I will admit that there have been elements that have been there for us with our legal fees.

Mr. CLINGER. The gentleman's time has expired.

Mr. SCHIFF. Thank you, Mr. Chairman.

Mr. CLINGER. I would just notify that we will break at about 2 for lunch, since the cafeteria is going to close at 2:30, so we will have a few more questions here.

And I would now recognize the gentlelady from Florida, Mrs. Thurman.

Mrs. THURMAN. Thank you, Mr. Chairman.

Mrs. MEEK. Mr. Chairman—you have two remaining down here, Mr. Chairman.

Mrs. THURMAN. You are certainly the youngest, Mrs. Meek, no question in my mind. At least in acting, I know that.

I think all of us are concerned about how this was handled and at any time, sympathetic and, of course, we've all dealt with it in a political scheme through campaigns and elections, and I, too, can tell you maybe to the—not to the same extreme that you have, but certainly my children have come home concerned about an ad on

the radio that has been used against me to make me be something that I'm not.

So trust—I mean I—I absolutely can appreciate that concern of your family and those that are surrounding you and that feeling that you've done nothing wrong, but it's a 30-second ad, and let's go at it.

So, Mr. Dale, what I would like to know, though, and I'm trying to, I guess, do the same thing that Mrs. Maloney was, I'm interested in making government more efficient and to work better. I think that should be what this committee is about; its reform and its oversight.

In reviewing the GAO report, there was in the first part, past reviews of the Travel Office that they've talked about, as far back as 1980 or 1982, I believe. And they said that according to the Director of Administration and the EOP, from 1981 to 1985, OMB reviewed the operations of the White House Travel Office in 1981 or in 1982.

There's a footnote to that says that the former Director of Administration said he no longer had a copy of the review but that it should be available in the Reagan Presidential Library, and at our request, the White House Counsel's Office asked the Reagan and Bush Presidential libraries to search for records of this report, however, so far neither library staff was able to find it. So we are missing a document, to some degree.

But it goes on, and I think this is important, it says: The former Director of Administration said that he did recall that he did not suspect the Travel Office of engaging in any wrongdoing but that he was interested in good management. And goes on to say: That according to the former Director of Administration the review found no evidence of criminal wrongdoing but did reveal lax accounting practices that had the potential for fraud and substantial excess of cash.

I think you talked about this on your $25,000 issue and in the Travel Office checking account. The former Director of Administration instructed that the excess balance in the checking account be refunded to the press, which I believe you did take that step, and that the Director of the Travel Office at the same time—at that time retired, and the former Director of Administration told us that if the Travel Office Director had not retired, he would have been removed.

According to an employee of the office at the time, a new Travel Office Director was appointed who was an acquaintance of a senior official in the new Reagan administration. We were told by an employee of that Travel Office at that time that the new Director didn't work out and was replaced after a few months by an experienced Travel Office staff member who served as the Director until May 1993. My assumption is that is you.

Mr. DALE. That's correct.

Mrs. THURMAN. What I would like to know in the time, with that kind of beginning of you coming into that, can you give us some ideas of the steps that you took, other than the $25,000 issue, that would have made the management of this office in their terms—I guess it was an interested in good management.

What did you bring into the office to change that? And the reason I ask that is because some of what's happening today may not have happened if we could have—if we go back and review what we've done to where we are today and what we need to do to move on.

Mr. DALE. OK, when I took over the office, there were no—there was no tracking system, there were no petty cash logs. I instituted a petty cash log where each and every penny of the petty cash was accounted for. I instituted logs where every check that came into the office—let me clarify that, every check for the Press Travel Fund from the news organizations that came into the office was logged into a received log; every invoice that came into the office was logged into the receive—into another receive log; and when those invoices were paid, that log was completed, the invoice was placed in the proper trip folder and there was a log for every financial transaction that took place in that office.

Mrs. THURMAN. OK.

In response then to Peat Marwick, or whatever, since the Chairman has made the mention that this is the opportunity for you to give your side, how would you respond, then, based on your testimony just, then, of what the criticisms were or the issues that they raised and some of the accounting issues, so that again if this committee were to look at this or to look at overview, what would you suggest where they might have been missed?

And I will tell you that I think it's very difficult sometimes for anybody to come in and look at an office that does not deal with it on an every day basis, and understand it totally. But on the other side, they did raise some very—some issues that we should be concerned about, and particularly so that we don't see this happen in Government again.

Mr. DALE. OK; the concerns that I'm aware of that they raised were that they could not put their hands on the logs at that time, and I have never hidden the fact that some of my records were missing when they came in there and some of them I didn't know about until they asked me for them. Catherine Cornelius has admitted that she took files home with her. I don't know to this day what files she is talking about. But if you want to go to the Peat Marwick report, I would suggest that you turn to page 6.

Mrs. THURMAN. I don't have that in front of me, but go ahead.

Mr. DALE. They—they list a number of checks going back to 1991, which they said was not logged in on the petty cash logs. I question how they knew that if they did not have access to the petty cash logs?

And then they come down in the paragraph here and they state that they did not have the petty cash logs, so they don't know whether these were logged in or not. So they have—in my opinion, they had an agenda when they came in there. They—they had to find something to justify this report.

Thank you, Mr. Chairman?

Mr. CLINGER. The gentlelady's time has expired.

Mrs. THURMAN. Just in a—if we could form as a formal request of this committee, continue to look for those audit reports that are noted within the GAO, I think that would be a service to this committee as we go forward in looking at similar issues throughout our

Government, and I would—I would hope that these things are not lost there, they should have been archived someplace.

Mr. CLINGER. I would hope so as well.

Mrs. THURMAN. Thank you.

Mr. CLINGER. We will continue.

I will recognize the gentleman from New York, Mr. Gilman.

Mr. GILMAN. Thank you, Mr. Chairman. I'll be brief.

Mr. Dale, prior to your firing, how often had you met with your supervisors Patsy Thomasson or David Watkins or Dee Dee Myers?

Mr. DALE. I had only met with one of them, that was David Watkins, and that was 5 weeks or so before, when he called me to his office to notify me that he was going to install Catherine Cornelius in the office to work and learn the travel business.

Mr. GILMAN. And that was the extent of your meeting?

Mr. DALE. That was the extent of my meeting. I was unsuccessful in arranging meetings with any of them, although I tried.

Mr. GILMAN. You made requests of all of them?

Mr. DALE. I made requests on either the afternoon of Inauguration Day as the press office was getting settled in or the next day, I went to George Stephanopoulos' office because it has always been my tradition or the tradition of the office to introduce yourself to the people that you most closely interact with in the administration, requested a meeting with him to introduce myself. His secretary or assistant told me that she would get back to me.

Mr. GILMAN. Did any of your supervisors, Mr. Dale, ever raise the issue of financial mismanagement, or concerns, of these concerns with you? Did anyone ever ask you for any accounting or explanation about how or why you did what you did?

Mr. DALE. No, sir.

Mr. GILMAN. Mr. Dale, did you ever get any lucrative stock options or futures options as a result of your public position?

Mr. DALE. No, sir.

Mr. GILMAN. And, Mr. Dale, did UltrAir ever pay kickbacks to any of the White House Travel Office employees, as far as you know?

Mr. DALE. No, sir.

Mr. GILMAN. And I ask that of all of the panelists, did any of you receive any kickbacks?

Mr. WRIGHT. No.

Mr. BRASSEUX. No.

Mr. DREYLINGER. No.

Mr. MAUGHAN. No.

Mr. McSWEENEY. No.

Mr. VAN EIMEREN. No.

Mr. GILMAN. No yes answer amongst any of them.

Thank you very much.

Thank you, Mr. Chairman.

I'll be pleased to yield to the gentleman from Indiana.

Mr. BURTON. Real briefly.

I think one point that has not been made that really should be made, is that at the closed hearing when Mr. Watkins testified, he verified every one of his notes. He did not deny anything that was in those notes. And so the question about the First Lady's determination to be involved and to get rid of you folks has not been

denied by the man who did the firing. So that was verified, and I'm sorry that the American people didn't get a chance to see that—say that—see that.

One other thing I want to point out is it has been stated that there's a parallel between your firings and the dismissal of other people in the Government here at the congressional level in the Post Office, and so forth. The fact of the matter is your honor was tainted, your integrity was tainted. It didn't happen with the others. It is unfortunate they lost their jobs, but there were reasons for that. But you were accused of being crooked.

In our Declaration of Independence, our Forefathers pledged their lives, their fortunes and their sacred honor because the only thing they considered sacred was their honor. When you destroy a man's honor and integrity, you have, in effect, destroyed him, and that is the real problem here. They tried to attack your honor.

This, in my opinion, by the White House was not an investigation; it was an inquisition, and we are going to continue and get to the bottom of this. And once again, as my colleagues have, we apologize to you for what you have been through and thank you for yielding.

Mr. CLINGER. At this point, I'm going to recess the hearing for 45 minutes because the cafeteria is going to close.

[Recess.]

Mr. CLINGER. The Committee on Government Reform and Oversight will resume its sitting. And I am now pleased to recognize the gentlelady from Florida, Mrs. Meek, for 5 minutes.

Mrs. MEEK. Thank you, Mr. Chairman.

First of all, I am glad that you gave the members of the White House Travel Office——

Mr. CLINGER. Can't hear you, Mrs. Meek.

Mrs. MEEK. Thank you. Thank you, Mr. Chairman.

First of all, I am happy that you gave the members of the White House Travel Office a chance to come before the Congress and explain their side of the story. It is unfortunate how things have evolved here, and hopefully in the end you will feel better about what happened, even though you had some real permanent injury because of this.

I think that as far as I can see in listening, and having worked in supervisory positions all of my life, that I think that even though Mr. Dale was cleared by the criminal court and he is not a criminal, he was not dishonest, but what he did, in my opinion, was a fireable offense. And I think the other members of this group are victims of a circumstance that they worked for someone who had used—maybe got a little bit careless because of his long years in the White House. But I think that the rest of you are swept into this because of that kind of thing that happened, and even though they cleared him of it, internal control, according to what we are reading and by Mr. Dale's own admission that he commingled funds and that he put funds in a personal account. Now, if anyone were to do that, that shows a big glint of impropriety. It is improper to mix those funds. It is improper to set up a personal account and put funds in it that don't belong there, even though he did nothing with a criminal intent. But he knew, having supervised all those years, that that was an improper thing to do because it

just made it look like his intent was dishonest when it really was not. So I think that in his own personal account there, Mr. Dale has a lot of things to look at in his own supervisory manner. The rest of you answered to him. He is responsible for the management style. He is responsible for the procedures of that office and everything falls in his lap.

And the petty cash which is mentioned here, the jury cleared him, naturally, but the jury could clear him of criminal acts but they cannot clear Mr. Dale, no matter how well intended he is, of shoddy accounting and poor management procedures. So I think Mr. Dale, in my opinion, of all the people here, was the only one who should have been fired.

I think that the White House may have bungled this matter. They may have bungled it by going in and firing the entire staff instead of if they had some problems with Mr. Dale's administration. It is just like a football coach, all the problems belong on him.

Now, they had every right to fire you without bringing up this big quagmire they are in. If they had wanted to fire you, they could have. That was their prerogative. They were new coming in. Just like you come into a new administration, they have a right. But not to blemish your record by saying that you are guilty of dishonest things. I think the only person who may have a hint of impropriety is Mr. Dale.

And my question to you, Mr. Dale, is as a longtime supervisor if someone under your supervision did what you did, would you not censor them or fire them?

Mr. DALE. Not without questioning them.

Mrs. MEEK. I am sorry, Mr. Dale.

Mr. DALE. Not without questioning them first. I would give them an opportunity to explain what they were doing.

Mrs. MEEK. I think you are right about that. I think you should have been given a chance to explain. But once you explained it or once the facts came out regarding it, you should have been censored, but the staff, the rest of these people here, should not have been fired.

Mr. MCHUGH. Would the gentlelady yield?

Mrs. MEEK. Yes.

Mr. MCHUGH. I was wondering, given the criteria she just set out, if the gentlelady feels that Hazel O'Leary, who has $250,000 of unaccounted travel funds, ought to be fired?

Mrs. MEEK. Well, that is——

Mr. MCHUGH. Or before the gentlelady answers, if she will continue to yield, Ron Brown has $24 million in cost overruns on his credit cards. Should he be fired?

Mrs. MEEK. That brings up another factor there and you have every right to pursue that one.

But I should ask you should all these people be fired that got paid for not working during the Government shutdown? That to me was another example of shoddiness and someone not paying attention to the lives of these people.

Mr. CLINGER. The gentlelady's time——

Mrs. MEEK. You have a lot of people that have been hurt by the shutdown and lost their jobs.

Mr. Clinger.—has expired.

Mrs. MEEK. I was trying to answer the gentleman's question.

Mr. CLINGER. Time now to recognize the other gentlelady from Florida, Ms. Ileana Ros-Lehtinen, for 5 minutes.

Ms. ROS-LEHTINEN. Thank you very much, Mr. Chairman.

Just before I get into my line of questioning, I have the greatest respect for my dear colleague, Congresswoman Meek. We had the pleasure of serving together in the Florida House and the Florida Senate for many years. But if I could just clear up this timeframe issue.

Let's be clear about this. These gentlemen were in no way fired for any impropriety of the handling of funds, any hint of financial mismanagement. They were not fired for these actions. They were fired before any Management Review report came out. The First Lady indicated that she wanted to fire them. The replacements she wanted to put in in their place were already gearing up before there was any hint of that, as Mr. Dale had pointed out in his testimony this morning. This mismanagement report came after the fact and was what he called a convenient excuse, and I think that is the correct term for it. So let's not mismatch the timeframe here. They were fired. Then the White House found an excuse to justify this unjustifiable action of firing these individuals.

But if I could start with my line of questioning, Mr. Dale, I wonder if you could ask—answer some questions that I have about Catherine Cornelius and the actions of the office. I believe that you might be the proper individual to ask, but if others would like to answer that, that would be fine as well. If you could tell the committee what was Catherine Cornelius doing in your office during the week before the firings and was she in the office very much during that time?

Mr. DALE. No, ma'am. As I remember, Catherine was spending probably 6 or 7 hours of a day out of the office, and one day when she came back I guess she could sense that I was going to question where she had been and she volunteered the fact that she was working on a special project for Harry Thomason and the First Lady.

Ms. ROS-LEHTINEN. And this special project, do you have any idea what that special project might have been?

Mr. DALE. Well, my feeling today is that it was the White House Travel Office.

Ms. ROS-LEHTINEN. Who was she working with during that week?

Mr. DALE. I don't know who Catherine was working with but I'm sure that she had other people, especially after duty hours, that were working with her.

Ms. ROS-LEHTINEN. Those individuals would be?

Mr. DALE. Well, there was one young lady that she worked very closely with by the name of Clarissa Cerda, who as I understood had finished law school, she just had not passed the bar exam yet, and she expressed an awful lot of interest in our office, also.

Ms. ROS-LEHTINEN. You had mentioned Mr. Harry Thomason. Were you aware of the meetings that Catherine Cornelius had had with Mr. Thomason?

Mr. DALE. Well, she had readily admitted that she had been meeting with Harry Thomason that week, but we didn't know what—what the matter was.

Ms. ROS-LEHTINEN. What did she say about those meetings?

Mr. DALE. Well, she never did say anything about them except for the fact that she told me that she was working on a special project for Harry Thomason and the First Lady.

Ms. ROS-LEHTINEN. So you were aware of these meetings that she had with the First Lady, and what—did she say anything about those meetings?

Mr. DALE. Well, she didn't elaborate on those, either. I mean, I just assumed that she was working on something outside of the White House Travel Office.

Ms. ROS-LEHTINEN. And did you hear Miss Cornelius talk about her access to the President much at all?

Mr. DALE. Yes. She used to take great delight in boasting to us about the fact that she was the President's cousin and she told me that she talked to him on—three or four times a day. All she had to do was pick up the phone and call him and she got right through.

Ms. ROS-LEHTINEN. So it was clear to you that she had access to the President and she made it very clear in her discussions with you and the rest of the personnel that she spoke with the President on a regular basis?

Mr. DALE. Yes, she did.

Ms. ROS-LEHTINEN. Mr. Watkins in his memo——

Mr. CLINGER. The gentlelady's time has expired unfortunately.

Ms. ROS-LEHTINEN. Thank you.

Mr. CLINGER. I now recognize the gentlelady from Michigan, Miss Collins, for 5 minutes.

Miss COLLINS of Michigan. I thank you, Mr. Chairman. I would like to yield my time to Congresswoman Carolyn Maloney.

Mrs. MALONEY. Thank you very much.

First of all, I would like to be associated with the comments of my colleague from Vermont, Mr. Sanders, who expressed his concern for all of you and also for any other Government employee that has lost their job, the 113 Postal workers who lost their jobs, were pink slipped according to The Hill this week, and to the many Federal employees during the 21-day shutdown who were not able to have money for Christmas. They didn't have very much of a Christmas. I had one constituent whose son could not even go back to college because of the lack of money and the insecurity that she felt during the Government layoffs.

I would like to put in the record, Mr. Chairman, an article by Jim Dwyer in the Daily News from January 18, and in it he is very critical of Congress. He says that instead of playing partisan politics, we should be—and he is concerned about the seven jobs that are lost—but he said we should be looking at the 40,000 individuals who lost their jobs from AT&T; the 12,000 individuals who lost their jobs in the merger between Chase and Chemical; the 30,000 who lost their jobs from Sears Roebuck; Boeing laid off 28,000; IBM, 63,000; OTE, 17,000; NYNEX, 16,000; AT&T, 40,000; Delta Airlines, 15,000; Digital Equipment, 20,000; Lockheed Martin, 15,000; and here—and I would like here is his quote. He said

the seven people in the White House Travel Office are far more important to the Republicans than the quarter million at these companies who lost their jobs. And I would just like to state that I believe these hearings are very partisan. I would like to ask Mr. Dale a question.

Mr. Dale, serious financial management weaknesses were found by the Peat Marwick firm in its May 1993 review of the Travel Office. In May 1994, the General Accounting Office in its review concluded "serious financial mismanagement." On Page 3 it said, "GAO's review of records from the Travel Office and Peat Marwick's work papers as well as discussions from Peat Marwick and former and current White House officials confirmed that serious financial management weaknesses existed." GAO's review confirmed the findings of Peat Marwick and pointed out basic mismanagement and went through a whole lot of findings where they thought there were a lot of problems.

Mr. Dale, in your Op Ed article in the Washington Post of January 21, you referred to "the so-called financial mismanagement discovered by Peat Marwick." You went on to state that the most serious issue raised by Peat Marwick was your failure to record five petty cash checks totaling $14,000.

Do you disagree with the GAO findings? The GAO findings of mismanagement, do you disagree with them?

Mr. DALE. Yes, I do.

Mrs. MALONEY. Can you explain why?

Mr. DALE. Because I did not have records available to me at the time Peat Marwick came in or I assume that those records were not available when the GAO did their investigation or audit of the Travel Office. If all of my records had been available, there wouldn't have been any question, no question in my mind about that.

Mrs. MALONEY. While you were with the Travel Office, were you aware that in the 1980's OMB staff found poor financial management practices in the Travel Office and excess money in its bank account? Did you take any actions to improve that?

Mr. DALE. Yes, I did. And that—those—that audit was done before I assumed the directorship of the office.

Mrs. MALONEY. I would like to go—first of all, may I put the article from Jim Dwyer in the record, Mr. Chairman?

Mr. CLINGER. Without objection, so ordered.

[The information referred to follows:]

D.C. GONG SHOW'S FAMILIAR RING

(By Jim Dwyer, January 18, 1996, New York Daily News)

I am still waiting for them to start the congressional hearings on the 40,000 layoffs at AT&T. Among other places. Instead, we have Alfonse D'Amato following the road to the bright lands of Arkansas trailer parks.

"It's a job we have to do," D'Amato declared solemnly as he began another day of doing nothing at length. "I want to thank the ranking member for for giving us the opportunity to explore it in the depth we found necessary."

Yes, the Senate Whitewater Committee went into the matter in depth. You would not believe how D'Amato can take seven full hours to investigate file cabinets that may contain, at their most thrilling, invoices for paper clips that once held folders containing information about the trailer park. Tim Coyne, waiting on line at a midtown unemployment office yesterday, was very impressed by the Congress.

"It's a game show," said Coyne. "It's like in the Great Depression you had all the dance marathons." Give us the dance marathons. This tinny scandal lacks the necessities, which are sex or money or both. Therefore, we are being asked to make do with the details of who Xeroxed a legal bill for the trailer park 12 years ago and what color folder it was in. Not even Clinton haters are setting the VCRs for this hearing.

Congress has proposed to permanently change the Medicare and Medicaid system. President Clinton opposes the change. No hearings, but we do have a special committee investigating Whitewater.

You might think it was the most vital issue in America. Once, the phone company was a job for life. This week, AT&T begins to get rid of 40,000 employees. Chase and Chemical banks are merging, and 12,000 will lose their jobs. We are urged in New York magazine to buy the stock of the new, leaner bank.

"Nobody grew up with a parent who could prepare them for the kind of job marketplace that is our there now," said Tim Coyne, who filled out papers to list himself for jobs.

Coyne had worked as a placement counselor for Touro College, trying to find jobs for students with computer and accounting degrees. Then he set up a company to place computer experts in banking and finance jobs.

His big problem was that people in the banks couldn't make up their minds about hiring anyone. Why bother if everyone is going to be laid off in six months?

Congress is now enraptured with seven people fired from a travel office that catered to the White House press corps. I have no idea what that is about. The Republicans have a team in Congress that is looking at it full time to see if Hillary Clinton can be arrested for firing seven people.

Meanwhile, there have been a few other lay-offs set in motion:

January 1993 Sears, Roebuck, 50,000
February 1993 Boeing, 28,000
July 1993 IBM, 63,000
January 1994 GTE, 17,000
January 1994 NYNEX, 16,800
February 1994 AT&T, 15,000
April 1994 Delta Airlines, 15,000
May 1994 Digital Equipment, 20,000
June 1995 Lockheed Martin, 15,000
January 1996 AT&T, 40,000

The seven people in the White House travel office are far more important to the Republicans than the quarter million at these companies who lost their jobs. "Whether you take people off welfare, or you lay them off from jobs, nobody goes home and says, 'Honey, you and the kids got to die it's good for the economy,'" said Coyne, 43, a Vietnam veteran.

"No one wakes on a Friday and orders 40,000 lay-offs" he said. "I'm no Socialist, but an executive should be fired outright any time he orders a layoff. The question should be: 'You mean, you didn't know you had 2,500 people you didn't need on the payroll?'"

That is one question. Here are a few others the senators might squeeze in between the painstaking recreation of the Arkansas trailer park deal that has captivated the national government.

What is downsizing all about? Just companies responding to the discipline of the stock market? Or are there perverse incentives built into the tax code that don't reward job retention? Are pension funds, with their huge stakes in the stock market, completely blind to the lives and places that are capsized by downsizing? And when the profits are taken, who pays the social costs?

"It's all portfolio management, not business management," said Coyne. "It has to do with how your funds are doing at a given moment. It has nothing to do with how many pairs of shorts are getting sewn, or how many socks are getting woven. "Whether it's Whitewater, or 'I didn't get the right seat on the plane so I shut down the government,' it's so blatantly banal.

"It's a game show to them."

Mrs. MALONEY. I would like to go down the findings in the GAO report with which you disagree.

Mr. CLINGER. The gentlelady's time has expired. We will have another opportunity but the gentlelady's time has expired.

We are going to recess for the vote, which is in progress. I think it is the only vote of the day. So we will recess for about 10 minutes.

I would just point out that the gentlelady from New York has cited a number of people who have been unemployed or put out of work. But the difference here is that none of them were put out of work or there was no suggestion that the First Lady had anything to do with their being put out of work, so I think that ought to be part of the record.

Mrs. MALONEY. Mr. Chairman, may I put this list in the record of the findings of GAO which are quite extensive where they had no written policies or procedures that goes down specifically.

Mr. CLINGER. Without objection.

[The information referred to follows:]

KPMG Observations Related to Criteria GAO Identified

Category/Criteria	KPMG Observations May 1993
Administrative guidelines:	
Written policies and procedures	None
Segregated duties; lines of authority clearly communicated	None
Periodic audits	None
Oversight and guidance	None
Procurement of goods and services:	
Customers needs determined	None
Goods and services acquired competitively	None
Documented agreements or written contracts	None
Accumulation and allocation of costs:	
System to identify and record all costs	None
System to determine costs to be recovered	Not tested
System to provide accurate data for billing	None
Billing practices:	
Billings prepared timely	Some procedures in place
Payment due date identified	Not tested
System to maintain history of billings and receipts	None
System to apply receipts to appropriate outstanding bills	Some procedures in place
System to track money owed and produce collection letters for overdue accounts	Some procedures in place
Cash management:	
Vouchers reviewed and approved before payment	None
Procedures to prevent duplicate payments	Not tested
Payments made timely	Not tested
Receipts deposited on the day received or next business day	None
Small receipts accumulated and deposited weekly	Some procedures in place
Adequate internal controls tor security of funds	Some procedures in place
Periodic bank reconciliations	Some procedures in place
Financial reporting:	
Transactions accurately recorded and disclosed in financial reports	None
General ledger to classify, summarize, and report financial reports	None
Subsidiary ledgers to provide detailed information, which are periodically reconciled.	None
System for reports	None
Report on Financial Position	None
Report on Operations	None
Report on Cash Flows	None

Source: GAO analysis of KPMG data.

Mr. MCSWEENEY. Mr. Chairman, could I have a quick entry? Would you enter the cover letter which says it is not an audit or anything of that?

Mr. CLINGER. Without objection, the cover letter will be included with the review.

[The information referred to follows:]

KPMG PEAT MARWICK MANAGEMENT CONSULTANTS,
WASHINGTON DC,
May 17, 1993.

Mr. William H. Kennedy III,
Associate Counsel to the President,
The White House,
Office of the Counsel, Room 136,
Old Executive Office Building,
Washington, DC.

DEAR MR. KENNEDY: KPMG Peat Marwick is pleased to provide you with this report summarizing the observations and findings resulting from our procedures relating to the White House Office of Travel and Telegraph's (referred to in this report as the press travel office) management, systems, policies, and procedures.

The purpose of our work was to assist you in assessing present accounting policies, practices and procedures. Our on-site work, which consumed approximately 300 hours of professional time, was conducted at the press travel office from May 14, 1993 to May 16, 1993.

The following paragraphs describe the specific objectives, procedures and findings of our work. The procedures we performed were limited in nature and extent and were agreed to by the Office of Management and Administration. As you know, the procedures were revised throughout our on-site work to reflect the time-frame and the limited availability of data, information, and documented policies and procedures. As such, this report may not necessarily disclose all significant matters about the press travel office or reveal errors or irregularities, if any, in the underlying information. Our procedures do not constitute an audit, examination, or review in accordance with standards established by the American Institute of Certified Public Accountants and, therefore, we do not express an opinion or any other form of assurance on the information presented in our report. Furthermore, we do not make any representations regarding the sufficiency of the procedures we performed for your information needs.

Page two summarizes our major observations and findings relating to the accounting system. In particular, we observed several significant weaknesses in the existing internal control systems of the press travel office. The specific procedures performed and our findings are described in more detail in the sections that follow.

In addition to the weaknesses summarized on page two, we noted certain other discrepancies. For example, with regard to petty cash transactions, eight checks written to cash on the Riggs National Bank account were either not accounted for as an increase to the petty cash fund, were incorrectly recorded in the petty cash fund, or were missing from the petty cash fund documentation. The total amount of such discrepancies was $18,200. This and other discrepancies are described in more detail in the pages that follow.

OBSERVATIONS AND FINDINGS

Summary of Significant Accounting System Weaknesses

Lack of Accountability

There is a lack of financial control consciousness.

There is no formal financial reporting process.

There are no reconciliations of financial information other than reconciliations of bank statements.

There is no documented system of checks and balances on transactions and accounting decisions within the office.

There is no apparent oversight or higher level review process of financial activities or transactions of the office.

Lack of Accounting Controls and Systems

Accounting policies and procedures are informal or poorly communicated.

There is no systems or procedures documentation.

There is no general ledger, or cash receipts/disbursements journals.

There appears to be a lack of accounting expertise.

Lack of Documentation

Several disbursements have missing or inadequate documentation.

Documentation for bills submitted to the press is either inadequate or missing. No copies of bills to customers/press are on file.

Lack of Contractual Support

There is no formal contract with the primary domestic press charter air carrier.

There is no evidence or documentation of competitive bids or purchase orders for press charter service.

Inadequate Billing Process

Billing practices are informal and inconsistent.

Differences between estimated trip costs, which are the primary basis for billings and actual costs incurred, are not documented.

This section of our report details the observations and findings of our study. For each area of our study we identify the study objective, the procedures we performed, and our findings.

Objective 1: To gain an understanding of the accounting system, specifically the cash receipts and cash disbursements cycles.

Procedures:

We interviewed the Director of the press travel office to gain an overall understanding of the financial management practices and policies of the office.

Findings:

Our inquiries related to the major financial management practices and policies of the office indicated a number of potential significant internal control weaknesses, including the following:

General:

- No general ledger or other form of double entry bookkeeping.
- No financial statement preparation.
- No external review mechanism.

Cash Receipts:

- No cash receipts journal.
- Improper segregation of duties with respect to access to accounting function and access to cash receipts.
- Incoming checks not restrictively endorsed on a timely basis.
- Incoming checks not deposited on a daily basis.
- Inadequate reconciliation of total cash receipts to deposits in the bank due to lack of daily cash receipts log.
- Inability to determine if cash received was properly or accurately applied to the related receivable (customer/press account balance).

Air Charter:

- No overall contract with the primary domestic charter company.
- No contracts issued for each individual trip.
- No documentation of competitive bids.
- No purchase orders for press charter service.
- No detailed service information provided in charter billings to document exactly what is being paid for and if the charges are reasonable.

Trip Billing System:

- Billing invoices not prenumbered or multi-part. Access to the stationary not controlled.
- Trip records can be deleted from the automated billing system when open receivables still exist.
- The system provides no summary of daily cash applied to the receivables.
- Remittances provided by the customers/press discarded after the receipts are recorded in the system.
- Search capabilities on the automated billing system limited and information can only be listed by trip.

Press Reimbursement of Trip Costs:

- No formal reconciliation procedure exists to adjust amounts billed to the press after comparison to actual costs.

Accounts Payable/Cash Disbursements:

- No cash disbursements journal.
- Inadequate or non-existent segregation of duties between individuals with accounting and check writing authorities.
- No payable log exists for air charter invoices.

Objective 2: To determine if checks written to cash were recorded as increases to the petty cash fund, and that selected withdrawals from the petty cash fund were supported and properly billed.

Procedures:

(a) Selected all checks written to "cash" (total of 17 checks) from the population of canceled checks on file received from Riggs National Bank from January 1, 1992 to April 30, 1993.

(b) Traced the amount and date on the canceled check to the petty cash book.

(c) Located and summarized the detailed petty cash uses (i.e., expenses incurred) for each employee of the office. This procedure was done in order to determine if the detailed information agreed to the summary information.

(d) Traced a non-statistical sample of 10 petty cash disbursements related to 10 trips as listed in the petty cash book to the charges on the respective trip worksheets.

Findings:

(a) On the first day of our fieldwork, we noted and inquired about eight discrepancies between the amounts written to "cash" on the Riggs National Bank account and the recording of these amounts into the petty cash fund. Each of the eight checks was made out to "cash" and signed by the Director of the press travel office, and endorsed by the same individual. A detailed listing of discrepancies follows:

Check Date	Check No.	Amount to "Cash"	Increase to Petty Cash
January 11, 1993	4441	$2,500	None
October 9, 1992	4173	5,000	$2,000
June 17, 1992	3898	3,000	None
April 10, 1992	3780	2,500	None
February 18, 1992	3617	3,000	None
December 27, 1991	3567	2,000	None
December 18, 1991	3557	3,000	None
December 5, 1991	3533	2,000	None
		23,000	

(b) For three petty cash transactions dated December 27, 1991, December 18, 1991 and December 5, 1991, the page from the petty cash book was missing for this time period and the entry therefore is untraceable.

(c) On the second day of fieldwork, the Director of the press travel office informed us that he located $2,800 of the $3,000 unaccounted for in the October 9, 1992 petty cash transaction. He informed us that he found it in an envelope located in a locked drawer in the office, separate from the rest of the petty cash.

(d) Total of checks written to cash and not recorded on petty cash log or subsequently located by the press travel office is $18,200.

(e) For the 10 selected petty cash disbursements (i.e., use of a petty cash draw by an individual) chosen, we traced the petty cash disbursement amount per the petty cash book to the respective summary trip worksheet located in the trip files. We noted that the amount of the petty cash disbursement was recorded on the summary trip sheet as an actual cost incurred on that particular trip.

Objective 3: To assess whether checks recorded as received in the press travel office were deposited into the Riggs National Bank account within a reasonable time and were properly posted to the automated billing system (i.e., properly applied to the outstanding bill).

Procedures:

(a) Selected a non-statistical sample of 25 items from the "Checks Received Log" for the time period January 1, 1992 to May 14, 1993.

Traced each sample item to the respective time period's deposit slip.

Traced the deposit slip noted above to the bank statement.

Traced each sample item to the automated billing system.

Findings:

(a) All items selected agreed to the deposit slip amounts and to the bank statements.

(b) All checks in our non-statistical sample were deposited into the bank within one week's time period.

(c) Due to limitations in the press travel office documentation, we were unable to determine whether 23 of the cash receipts were properly posted to their respective account balances.

Objective 4: To determine that written checks are the only disbursements from the Riggs National Bank account.

Procedures:

(a) Reviewed bank statements for the period January 1, 1992 to April 30, 1993 looking for non-check disbursements.

(b) Counted the number of canceled checks returned with each bank statement and compared them to the number of checks clearing the bank that month.

Findings:

(a) We found no non-check type (e.g., no wire transfers, etc.) disbursements from the Riggs National Bank account.

(b) In all cases, the number of canceled checks returned with the bank statement was the same as the number of checks disbursed that month per the bank statement.

Objective 5: To assess the quality of documentation supporting selected cash disbursements.

Procedures:

(a) Chose a non-statistical sample of 76 canceled checks form the period January 1, 1992 to April 30, 1993, noting the date, check number, amount and payee. The non-statistical sample included 17 checks made out to "cash" which were reviewed as part of the procedures for Objective 2.

(b) Compared each check to available vendor invoices, with the exception of the checks written to cash.

(c) Reviewed each canceled check for apparent propriety of endorsement.

Findings:

(a) Of the non-petty cash check disbursements, 12 disbursements (canceled checks) appear to have no supporting invoice. Nine of the 12 disbursements were for baggage handling charges at hotels. The total amount of these nine disbursements was $4,690.07.

(b) Two disbursements represented refunds for overpayment by customers/press. There is no supporting documentation for these refunds. The two disbursements amounted to $374.75.

(c) One disbursement to Pan Am Express on December 20, 1991 did not have a related invoice. The Director of the press travel office informed us that the payment was based on an oral price quote from the charter company. The dollar amount of this disbursement was $12,841.56.

(d) We noted differences in the check disbursement amount and the invoice amount for charges related to press charter service. This difference, in all cases, was indicated by the press travel office to be Government Travel Requests (GTR's). GTR's were forwarded, along with the check amount, to the charter service. The total of the two (check and GTR) equaled the invoice amount. Both the check and GTR are negotiable instruments.

Objective 6: To assess the quality of the documentation supporting a selected trip's costs (as indicated on the trip worksheet).

Procedures:

(a) Chose one trip from the total trip files from January 1, 1992 to the present.

(b) Traced each check that was disbursed in payment of the total trip charges indicated on the trip worksheet to the related vendor invoices (i.e., original documentation requesting payment for services).

(c) Reviewed each canceled check for apparent propriety of endorsement.

Findings:

(a) All checks written in payment of charges related to this one trip (President Clinton's trip to Detroit, Michigan on February 10, 1993) appear to be properly supported.

(b) All checks appear to be properly endorsed.

Objective 7: To analyze the volume of cash activity flowing through the press travel fund bank account from the period January 1, 1992 through April 30, 1993.

Procedures:

(a) Obtained bank statements since January 1, 1992.

(b) Collected the following information about the press travel fund cash account.

Beginning and ending bank balances of the press travel fund cash account.

Average daily balance.
Total receipts (for the month).
Current balance on hand as of April 30, 1993.

Findings:

We noted the following information (cents omitted):

Beginning balance at January 1, 1992	$636,813
Total receipts, January 1, 1992–April 30, 1993	10,446,951
Total disbursements, January 1, 1992–April 30, 1993	-10,709,680
Ending balance at April 30, 1993	374,084
Range of average daily balance:	
High in January, 1993	1,080,247
Low in March, 1993	245,195

Objective 8: To gain an understanding of the volume of air charter service fees for the period January 1, 1992 through May 15, 1993 and to determine the recipient of the fees.

Procedures:

(a) Obtained the check books from January 1, 1992 through May 15, 1993 and noted checks disbursed in payment of either commercial or chartered air service.
(b) Summarized the detailed information gathered in (a) above by individual carrier/airline.

Findings:

In summary, the following airlines or charter services were disbursed funds from the press travel fund from January 1, 1992 through May 15, 1993 (cents omitted):

Domestic Travel:	
Ultrair, Inc	$428,733
Airline of the Americas	2,123,939
Pan Am World Airways	100,815
Miami Air International	343,024
	2,996,511
International Travel:	
TWA	1,479,247
American Trans Air	892,064
Evergreen Int'l Airlines	154,579
	2,525,890
Grand Total	5,522,401

Objective 9: To determine that all disbursements made to Ultrair, Inc. or Airline of the Americas since September 1992 were included in the overall trip charges on the trip worksheet for a specific trip.

Procedures:

(a) Assembled, from the check book stubs, a listing of all disbursements made to Ultrair, Inc. or Airline of the Americas since September 1992.
(b) Traced the check amount to the respective trip worksheet, or trip worksheets in the case of one check paying for more than one trip. We noted whether there were any discrepancies between the amount disbursed to the charter company and the amount indicated as the "actual" cost on the trip worksheet.
(c) Noted whether there were other types of trip charges (e.g., hotel, truck rental, telephone) on the same trip worksheet for the trip numbers being reviewed.

Findings:

(a) All checks disbursed to Ultrair, Inc. or Airline of the Americas were included on trip worksheet(s).
(b) We noted that these trip worksheets did contain other trip costs (i.e., there were other charges in addition to the charter service such as phone charges, hotel, truck rental, ground transportation, etc.).
(c) We noted that the check amount disbursed to Ultrair, Inc. or Airline of the Americas was different than the amount noted as actual cost of "press charter." The

difference was due to GTR's. The GTR's were remitted along with the net check to the charter company. Both the check and the GTR are negotiable instruments and together totaled the invoice amount.

Objective 10: To analyze, in more detail, the receipts and disbursements activity of the press travel fund for the month of February 1993.

Procedures:

(a) Obtained the February 1993 Riggs National bank statement and the canceled checks on file.

(b) Listed each canceled check that made up the total disbursement amount for February 1993.

(c) Discussed the reasonableness of the level of cash receipts in the month of February 1993 with the Director of the press travel office.

Findings:

(a) The total amount of checks returned with the February bank statement ($1,030,835 (cents omitted)) agreed to the total amount disbursed per the bank statement. Significant disbursements making up this total include the following (cents omitted):

Treasurer of the U.S. (for Air Force One charges—August, 1992–January, 1993)	$525,037
Airline of the Americas	79,456
AT&T (phone charges—September 5, 1992–October 25, 1992 or 13 trips)	327,891
Total significant disbursements	923,384

(b) According to our interview with the Director of the press travel office, low receipts in February 1993 were due to a decrease in press travel after the November election and the lack of travel early on by the new Administration which took over on January 20, 1993.

Objective 11: To approximate the net assets of the press travel fund at May 15, 1993.

Procedures:

(a) Obtained the cash balance of the press travel fund at Riggs National Bank at April 30, 1993 from the April 30, 1993 bank statement reconciliation.

(b) Subtracted from the April 30, 1993 cash balance the following amounts:

- Amount of checks written on the cash account from May 1, 1993 to May 15, 1993 that were identified in the press travel fund check book.
- Amount of unpaid vendor invoices at May 15, 1993 that were identified from the trip worksheets or actual hard copy vendor invoices in the open invoice file.

(c) Added to the April 30, 1993 cash balance the following amounts:

- Amount of deposits made to the cash account from May 1, 1993 to May 15, 1993 that were identified from copies of deposit slips.
- Amount of checks received by the press travel office in payment of bills which had not yet been deposited that were located in a locked drawer in the press travel office.
- Amount of outstanding accounts receivable at May 15, 1993 that were identified from the automated billing system.
- Amount of unbilled expenses which had been paid by the press travel office but had not yet been billed to the customer/press. This amount was estimated by reviewing the paid invoices for these expenses and noting that the amount had not been set up as an accounts receivable.

Findings:

The approximate net assets of the press travel fund at May 15, 1993 were computed as follows:

Cash balance per April 30, 1993 bank statement reconciliation	$369,976
Less: Checks written from May 1 to May 15, 1993	(318,880)
Less: Estimated unpaid invoices (i.e., accounts payable) at May 15, 1993	(521,602)
Add: Estimated accounts receivable at May 15, 1993 (See NOTE below)	366,793
Add: Deposits to bank account from May 1 to May 15, 1993	76,489
Add: Checks on hand not yet deposited to bank but already applied to accounts receivable	92,025
Add: Unbilled expensed incurred by the press travel office but not yet billed to the press and not included in the estimated accounts receivable amount	834
Estimated net assets at May 15, 1993	65,635

NOTE: The data in the automated billing system indicated that a trip occurring in December 1992 was not billed. The trip file showed disbursements for the trip totaling approximately $113,000. We were unable to determine if the trip had been billed, and, if not, why it had not been billed. This amount is not included in the accounts receivable balance of $366,793 above.

Objective 12: To review the policies and procedures used to calculate amounts billed to the press for press travel, and to compare the actual cost of the trips to the amounts billed to the press.

Procedures:

(a) Interviewed individuals responsible for preparing bills to the press review the procedures used to prepare the bills.

(b) Gained a general understanding of the automated billing system used to generate invoices.

(c) Compared the amount billed to the press by the press travel office per reports generated by the automated billing system to the actual cost incurred for the trip per the trip worksheets for 28 consecutive trips between August 23, 1992 and October 12, 1992.

In performing this procedure, we selected the most recent trip for which substantially all costs incurred (per the trip worksheet) had been invoiced and paid, which was the trip departing October 11, 1992 and returning October 12, 1992. We then examined each preceding trip in consecutive order, completing through August 23, 1992 in the time provided.

(d) Compared the amount billed to the press per the trip spreadsheet generated by the automated billing system in the trip files for 5 trips to another report produced from the same automated billing.

Findings:

(a) No written policies or procedures documenting the billing process exist.

(b) We were informed that amounts billed to the press were based on estimates of trip costs, not on actual costs, because of the time delay in receiving invoices for certain trip expenses (such as long-distance telephone lines). No subsequent formal reconciliation of estimated to actual costs was made.

(c) The Director stated that differences between the amount billed and actual cost for trips were recovered or refunded through adjustment or billings on subsequent trips. No formal documentation of these adjustments was maintained.

(d) We were unable to determine actual amounts billed to the press because the original source documentation was unavailable, and other sources of the billed amounts were inconsistent. Per the Director, copies of the original invoices sent to the press were not maintained on file in the office. For three of five trips reviewed, the dollar amounts contained on a summary report generated from the automated billing system and used by the office as the record of amounts billed differed from corresponding amounts on another report generated from the same system.

This report relates only to the items specified above and reflects events and circumstances as they were documented or conveyed orally to us from May 14, 1993 through May 16, 1993.

Very truly yours,

KPMG PEAT MARWICK.

Mr. MCHUGH. Mr. Chairman, with respect to the unanimous consent request from the gentlelady from New York.

Mr. CLINGER. Yes.

Mr. MCHUGH. I would just say that I appreciate her effort to underline and point out to us the devastating job losses that have occurred under the Clinton administration.

Mrs. COLLINS of Illinois. Mr. Chairman, I think that was totally uncalled for. Mr. Chairman. Mr. Chairman.

Mr. CLINGER. I must remind the audience that you are here as guests of the House of Representatives and expressions of support or opposition to any comments by members of the panel are not appropriate.

Mrs. COLLINS of Illinois. Mr. Chairman?

Mrs. MALONEY. Mr. Chairman?

Mr. CLINGER. The committee—yes.

Mrs. COLLINS of Illinois. Not only that, Mr. Chairman, this is the third time this has happened. It seems to me if this continues and I think that the room will have to be cleared of those who think this is some kind of theater.

Mrs. MALONEY. I agree with the Chairwoman and, Mr. Chairman, let's go down to the floor and vote on a bill that will privatize the Travel Office, remove it from politics.

Billy, you said in your opening statement that it was filled with political problems. Other people have found political problems. Peat Marwick finds problems. Let's just move it into the private sector and stop this three—this circus on partisan attacks.

Mr. CLINGER. I appreciate the gentlelady's plug for her bill, but I now recess the committee.

[Recess.]

Mr. CLINGER. The Committee on Government Reform and Oversight will resume sitting.

And I am now pleased to recognize the gentleman from New York, the Chairman of the Post Office Subcommittee, Mr. McHugh, for 5 minutes.

Mr. MCHUGH. Thank you, Mr. Chairman.

During the course of today's testimony, we have heard a lot about how you gentlemen, if not universal, most of you felt that there would be changes made in how the Clinton administration would want your office to be run. I do not think any professional would see anything unusual in that.

I note that in the testimony presented by Mr. Wright, for example, you make the comment that no top level White House staffers of the Clintons ever came to our office to find out what we did, how we did it, or to advise any of us, give us instructions or changes that they would want. Is that pretty much a universal perception?

It seems to me, having spent a little time in government administration, that if you are concerned about the operation of any office, that you would take the time, as a new President is in town, to visit those areas of concern, to look at them firsthand. How about that?

Did those people from the Clinton administration come down and examine your operations and try to find out some information for themselves prior to all the other audits and nonaudits that occurred?

Mr. DALE. No, sir.

If I may answer that, they did not, and we were not successful in getting a meeting with them.

If I may just state my own personal opinion; when the Clinton administration came in, there was almost an arrogance toward them, that they felt like they had won the election and they didn't need anybody to tell them or advise them how to do things.

Mr. MCHUGH. Notwithstanding your personal observation, Mr. Dale, which I appreciate, I would turn to the other members on the panel here this morning. Was that your experience with respect to no one from the administration coming down and looking at your operation or talking to you about it?

Mr. DREYLINGER. No one ever talked to me, sir.

Mr. MCSWEENEY. That is true, and it was one of the indications that I had, that in the past we had always worked closely with the Press Office and the Advance Office and there was no relationship whatsoever. And it was just sort of another indication to me that we were not going to be in their plans.

Mr. McHUGH. So when the administration talks about concerns about improprieties, concerns about one thing or another, those concerns did not come about from their personal investigation or their personal knowledge. Would you say that is true?

Mr. McSWEENEY. That is true. In fact, on at least one occasion, I went over to the West Wing and saw Bill Dale sitting outside of Dee Dee Myers office leaning on the railing trying to get in to see her, and he was never able to do it.

Mr. McHUGH. I see. Let me just comment.

We have heard a lot today about a particular newspaper article, and no one likes to see people lose their jobs and, indeed, the headlines suggest that postal workers, 113, were handed pink slips. Those are personal tragedies.

Whenever there are changes in an administration or changes in a Congress or changes in a way a government is run, regrettably, very unfortunately, people lose their jobs.

But to suggest that somehow these workers equate to what these people at this dais and at that podium have experienced, I think, is ludicrous to a fault. Beyond that, if we read beyond the headlines, the article says some other interesting things that I have not heard mentioned here today.

It suggests very correctly that back in June this Congress, through its oversight committee, the House Oversight Committee, voted, in public, to privatize this post office. In no small measure because of the very regrettable outrages that occurred there under past majorities. I will not recount those here. So these workers have known, as great as the tragedy of losing a job may be, that this day was coming because of the vote the House took in the open last June.

Second, the article also notes that Pitney Bowes, who has won the contract, has offered job opportunities to some 90 of those 113 employees. Now, those positions may not be to the full liking of the employees in question. I understand that as well. But to just suggest here today, as has been suggested, that somehow these workers are in a similar situation as these, I think, does no service to the very important work of this committee.

These people found themselves in this position for one reason, there was a political agenda that went bad. There was a political agenda that they tried to backfill and, at best, that was improper, unfair, and maybe, at worst, illegal, with the using of Federal agencies from the FBI to possibly the IRS, as we have heard here today.

And, Mr. Chairman, I trust that we will pursue those very important questions further, to justify a political action. That is not changing an administration. That is not politics as usual. That is a disgrace.

I commend the Chairman for being here today; and I, too, gentlemen, offer my apologies to you for whatever small part of this Government I represent. You have been treated terribly, and I am ashamed.

Mr. Chairman, I yield back the balance of my time.

Mr. CLINGER. The gentleman yields back the balance of his time.

And I am now pleased to recognize the gentleman from California, the Chairman of the Government Management Subcommittee, Mr. Horn, for 5 minutes.

Mr. HORN. Thank you, very much, Mr. Chairman.

First, I want to commend you, since you started early on, 3 years ago, trying to get the evidence on this particular situation, and the majority in charge of the Congress, and this committee at that time, simply stiffed you and told the people in the executive branch, do not cooperate. We have never had much cooperation. So I commend you for getting before us the victims of this absurdity.

What you went through, Mr. Dale, would be known in the Soviet Union when Stalin ruled supreme, as a political show trial. It was ruthless, it was an abuse of Federal power. And as you look at this, in my humble opinion, the apologies should be coming from the President, the First Lady, and the White House staff involved. They ought to be ashamed of themselves.

The U.S. attorney, who permitted your indictment ought to be ashamed. The Attorney General of the United States, in whom a lot of us have great trust, and has integrity, she ought to be reviewing that case, as to how this happened and how that indictment went through. The misuse of the Federal Bureau of Investigation is an outrage.

And Mr. McSweeney, I am probably not as Irish as you are, but I am half Irish, and that is just enough to get my dander up all morning. I have been suffering as I listened to this, and it is an outrage.

I am also concerned that probably—well, has any civil liberties group in the country offered to help any one of you? Can we go down the line?

Did you have the ACLU say we think this is terrible and we want to protect your rights?

Mr. MAUGHAN. No, sir.

Mr. HORN. No.

Mr. DREYLINGER. No.

Mr. HORN. No.

Mr. MCSWEENEY. No, sir.

Mr. HORN. No.

Mr. DALE. No, sir.

Mr. HORN. No.

Mr. BRASSEUX. No.

Mr. HORN. No.

Mr. WRIGHT. No.

Mr. HORN. No.

Mr. VAN EIMEREN. No.

Mr. HORN. No. They should be ashamed. They should be ashamed.

I must say I have only heard silence out of any of them. They come and tell us all the great things they are doing. They ought to do some of the tough things, which is when people are victimized by the Government they have served so loyally.

What we have is a governmental cancer going on, hidden by a smile, and it disturbs me greatly. We seem to have Peter Pan floating around the White House, disappearing files one day, floating

around again, dropping memos on tables where only the First Family and a few Secret Service people are there. It boggles the mind.

The Chairman mentioned in introducing me that I chair one of the subcommittees, the one on Government Management, Information, and Technology. Let me ask you, one of our recommendations is that the Executive Office of the President, the White House, ought to have an independent Inspector General. That would have solved a lot of these problems. Someone that is there as a professional, who can go in and analyze a situation, conduct the appropriate management audit, or financial audit.

I have listened to my friends on the minority side today do a lot of chatter about this being an audit. Anybody that has ever run an organization knows this was not an audit of finances, this was an audit of practices. The blame for lack of computers and everything else could go over several administrations.

I remember when President Bush went in there, he could not believe the lack of a communications system. The White House had not kept up with technology.

Let me ask you, Mr. Dale, do you have any feelings on the value of an Inspector General in the Office of the President, the White House, would that be helpful?

Mr. DALE. I personally think that it would, yes.

Mr. HORN. Any other opinions on that?

Do you all think it might be helpful to have an independent official, not beholding to the President, who is there to make sure the public interest is done?

Mr. MCSWEENEY. I think it would have been helpful to have anyone to turn to. The day that I walked out of the New Executive Office Building there was nowhere to turn and the Government was after me.

Mr. HORN. Any other feelings?

Mr. VAN EIMEREN. I can only agree with that.

Mr. WRIGHT. Independent is the key word.

Mr. HORN. Independent. Not beholding to any President, but serving all Presidents, just as you served all Presidents, regardless of party and regardless of ideology.

One of the things I think over the years that many of us have been proud of in this Government, when you look at the professionals in the Office of Management and Budget and the professionals in the White House, these truly were servants of the Presidency, not a particular President, but getting the job done whoever is President.

I have an editorial here, Mr. Chairman, that is titled: "Leave Billy Dale Alone." It is by the Scripps Howard News Service. It appeared in the leading newspaper in my district, the Long Beach Press Telegram, on January 12, 1996.

I would like to include it in the record at this point.

Mr. CLINGER. Without objection, so ordered.

[The information referred to follows:]

LEAVE BILL DALE ALONE

(Long Beach Press-Telegram, January 12, 1996)

ANOTHER PRESPECTIVE

The Clintons took Billy Dale's job, trashed his reputation, sicced the FBI on him and ruined him financialy. And still they won't leave him alone.

Billy Dale was the director of the White House travel office, a low-echelon post where he had served since the Kennedy administration. He and six others were abruptly fired, on Hillary Clinton's direct orders, it now appears, so the Clintons could give those jobs to their friends.

To cover this hamhanded combination of arrogance and ineptitude, the White House accused Dale of embezzlement. When that case finally came to trial after two years, a jury quickly and completely vindicated Dale.

Now comes Robert Bennett, a member of the Clintons' growing legal corps who represents the president in the Paula Jones scrape and also represents TV millionaire Harry Thomason, a close Clinton friend who was involved in the travel office firing.

On national TV, Bennett said that Dale had been willing to plea bargain his way out of the trial, adding in a sarcastic sneer, "so let's not all cry about Billy Dale."

So what? Dale was looking at a choice between plea bargaining to a misdemeanor and paying a $69,000 fine or fighting the charges and paying $500,000 in legal bills.

In the lush green pastures where high-priced lawyers like Bennett graze, money is not a considerstion. For jobless working people like the Dales, it is. In this event, Dale fought and won. He is innocent, and whether he once considered a plea bargain now doesn't mean a damn thing.

The Clintons will leave the presidency with a generous pension and numerous perks. They are both Ivy League lawyers, and, with the numerous money-making opportunities available to ex-presidents, their legal bills, even at Bennett's rates shouldn't be a problem.

The Dales, the kind of people who in Clinton's words worked hard and played by the rules, are left with nothing.

By itself, Bennett's eruption about a plea bargain wouldn't mean much except ill-considered mouthing off. But then Democratic National Committee Chairman Dan Fowler made the same charge on television the following night.

Perhaps it was coincidence; more likely, it was vindictive White House spin control. The conventionial wisdom in Washington is that the White House will go to any length to protect the first lady from her self-inflicted embarrassments.

The attacks on the hapless Billy Dale bear out the conventional wisdom

Mr. HORN. I want to read a couple of paragraphs here, because we have heard it discussed this morning.

It said: "To cover up this hamhanded combination of arrogance and ineptitude, the White House accused Dale of embezzlement. When that case finally came to trial after 2 years, a jury quickly and completely vindicated Dale.

"Now comes Robert Bennett, a member of the Clintons' growing legal corps, who represents the President in the Paula Jones scrape and also represents TV millionaire Harry Thomason, a close Clinton friend, who was involved in the Travel Office firing.

"On national TV, Bennett said that Dale had been willing to plea bargain his way out of the trial, adding, in a sarcastic sneer, says Scripps Howard: 'So let's not all cry about Billy Dale.'"

Then the Scripps Howard goes on to say, "So what", a phrase we heard this morning repeated from a phrase of the minority. "Dale was looking at a choice between plea bargaining to a misdemeanor and paying the $69,000 fine or fighting the charges and paying $500,000 in legal bills."

And then the Scripps Howard goes on: "In the lush green pastures where high-priced lawyers like Bennett graze, money is not a consideration. For jobless working people like the Dales, the family, it is. In this event, Dale fought and won. He is innocent. And

whether he once considered a plea bargain now doesn't mean a damn thing." From the Scripps Howard.

And, Mr. Chairman, I think that sort of sums it up. The American Bar should be looking at lawyers that miscite and misquote the truth in these cases, be it on the West Coast or the East Coast. I think the American people have had enough.

Mr. CLINGER. The gentleman's time has expired.

I am now pleased to recognize the Chairman of our Civil Service Subcommittee, the gentleman from Florida, Mr. Mica, for 5 minutes.

Mr. MICA. I thank you, Mr. Chairman.

I have a couple of questions about the firing.

It is my understanding, Mr. Dale, when you were called into Mr. Watkins and fired, or terminated, told you would be out in 2 hours, that he indicated that this was part of the National Performance Review, this change in personnel. I think I read some other statements where you or one of the others had said that they recall Mr. Watkins saying this; do you recall that?

Mr. DALE. I recall him telling us that we were being terminated as part of the President's commitment to reduce the White House staff by 25 percent, yes.

Mr. MICA. I think also the Press Secretary, Dee Dee Myers, also mentioned the National Performance Review as one of the reasons; is that correct?

Mr. DALE. I think so, yes.

Mr. MICA. Had anybody from the Vice President's Office or National Performance Review ever been in your office?

Mr. DALE. No, sir.

Mr. MICA. Anyone aware of the National Performance.

Mr. DREYLINGER. No, sir.

Mr. McSWEENEY. No, sir.

Mr. MAUGHAN. No, sir.

Mr. MICA. Some of you had prior full civil service rights or experience; is that correct?

Who had those from other agencies? If you could tell me your name for the record and what you had.

Mr. VAN EIMEREN. Yes. Bob Van Eimeren.

Mr. DALE. I did. Billy Dale.

Mr. McSWEENEY. My first Government job was at the White House.

Mr. DREYLINGER. Other than the military, mine was at the White House also.

Mr. MAUGHAN. And I had afterwards, when I took the job over at the Defense Department.

Mr. MICA. Anyone else?

What concerns me, I chair the House Civil Service Subcommittee, and I think Federal employees should have some rights, even if you work for the White House.

And they had the right to dismiss you, as far as I can see, under their practices.

What drives me absolutely crazy is the fact that they used, it appears, the FBI for cover and then harassed you and some of the others involved in this with the IRS.

Do you feel that there was a use of a law enforcement agency in this process, Mr. Dale?

Mr. DALE. Yes, sir, I do.

Mr. MICA. Again, my reading of this is that on the 12th of May, they called in the FBI before Peat Marwick, which was retained on the 13th. They also made statements, as I recall it was a Mr. Kennedy, that said if we do not have a response in 15 minutes, we will have the IRS or some other agency, I am paraphrasing him. Is that your reading and belief of this?

Mr. DALE. Yes, sir.

Mr. McSWEENEY. Yes, it is. And also, if I might add, on the 20th of May, the President was asked, this is the day after the firing, what he knew about the firing. And he was very specific that he knew absolutely nothing and that he would refer all questions to his senior staff who were handling it.

Mr. MICA. I think it is offensive to hear from the other side any comparison between what they did with the Federal law enforcement agency and then with the IRS, financial arm of the United States.

I understand you all have or has everyone undergone some scrutiny by the IRS; is that correct?

Mr. DREYLINGER. I am unaware of it. I just assumed that during this procedure we have.

Mr. MAUGHAN. I was not interviewed by the IRS, but I think mainly because I had a good attorney and he talked them out of it.

Mr. DREYLINGER. I was interviewed by the IRS.

Mr. MICA. Are some of you currently still undergoing examination, are you aware of it, by IRS?

Mr. DALE. I am.

Mr. McSWEENEY. I have no idea, although they did say not to be surprised if it happened. Although I would have no way of knowing if it was happening.

Mr. MICA. The other thing that disturbs me in this whole process is there was no NPR review. I heard other Members question before, and they asked you this question. Had you had any indication that you were misperforming, there was mismanagement, there was financial misfeasance in that office from January 20 to May 19? Anyone aware of anything?

Mr. WRIGHT. No, there was no communication.

Mr. MICA. No NPR. So, basically, the whole thing is concocted. It looks to me like Mr. Thomason, I guess the administration had had Nannygate and they had problems with Waco and the President's $200 haircut, but you guys ended up as the scapegoat. This was going to be a fancy PR move.

Did Mr. Thomason, when he came in, he came in in February and tried to get business from you, did he tell you that he had an interest in that business or did Darnell Martens come in?

Mr. DALE. Well, it was Mr. Thomason's partner, Darnell Martens, who called me on the phone. To this day, I have never met either one of them.

Mr. MICA. Did Darnell Martens disclose that Thomason had an interest?

Mr. DALE. No, sir.

Mr. MICA. The only one that I can see that was bad mouthing you was Thomason and he was part of TRM who wanted some of this business; right?

Mr. DALE. That is true.

Mr. MICA. It was Thomason, R was Richland, and M was Martens, so they all had—he had an interest. I am not sure if he is aware of, and I am not sure what his status was later on, but if he was a special Government employee, he may, in fact, have violated the U.S. Code 18205, which prohibits folks from getting anything of benefit in return and having a position. Are you aware of that?

Mr. DALE. Yes, sir.

Mr. MICA. Thank you.

Mr. CLINGER. The gentleman's time has expired.

I am now pleased to recognize the gentleman from Massachusetts, Mr. Blute, for 5 minutes.

Mr. BLUTE. Thank you, very much, Mr. Chairman, and I want to commend you for the way that you have conducted these hearings over these months. You have been honest, you have been straightforward and you have been seeking the truth in this matter and you have run into a lot of blocks and walls in your efforts to gain documents.

And one of the reasons we are here today at this late date is that documents this committee subpoenaed from the White House concerning this affair did not show up until very, very recently, and as you know, the Watkins' memos tend to be different from what was said earlier by White House officials.

So I think it is important that we finally get to the bottom of this for the American people. I do not know and understand why it was so difficult for the White House to just come clean and admit that this was a mistake; that they intended to change people there, which they had a legitimate legal authority to do, but instead they did not do that, they engaged in a deception.

I said to Mr. Watkins something that my mother used to tell the Blute kids, and that was: "Oh what a tangled web we weave when first we practice to deceive." And it seems to me that the White House engaged in deception from the very beginning as to why you were all fired.

And then, after it was fairly revealed that there was a mistake there, they engaged in deception to try to prevent the real story from coming out. The Watkins' memo was very clear on that and many other memos. And I think there are serious questions here to which this committee and the American people deserve to find the answers.

I am somewhat troubled by some of our minority colleagues who seem to think this is no big deal. The inappropriate use of the FBI and the IRS is no big deal. White House officials not being forthcoming to congressional investigators, to GAO investigators; this is no big deal to them. I think it is a very big deal and it really cuts to democracy as to how each branch can keep an eye on the other branch.

If they had handled this the right way, at the White House, this would now be a long-forgetten personnel move. It might have been a tough move, it might have been a political move, but it would

have been long forgotten. But instead, they went another way, and it is very clear, I think, what has happened here.

I want to ask all of you, but particularly Mr. Dale, because I think you have the longest tenure in the Travel Office; is that correct?

Mr. DALE. I think I have about 2 weeks longer than Mr. Wright.

Mr. BLUTE. So we have some long-term experience here, and you have been through many transitions where new administrations have come into office. I just want to ask you that whenever another new administration came into office, did you ever feel any sense that your office was being sized up as a targeted opportunity for the new administration's political cronies? Did you ever feel that in any other transition?

Mr. DALE. There had been a couple of times that we had other political staff that felt they wanted to work in our office until they found out what a headache and hard work it was, then they decided to go somewhere else in the Government.

Mr. BLUTE. So it never went anywhere?

Mr. DALE. No.

Mr. BLUTE. When you met with Mr. Watkins, the day he informed you that Catherine Cornelius was going to be coming into your office, I want you to elaborate on what was his rationale. Did he mention to you that she was a Presidential cousin? How did he justify this move?

Mr. DALE. Well, we had been aware all along that Catherine Cornelius had an interest in working in the Travel Office. But when he called me over, he told me that she was acting as a receptionist in his outer office and that she was unhappy, and that she thought she might want to go into the travel business once she left the White House and asked me if I would be willing to take her aboard and teach her the travel business because she had never worked in it before.

And I told him, sure. I asked him, how do I treat her? And he said you treat her just like any of the other employees. She does the same duties that they do.

Mr. BLUTE. So you were of the impression she was a relatively young woman who was politically connected, but, that is OK, you were going to impart upon her the experience of your office; and as it turned out it was something quite different.

Mr. DALE. Right.

Mr. BLUTE. She was working with Mr. Thomason and with others in the White House to somehow make a case against the Travel Office employees.

I want to ask you this question, because you mentioned it, and you did it vaguely, but I want you to clarify it. There were missing documents from your records that the GAO and other reviewers, the Peat Marwick reviewers, could not get access to, and this caused them to write some things that perhaps were not absolutely accurate. But you have indicated that perhaps you think that maybe those documents were taken.

Mr. DALE. I have no other reason to think otherwise. Because before Catherine Cornelius came into that office, I prided myself on the fact that I could put my hands on any record that I was questioned about within a 10- to 15-minute time.

Mr. BLUTE. And you cannot explain where those documents got to?

Mr. DALE. The first 2 weeks that Catherine Cornelius worked in my office, I was on sick leave. And I found out after 2 weeks, coming back, that she had been rummaging through the files.

Mr. BLUTE. Mr. Chairman, I think it is very clear what happened here. Even on Inauguration Day, as you have testified, you were receiving calls about the new Travel Office Director, Catherine Cornelius, asking for her; is that correct?

Mr. DALE. That's correct.

Mr. BLUTE. Yet later on the White House officials said she just wanted to learn. And all around you there were little signals that you were getting, the flowers that were then taken back, and various other signals that a political offensive had started; that your office was a target of opportunity for the new administration to put their people in, which, in and of itself, once again, is not wrong. But to bring the FBI in and the IRS and to try to frame up what obviously are decent, hardworking public servants is wrong, and I think this committee thanks you very much for your testimony.

Mr. CLINGER. The gentleman's time has expired.

I am now pleased to recognize the Chairman of our District of Columbia Subcommittee, the gentleman from Virginia, Mr. Davis, for 5 minutes.

Mr. DAVIS. Thank you, Mr. Chairman.

Let me just say that I am not sure firing you would have been illegal. I think it would have been wrong. We have people, civil servants, who have been doing a good job, and as we try to move away from the politics of the old days, I think it would have been wrong, but it would have been perfectly legal, and that is the point Mr. Blute was trying to make.

Once again, though, the way this was handled, trashing innocent people's reputations, spreading lies and rumors and so on, I think has escalated this, and the cover-up, to where we are today.

I want to ask a few questions.

Mr. Dale, in early February, Darnell Martens, a partner of Harry Thomason's, called you to seek business; did he not?

Mr. DALE. Yes, he did.

Mr. DAVIS. Was there any doubt in your mind he was seeking business for his company, TRM?

Mr. DALE. No, sir, because I had asked him what was in it for him and he told me the financial gain he would realize.

Mr. DAVIS. Did he tell you who else was involved in the partnership with him?

Mr. DALE. No, sir, I didn't know who he was or any connection he might have with the White House.

Mr. DAVIS. Did he say anything about he was just checking this out for other people?

Mr. DALE. I don't remember that he did. He just indicated that he was looking for business.

Mr. DAVIS. And did you know at the time who Darnell Martens or Harry Thomason were?

Mr. DALE. No, sir.

Mr. DAVIS. When did you learn that they were friends of the President?

Mr. DALE. After we were fired and I read about it in the newspaper.

Mr. DAVIS. If you had known they were friends of the President, would you have thrown business their way or acted in any way different?

Mr. DALE. No, sir, I would not.

Mr. DAVIS. Mr. Martens said, he was upset you could not give him an opportunity to get the business. Can you explain why it was not feasible to provide him with the business?

Mr. DALE. Because if Mr. Martens had gotten business, the charter companies would have had to pay him a commission, approximately 10 percent. And I told him that I didn't see where that would be financially beneficial to the White House Press Corps, and, besides, I didn't need a middleman to handle the contacts at the airlines for me.

Mr. DAVIS. It would have been an extra cost, in other words?

Mr. DALE. An extra cost, yes.

Mr. DAVIS. Did you have ever have any inquiry from anyone at the White House as to why Darnell Martens could not get the business?

Mr. DALE. No, sir.

Mr. DAVIS. At the time you did not know that TRM, the company owned by Darnell Martens and Harry Thomason were also seeking GSA contracts?

Mr. DALE. No, sir, I did not.

Mr. DAVIS. Prior to your firing, how often had you met with Patsy Thomasson or David Watkins?

Mr. DALE. I had never met Patsy Thomasson until May 14, the morning she walked into my office with the Peat Marwick people.

Mr. DAVIS. How about David Watkins?

Mr. DALE. The one time that I met with him was when he called me over to tell me that Catherine wanted to work in my office.

Mr. DAVIS. And he never——

Mr. DALE. I had met him in the hall in an unofficial capacity, shook hands with him and introduced myself, but no official meetings.

Mr. DAVIS. He had not expressed any concern about the quality of your work or any rumors he had heard or anything else?

Mr. DALE. No, sir.

Mr. DAVIS. Mr. Dale, you testified that you tried on numerous occasions to meet with George Stephanopoulos and Dee Dee Myers and could not. What would you ordinarily have done in interacting with their office?

Mr. DALE. Well, when we leave Washington with the President on a Presidential trip, we consider the Press Secretary to be our supervisor. We work for them.

Mr. DAVIS. What financial management concerns did Patsy Thomasson or David Watkins raise with any of you? Did either of them raise any concerns with you?

Mr. DALE. No.

Mr. MCSWEENEY. None.

Mr. DAVIS. So you are out-trashed in the press and they never raised any question with you about you given any rebuttal or anything else?

Mr. McSWEENEY. No, sir.

Mr. DALE. No, sir.

Mr. DAVIS. Did anyone ever raise the issue of financial mismanagement or concerns or anything at all; ask you for any accounting or ask you about how or why you did what you did?

Mr. DALE. No, sir.

Mr. DAVIS. Can you describe the management or direction provided to your office from Ms. Thomasson or Mr. Watkins?

Mr. DALE. We had none.

Mr. DAVIS. Now, Mr. Van Eimeren, Harry Thomason told First Lady Hillary Rodham Clinton that he could have a better, cheaper operation up and running in an hour in the White House Travel Office. Did you find this to be the case after you returned from your May 19, 1993 meeting in which the entire White House office staff was fired?

Mr. VAN EIMEREN. When I returned to the office, Mr. Davis, it was probably about 15 minutes. The meeting with Mr. Watkins was about 15 minutes. And walking back into the office, and there were other people sitting at our desks, but they really had no clue as to what to do, and one of the World Wide Travel personnel sitting at my desk started asking me questions, how do you do this, how do you do that. And I just simply stated to her, sorry, but I am not in the mood to tell you how to do my job right now.

Mr. DAVIS. Did you have any contact with them afterwards?

Mr. VAN EIMEREN. No, I did not.

Mr. DAVIS. Incredible. Well, let me just ask.

Mr. Chairman, I understand that we have just received over 5,000 more pages of documents, which include many documents related to Mr. Harry Thomason that we have only now received because we issued subpoenas for these documents that have been evidently long withheld. We still have much more to learn about Mr. Thomason's role in this.

And with that, I would yield back and only say to these gentlemen, I saw you on Larry King, and I represent a lot of Federal employees, and I know the rhetoric is great, but when you trash people who have given their careers to Government like this, it is the wrong message. You were wrongly treated and it is regrettable, and I hope that this story, as it goes out across this country, will clear once and for all the mysteries that surrounded this and the false allegations that came forth.

Thank you.

Mr. CLINGER. The gentleman yields back the balance of his time.

I thank him for his questioning.

I will now yield 5 minutes to the gentleman from Minnesota, Mr. Gutknecht.

Mr. GUTKNECHT. Thank you, Mr. Chairman.

I don't intend to take my full 5 minutes, but, Mr. Dale, we have had written testimony, I'm sorry, documented and written and oral testimony, under oath in this committee, that documents were destroyed, computer files were erased. I was curious, did any of that affect your ability to defend yourself? Were any of those files that were ultimately found to be missing or that we know now that had been destroyed, did that affect your act to defend yourself?

Mr. DALE. At first we thought it would, but as it turned out, it didn't. But we were very limited in what we could introduce in court as far as White House documents.

Mr. GUTKNECHT. Mr. Chairman, I think these gentlemen have been more than willing to testify before us here today, so I don't want to go too long, but I just want to say, and maybe I should ask, which of the three actually had to attend their father's funeral still being sullied?

I can't imagine anything worse. This administration, which came into office saying "I feel your pain," I cannot imagine anything more reprehensible than that. And then I understand that one of you, and I cannot remember which one, got a call from your daughter to say something to the effect, say it isn't true, dad.

Mr. BRASSEUX. Exactly. Yes, sir. That is hard to take.

Mr. GUTKNECHT. As a father of two daughters, I could not imagine. When we file for public office, in effect, we say that we can be called almost anything in the book and it is all legal and we don't have any real recourse. Obviously, you do have ultimately some recourse, perhaps in a civil suit. I am not an attorney and I am not going to give any advice, but it seems to me you have awfully strong grounds and this would be a very fertile field to have a case tried in DC, where you have an awful lot of Federal employees.

I have to say I am amazed at how calm you are. Because it seems to me that if it were me I would have an anger and a rage burning inside me. I would be like a volcano, because I cannot believe what you folks have been through over the last several years.

It seems to me that we have Chairman Clinger, who is probably among the most moderate nonpartisan Members of this Congress, who, I think finally, has begun to exhibit some of the rage that we are beginning to feel about the activities that have taken place over the last several years.

I did not know until my colleague, Mr. Davis, just announced that there are now even more documents finally coming forward, documents that we have requested for over a year, and this sort of drip, drip, drip of new information, new documents, new testimony, it seems to me it is unbelievable.

But there is one word and we have heard from the other side, and we have heard from the administration, we have heard from some of their lawyers, we have heard lots of legalisms, we have heard half-handed excuses, but the real word is moral. I mean there is something, I don't know what obstruction of justice really is, and I don't know if we have a legal definition of abuse of power, but I know this. This is wrong. It is morally wrong what they did to you for their own political reasons. And it seems to me we do have some responsibility, moral responsibility, if you will, to get to the bottom of this and make certain that, No. 1, the people who were responsible are punished, and No. 2, that this does not happen again.

I thank you all for coming here today. We appreciate what you have been through and we are going to do everything we can to make it right.

Mr. CLINGER. I thank the gentleman.

And I am now pleased to yield to the gentleman from Ohio, Mr. LaTourette, for 5 minutes.

Mr. LaTOURETTE. Thank you, Mr. Chairman.

Just a couple of observations that I would like to make in the beginning, with you, Mr. Dale, in particular. I was very much looking forward to your coming here today, because I have had a lot of characterizations of you and seen a lot of characterizations of you in the press. And I would say this side of the aisle and Sam Donaldson don't agree all the time, but I would suggest to you that I would agree with his observation that you seem to be very candid and a straight-shooter, and I hope you take this the right way, but you don't strike me as a big schemer or someone who was dropping an elaborate plan to defraud the Press Corps.

As a matter of fact, all seven of you just seem like people who have worked between 9 and 32 years at the White House Travel Office trying to do your jobs and provide the best service you could to the White House Press Corps and also the Presidents that you served. Unlike some other people in this town that may deserve the appellation "slick," I don't think anyone will call you "Slick Billy" by the time we are done with this set of hearings.

Mr. McSweeney, although I am a new freshman, I have become somewhat battle-hardened during this 104th Congress. I was particularly moved by your statements earlier today when you talked about the rage you felt for the last 2 years. I don't blame you. I felt it as you spoke and talked about Mr. Dale's daughters and the wedding plans. I don't know how the seven of you lived with it or how you get past it.

As I sit here, and I used to be a prosecutor, and when I met Mr. Dale during the break, and when he found out I was a prosecutor, I sort of backed up because he has not had good experience with prosecutors recently. But none of you sounded rehearsed or coached, you do not have lawyers whispering in your ears and providing you with answers, you have not issued a single denial, and in giving your testimony today you have not shut down the C-SPAN and the network cameras. You have let America hear what it is you have to say, and I appreciate that.

You were not here for the first two hearings, but I want to go back in chronology. The first hearing sort of had a theme that because you, Mr. Dale, were under indictment, the Chairman and the majority of this committee was all wet and what are you looking into this thing for?

As a matter of fact, I remember at one point during the first hearing where the Chairman was chastised, for apparently he had sent a letter that indicated that some exculpatory material had been found. And for those of you who are not lawyers, exculpatory material means information that the Government has in its possession that shows a person charged with a crime is not guilty. And there were some on the other side of the panel who were suggesting what a horrible thing to do, to provide to a person charged with a crime documents in possession of the Government that would tend to show they were not guilty of that crime. I thought that was strange, given my background.

At the second hearing we had, you had been acquitted, and we were faced with "so what?" Even though you had been acquitted, we were told the fact a Grand Jury indicted you still made you somehow a bad person and we should be looking at that.

In today's hearing we have sort of heard, well, OK, you have been indicted, you have been acquitted, and I think Mr. Davis made the observation, and all of us said, who used to be prosecutors, Mr. Davis used the example of a ham sandwich. That is an expression we have in the prosecutorial business. But now there is this plea agreement and so that is being trotted out at the third hearing.

And in the time since we have had our other hearing, it is incomprehensible to me if the Government has documents in its possession that tends to show that a person charged a crime is not guilty of that crime and they will not release those documents to let a person defend themselves, I think almost everybody would be in a position that you found yourself in as you attempted to defend yourself. So I am sorry that that is the way the justice system has unraveled for you.

I want to follow up on a couple of observations that were made by some of my colleagues, and going back to Ms. Cornelius, who I believe is the third cousin of the President of the United States. I think in response to Mr. McHugh's question you said Mr. Watkins asked you to teach her the travel business; is that right?

Mr. DALE. That's right.

Mr. LaTOURETTE. From the documents I reviewed, in order to teach her the travel business because she would be a new employee coming into an office staff with gentlemen who had been there between 9 and 32 years; and you determined, or did you not suggest that she go to Dallas to take a course to learn the computer system that you use in the Travel Office?

Mr. DALE. Yes, sir, I did. As a matter of fact, I already had the arrangements made and she was scheduled to go on Monday morning, May the 17th.

Mr. LaTOURETTE. But Ms. Cornelius, the third cousin of the President, did not go to Dallas to learn the computer system, did she?

Mr. DALE. No, she did not.

Mr. LaTOURETTE. Why is that?

Mr. DALE. I think she thought she was going to be taking over the office and she would leave the computer operations to the other people.

Mr. LaTOURETTE. When you were asked to teach her the travel business, were you aware at that time she had authored a memo the previous December talking about how she could come in and run the Travel Office?

Mr. DALE. I did not come into possession of that until 2, 3 or 4 days before we were fired.

Mr. LaTOURETTE. You are aware as you sit here today that part of the brouhaha that eventually consumed you on May 19 were based upon allegations that Ms. Cornelius was making to others in the administration, are you not?

Mr. DALE. Yes, I am.

Mr. LaTOURETTE. You mentioned in your opening remarks, and I forget your exact words, but you put it rather well, and it was rather polite, that somehow she was indicating that you had acquired possessions that she didn't think Federal employees could

have, like lake homes and things of that nature. Is that your understanding?

Mr. DALE. That's right, but she didn't take into consideration that that lake home was mortgaged.

Mr. LaTOURETTE. Are you the one that owns the lake home?

Mr. DALE. Yes, I am.

Mr. LaTOURETTE. Did you steal any money from the citizens of the United States or the Press Corps to buy that home?

Mr. DALE. No, sir.

Mr. LaTOURETTE. Did anyone have the courage to ask you when or how you acquired it and what the mortgage was?

Mr. DALE. No, sir.

Mr. LaTOURETTE. Did any of the rest of you gentlemen have the nerve, as Federal employees, to own anything? Were you ever interviewed by anybody at the White House and asked how it is you came by these possessions? You worked hard for it. Did anybody ask you how you came into possession of those things?

Mr. MAUGHAN. No, sir.

Mr. DREYLINGER. No, sir.

Mr. DALE. No.

Mr. BRASSEUX. No, sir.

Mr. WRIGHT. No.

Mr. VAN EIMEREN. No.

Mr. CLINGER. The gentleman's time has expired.

And I now recognize the gentleman from New Jersey, Mr. Martini, for 5 minutes.

I'm sorry, forgive me. I should recognize the minority side, my colleague from Pennsylvania, Mr. Kanjorski.

Mr. KANJORSKI. I am learning more every day what it is like to be in the minority.

First of all, I will give you a report, Mr. Chairman. I am sorry I have not been here for all of the hearing. The commonwealth suffered a billion dollars worth of damage, and part of that was in your district, and I can assure you we just had a meeting with the Lieutenant Governor and the delegation and we are moving along and proceeding well in a very bipartisan way to help our constituents.

If I may, I was a little disturbed in prior testimony before this committee on this whole fact, because coming from a legal background myself, I have a great deal of respect for the process, the legal process, and this is, of course, directed to you, Mr. Dale.

It is not normal that a Governor or a President would have some impact on what a district attorney or what a U.S. attorney does in a legal matter. And there is less likelihood that that individual will have an impact on what a Grand Jury of citizens do when they are given sworn testimony.

In this case, as I understand it, the normal process, the standard procedure of the criminal prosecution by the Public Integrity Section of the Justice Department was followed in all regards. There are a multiplicity of steps that they have gone through and they followed those steps. And as a result, as I understand it, ultimately, the investigation having been had, the evidence of that investigation having been taken to a Grand Jury empowered for over 15 months, it, in fact, returned an indictment against you. And

after a hearing of several weeks, a jury did finally closet itself and come back, I think within 2 hours, and find you not guilty. That is the normal process.

Do you have anything that leads you to believe that there was an obstruction of justice or an abuse of justice by anyone at the Justice Department, the FBI, on the Grand Jury or the trial jury or the trial judge in this case?

Mr. DALE. No, sir, I have no proof of that, and I would hesitate to accuse anybody of that.

Mr. KANJORSKI. I didn't ask you if you had proof. Do you have any indication of that or any inclination or any suggestion of that?

Mr. DALE. Well, I have to ask myself how the FBI got involved in this. I have to ask myself—I have been told that a case——

Mr. KANJORSKI. No, the FBI got involved. I know that is something that is open as to how that happened. I am not talking about the initial call to the White House from the FBI; we have had testimony. The testimony was they found out something was not quite right, and they did not know, having not been in office more than a short time and never having run across this situation. And, quite frankly, I am not sure they did the right thing.

I am not talking about that. I am talking about the process after it moved out of the White House, when it was referred to the Justice Department and the Public Integrity Section of the Justice Department; are you suggesting in any way that either those attorneys in the Justice Department, the people in the Grand Jury, the judge that tried the case or the people that made up the jury were in some way compromised?

Mr. DALE. Absolutely not, because I would——

Mr. BURTON. Would the gentleman yield?

Mr. KANJORSKI. Well, if we have an agreement that I get the time back, yes, I yield to Mr. Burton.

Mr. BURTON. It is my understanding that the White House withheld documents from the Public Integrity Section which would have had a bearing on possibly even having an indictment.

Mr. KANJORSKI. As I understand it, reclaiming my time, I am not familiar with that case, it is Mr. Dale's contention that there was some log that he did not have; that he then, therefore, was asking for and was not available or not known of.

Mr. BURTON. If the gentleman would yield further.

He did not even have his own petty cash records. They were kept from him. So things he could have used before the Grand Jury to prevent an indictment were kept from him by the White House.

Mr. KANJORSKI. I understand that, but also I understand that in the report of Peat Marwick, the accounting firm—that clearly is a very responsible firm, would you not agree, Mr. Dale?

Mr. DALE. Depending on what you want them to do, yes.

Mr. KANJORSKI. They said there was gross mismanagement there.

Mr. DALE. Show me in their report where it says that?

Mr. CLINGER. If the gentleman would yield.

Nowhere in that report does it talk about gross mismanagement.

Mr. DAVIS. Perhaps the gentleman from Pennsylvania could tell us where the report states that.

Mr. KANJORSKI. I should not be quoting that way. Serious financial management and weaknesses existed.

Mr. BURTON. Is that an indictable offense, if that is the case?

Mr. KANJORSKI. No, but what I am concluding from that. I am not sure, I am not castigating you or the White House. I am trying to figure out—as a Member of Congress, if I walk into my office, or my wife walks into my office, and she gets a call from a very responsible friend of ours that is in business, a banker, a lawyer, someone who has no reason to misinform you of something, and he tells her that there is mismanagement in my office, funds are being mismanaged, are we not expected to take some sort of action? I would expect——

Mr. DALE. Absolutely.

Mr. KANJORSKI. I would expect her to inform my Chief of Staff immediately. I would expect her to inform me immediately. And not having dealt with this, I would probably call the FBI or call someone and say, "what is this," knowing full well these are my funds, these are Federal funds, or at least funds that Federal officials are responsible for.

Mr. DALE. No, sir, you are wrong, there were no Federal funds involved.

Mr. KANJORSKI. That Federal officials are responsible for. If those funds were embezzled it would be the obligation of the U.S. Government to make that trust fund whole. So to that extent, we were the full faith and credit underwriters of the funds you held.

Mr. DALE. No, sir, you were not. The U.S. Government did not make up the $40,000 when UPI filed bankruptcy. I had to make it up. The United States Government——

Mr. KANJORSKI. Of course you have to make it up. We will go to any responsible party.

Let me ask you on that question. You had to make up—if I may indulge the committee for another 2 minutes because I yielded.

Mr. CLINGER. I will indulge the gentleman for one more question.

Mr. KANJORSKI. The case where you had to make it up has a very simple answer. Why did you not contest the fact you are not responsible and should not have had to make it up, in order to have that case litigated in a court of law? Unless they can prove you are responsible, you do not have to make it up.

Mr. DALE. I didn't have that option. Or I didn't think I had the option.

Mr. KANJORSKI. I understand the costs you went through, I understand the embarrassment, all those things. I am just saying, do you feel that we ought to go on with this hearing and really go into finding out and calling these prosecutors in and calling that Grand Jury in and determining whether or not there is something here that we are not aware of, or was this something that happened that was not perhaps handled in the best way but there was no maliciousness to it?

Mr. DALE. No, sir, I would not agree with that.

Mr. CLINGER. The gentleman's time has expired.

I am now pleased to recognize the gentleman from New Jersey, Mr. Martini, for 5 minutes.

Mr. MARTINI. Thank you, Mr. Chairman.

Let me just follow up on the question, Mr. Dale, that was asked of you by my colleague from Pennsylvania, which really is asking you to try to bifurcate a process. It is inherently unfair to try to suggest that you, in your own mind, should divide where along in this process there may have been inappropriate legal actions in investigating this matter.

Quite frankly, my colleague has a legal background, as I do, and others here on this panel do, and the inherent unfairness of that is those of us who have had experience in this area know that a matter can be tainted from wrongdoing right in the beginning, and that taint remains in the case. And the Justice Department and the courts may never know about the wrongdoing in the initial stages of the investigation, such as the loss of documents and the secretion of other evidence, et cetera.

So to frame the question like that has done you, I think, an injustice and I just want to comment on that point.

I would like to just use my time to share with you some of my thoughts on this as a new member of this committee and new Member of Congress.

First of all, many people have come up to me, as we have had hearings and have asked me, and I have heard from my colleagues' efforts to minimize the significance of these hearings, particularly in the beginning, particularly when we began this process some months ago, and to the credit of our Chairman and his willingness to go forward on these committees, I think we now see a much different light and particularly the American people today have had the benefit of actually seeing why these committees are so—these hearings are so important. They have had the chance to listen to the testimony of live people, people whose lives have been dramatically impacted in a very negative way by the mishandling of your termination and firing, people whose families have been impacted financially and emotionally. So I am hopeful that the American people and the people following these hearings now know why it was so important for Congress to undertake finding out and hearing from you as well what did happen in the firings back on May 19, 1993.

And I don't think there is any position anymore to attempt to minimize the importance of these hearings because if out of these hearings we are successful in the future standing between the abuses of powers and the wrongful firings and mistreatments and using public employees as pawns and using your integrity and your character and your many years of service to the U.S. Government to be used only as pawns in a failed political media plan, and that is what this was in my opinion, this was an assessment by the White House that if they had just terminated you for no cause, they would have sustained some negative publicity for that and—but they had the right to do that. They chose instead to try to avoid that and spin it the best way, and I think unfortunately we are seeing more political spin in this governing process than I would like to see in my first year here. But now when the political spin impacts on people's lives, we do have a very major role in standing up and getting to the bottom of this.

It is interesting having sat here a week ago and listened to Mr. Watkins, and it is interesting also even as recently as last week

our First Lady is still insisting that she had no role other than she was concerned but she did not order the firing, and I go back to Mr. Watkins. Initially, in the initial memo by the White House undertaken to look into this issue, most of the blame seemed to have been placed on Mr. Watkins and his handling of this, and there was a noticeable absence of any of the conversations with the First Lady or Mr. Thomason or anyone else. And one has to ask, in my opinion, and the American people have to ask, if there was nothing wrong in the handling of this matter in the manner in which you were fired, then why is it that everybody is trying to distance themselves from the actual responsibility of firing you?

Why is it that Mr. Watkins took the time after the fact to write this soul-searching memo to say he was going to straighten out the reference, the record, and clearly did straighten out the record in my opinion, having heard his testimony and having read that memo. He certainly does in that memo clearly place the responsibility for these firings back into the Oval Office through the First Lady, in my opinion. So that is a question that I think should be raised by everyone who tries to minimize these hearings.

If there was nothing wrong, and if it was such a minimal matter, as we hear on the other side constantly, then why is it that no one has stepped forward and clearly said this was my responsibility? They have shifted it back and forth and they are continuing to shift it back and forth.

And I am satisfied they know that the evidence is there now that the manner in which you were treated was inappropriate, was malicious, and really was a misjudgment on their part to try to gain some political spin.

And let me just close by saying what I said last week but I think it is worth saying, anyone who read the Watkins memo last week, and I invite anyone in the American public to do so, and anyone who listened to his testimony would clearly come away from the plain meaning of those words where the authority was and the decision was, and as far as I am concerned when someone says there was pressure, all hell would break out, uses that type of terminology throughout that memo, he did not have the free will to exercise his decision on his own and he knew very well that the decision had to be made, had to be made quickly to fill those slots with their people and you unfortunately have been the victim, in my opinion, of a very malicious act the very least, putting it mildly.

So let me close by saying on behalf of the American people and for those that we can speak on behalf of, we certainly do apologize for the travail that you have been put through and the ordeal that you and your families have been put through, and I say that sincerely, and thank you for being here on this very long day. Thank you.

[The prepared statement of Hon. William J. Martini follows:]

PREPARED STATEMENT OF HON. WILLIAM J. MARTINI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

I want to join in commending Chairman Clinger for holding this important hearing today.

Mr. Chairman, in previous statements the White House has continually asserted that the First Lady, Hillary Rodham Clinton, did not play a significant role in this matter.

However, after last week's testimony by former White House aide David Watkins, I am more convinced than ever about the First Lady's involvement in the White House Travel Office firings of May 19, 1993.

Last week when I asked Mr. Watkins where he felt the "extreme pressure" to fire White House Travel Office employees was coming from, he stated that to the best of his knowledge the source was in fact the First Lady.

As a new Member of Congress, I am very troubled by the deliberate campaign by the Administration to mislead this Committee and the American people about the role of Hillary Rodham Clinton, President Clinton's friend Harry Thomason and other high level White House officials in the Travelgate matter.

As I stated last week, the Watkins memorandum has put the credibility of the First Lady between the crosshairs.

Mr. Chairman, I am attending today's hearing because I believe the President, the Congress, and the American People owe the seven former employees of the White House Travel Office an apology.

These individuals have faced a continuous tide of malicious and mean spirited attacks by White House Officials over the past two and half years.

It's time for the Clinton Administration to stop playing games with these people's lives. Mr. Chairman, today's testimony will finally allow us to hear from true victims of the Travelgate debacle.

It is critical that this Committee should closely examine the facts and review all the evidence before reaching any conclusions of misconduct or criminality in this matter.

However, I will say that on the surface, the Watkins memorandum and the behavior of White House officials seem to confirm many of the suspicions and questions that have been raised in the Travel Office incident.

These hearings should continue to be carried out in as fair and non-partisan manner as possible. The White House should have every opportunity to respond to any new allegations.

I am hopeful that we will be able to finally resolve this matter in the coming weeks so that we may focus this Committee's attention on critical issues of the day such as balancing the budget and reforming welfare.

Mr. DALE. Thank you.

Mr. MCSWEENEY. Thank you.

Mr. CLINGER. I thank the gentleman and now I am pleased to yield to the other gentleman from Pennsylvania, Mr. Fattah, for 5 minutes.

Mr. FATTAH. Thank you, Mr. Chairman.

Let me say I was very happy to be here for the opening statement and hear I think it is Mr. McSweeney, I am not sure, say that if there were other public employees who were treated in this manner that he felt for them because it is interesting that even though you are being almost used as props that this Congress has not treated long-term nonpartisan employees well.

But let's move to your instant case. I would hope that after we have now discovered that you have been put in this situation that there could be more done about providing some assistance than just for us to hold a hearing, that if in fact the committee determines through the evidence that, you know, these expenditures in your private funds for legal fees were unnecessary because of the way that this was mishandled that perhaps something could be done to alleviate you of that burden.

It is interesting also that I think at the crux of this, if something was done wrong, we are really talking about the FBI and the Justice Department proceeding with an investigation that should not have been proceeded with. The committee, at least from the comments I have heard, Members want to keep talking about the White House. If something was really done wrong here, it is with the law enforcement officials who proceeded with the suggestion that there was less than adequate evidence to proceed with a crimi-

nal indictment. I want to join in with the comments of my colleague from Pennsylvania that if that is really the allegation, that we need to stop chasing this, this attack on Hillary Clinton and really focus in on whether or not we have law enforcement officials who, for whatever purpose, would take someone who innocently may have mishandled some things in a management sense and then tried to turn that into a criminal matter.

So I would hope that if people are seriously and sincerely concerned that we would do something about your personal situations, No. 1, and, second, that we would get to the heart of what should be the real concern of this committee, and I would like to yield whatever other time I have to either Congresswoman Maloney if she would like it or my colleague from Pennsylvania. Thank you.

Mrs. MALONEY. Thank you. Thank you very much.

I would like to be associated with my colleague's comments, his concern, not just for these seven Federal employees but the many Federal employees that were furloughed and did not receive paychecks. I understand you received paychecks but they did not receive paychecks during that furloughed time.

And to my very good friend and colleague from New Jersey, I just would like to take issue with one comment that you said that we are treating this as a minimal matter. The minority is treating it very seriously and in fact we have come forward with several proposals to improve the management of the White House Travel Office and, in fact, 27 of the suggested improvements have already been implemented by the White House that were made by GAO.

The auditing firm Peat Marwick, in their Management Review, which was later reviewed by the GAO, listed a number of weaknesses that still remain in the Travel Office, and I would like to go through them during your period, Mr. Dale, and they said: That written policies and procedures, none, none existed; segregated duties, lines of authority, clearly communicated, none; periodic audits, none; oversight and guidance, none; procurement of goods and services, customers' needs determined, none; goods and services acquired competitively, none. I thought that was a requirement in the Federal Government that everything be competitively bid but they found that nothing was competitively bid.

Mr. MCSWEENEY. Mr. Chairman, can I answer that?

Mrs. MALONEY. Please may I go through this list?

Documented agreements or written contracts, none. No written contracts. System to identify and record all costs, none. Again, this is the finding by an independent body, not a Republican, not a Democrat, but an independent body.

Systems to provide accurate data for billing, none.

Then it goes into billing practices: Billings prepared timely, some procedures were in place; system to maintain history of billings and receipts, none; under cash payment, vouchers reviewed and approved before payment, GAO and Peat Marwick found none; receipts deposited on the day received or next business day, none.

Under financial reporting, it says: transactions accurately recorded and disclosed in financial reports, none; general ledger to classify, summarize and report financial data, none; systems for reports, none; report on financial position, none; report on operations,

none; report on cash-flows, none. They held that there was tremendous mismanagement.

Now, I have a question for Mr. McSweeney.

Mr. DALE. Do I get a chance to answer those?

Mrs. MALONEY. I asked your—yes, you have a chance to answer.

Mr. DALE. I dispute each and every one of them.

How do you get approval for a cash expenditure when you're standing on an isolated spot on a runway in a foreign country at 3 in the morning and you're told that it's going to cost you $2,500 to load an airplane? Who do you call? Put yourself in my shoes. That's all I ask you to do.

Mrs. MALONEY. It just said there were no records. Now, if you would like——

Mr. DALE. That is absolutely false.

Mrs. MALONEY. I would like you to respond in writing to all of the allegations put forward not by me, not by the Democrats, not by the Republicans, but by an independent body. I request very respectfully that you put in writing why none of these management suggestions or management—I would call these general accounting procedures, general management procedures, why none of them were put into a formalized management——

Mr. DALE. Go right up and down the line here and ask these gentlemen if those procedures were in existence.

Mr. CLINGER. The gentlelady's time has expired.

Mrs. MALONEY. Mr. Chairman, if I could just say—add one to you, sir, because I know what you really care about is getting the Travel Office running better. If we could ask each of them to reply in writing to each of the findings again by an independent auditing firm and by the General Accounting Office, I do believe that we should spend time in trying to figure out how to better run this office.

And again, I truly believe, Mr. Chairman, if you were interested in good management, we would simply outsource this office and have it—and I have legislation to achieve that and then let us go forward with other hearings on how we can provide more American jobs, the economy, Medicaid, Medicare.

Mr. CLINGER. The gentlelady's time has expired. But Mr. McSweeney wanted to reply.

Mr. MCSWEENEY. Thank you, Mr. Chairman. I just wanted to make one point. You're asking for us to answer when we did not have management authority, five out of the seven here, and I don't quite understand what you're talking about.

Mrs. MALONEY. Well, these were the findings in the——

Mr. MCSWEENEY. The report that you're asking us to present to you in writing, five out of the seven of us have no management or financial responsibilities at all, so——

Mrs. MALONEY. Mr. McSweeney, you raised a very good point. I was merely responding to the gentleman who has the management authority who said that all of you would agree with his position. Earlier he said that. And so I was assuming that he meant that you then probably had management authority.

Then maybe—I would like to clarify it, Mr. Chairman, that only those who had management authority respond in writing to the findings of the independent audit.

Mr. CLINGER. We will request that. That can be done and they will do so.

Mr. HORN. Mr. Chairman, if I may suggest, I have listened to this exchange with interest. The individuals we are asking to reply to the gentlewoman from New York's questions do not have the records that have in some cases been destroyed, in some—from what we understand, certainly were not taken out of the White House Travel Office when they all left. They would have seen each other lugging lots of records. Nobody saw that. I think it is harassment to ask them to reply in writing and I would prefer, Mr. Chairman, that we extend the round, we will get the questions asked.

Mr. CLINGER. We are going to do just that, Mr. Horn.

Mr. HORN. And let's have those answers.

And I would say to the gentlewoman from New York, anybody who has ever run an organization—and I have run a university for 18 years—you have auditors all the time. What do they look at? They say, is there a written series of processes and systems for an office? Then the question is, did a particular office follow those written systems and authorizations? This is not an indictable offense when you do not follow them, you simply have auditors who say, here were your systems and here were your processes, did you follow them? The fact is in small groups like this group, it is often done without written—in the private industry, as well as public.

Mrs. MALONEY. Point of personal privilege.

Mr. CLINGER. The gentlelady will state her point of personal privilege.

Mrs. MALONEY. Point of personal privilege only because my name was raised and an inaccurate statement was made. I was not asking for the files or the records. I was merely responding to what Peat Marwick listed as management policies. And for example, as one of their management policies, they said that it was standard operating procedure——

Mr. CLINGER. You made those points.

Mrs. MALONEY. Not competitively bid contracts.

Mr. CLINGER. The gentlelady's time has expired and we are now going to move to the gentleman from Pennsylvania, Mr. Fox, for 5 minutes.

Mr. FOX. Thank you, Mr. Chairman.

I appreciate the Chairman holding these hearings. I believe it is very important that a discussion of possible abuses be put before the American people. I am concerned, as well as my colleagues, I am sure, are about the abuse of power by Federal agencies in the current administration. It deflects attention away from the false charges, the improper firing of the White House Travel employees, all indications to me from what I have heard so far today is that they wanted to hire their own friends as opposed to maintaining what was an apolitical office doing an excellent job on behalf of the executive branch.

I would like to ask a couple questions, if I may, to Mr. Dale and others at the table. I want to also say, join with my other colleagues who had said previously how much we appreciate you being here today and being so candid with us. You heard about the kickback allegations that Harry Thomason made at the White House that were passed on to the FBI; did you not?

Mr. DALE. Yes, sir.

Mr. FOX. Were you aware that the kickback issue is what the FBI said largely gave them jurisdiction and—to get involved in the case?

Mr. DALE. Yes, sir, I am.

Mr. FOX. Did you also know that the White House learned very early on in the Management Review that the kickback allegation was nonexistent yet did not include it in the Management Review?

Mr. DALE. No, sir, I don't think I knew that.

Mr. FOX. Did you know that Harry Thomason himself talked with Miami Air President Ross Fischer who says he told Mr. Thomason he never said anything about kickbacks?

Mr. DALE. I've read that in the news, yes.

Mr. FOX. Did you know that when GAO interviewed all the various carriers that you worked with that not one provided any evidence of kickbacks?

Mr. DALE. Yes, sir, I know that.

Mr. FOX. Yet you continued to get investigated about this bogus claim; did you not?

Mr. DALE. Yes, I did.

Mr. FOX. Did you know the White House Management Review draft June 26, 1993, actually included a section which read as follows: In early March, Martens tells Thomason again about his conversation with Dale and about the further information he has gathered on the Travel Office. Martens also tells Thomason that he has heard about a conversation between Dale and the president of Miami Air in which Dale allegedly told Miami Air that it would have to pay some form of special remuneration to secure White House business.

Evidently, what Martens heard from Penny Sample is that the Travel Office had its own agenda with regard to hiring charter carriers, and what Sample had heard from Ross Fischer, president of Miami Air, was he thought airline of the Americas, now doing business as UltrAir, had a special relationship with the Travel Office. But Fischer stated that Dale never solicited payment from him, that he never made such an allegation. In other words, the draft report included in this section which would have demonstrated to all that this kickback allegation was false and the result of rumors being propounded by Darnell Martens and Harry Thomason to spread the word around the White House.

Was the White House protecting Mr. Thomason against civil suits or why was this exculpatory information omitted from the final report, if you know?

Mr. DALE. I don't know.

Mr. FOX. In fact, in your time period in the White House Travel Office, did you ever know, were you aware of any wrongdoing by any of your fellow employees?

Mr. DALE. No, sir.

Mr. FOX. Had there ever been a prior administration which had asked you to make special considerations for one travel agency or another?

Mr. DALE. I'm not quite sure I understand——

Mr. FOX. Was there any request by a prior administration that there was wrongdoing in the office?

Mr. DALE. No, sir.

Mr. FOX. Or whether there was any kickback allegations in prior administrations?

Mr. DALE. No, sir.

Mr. FOX. Any prior administration come in wholesale and try to remove seven employees without cause?

Mr. DALE. No, sir.

Mr. FOX. Mr. Brasseux, could I ask you a couple questions?

Mr. BRASSEUX. Yes, sir.

Mr. FOX. I understand you asked for something in writing after learning that you and all your employees had been fired.

Mr. BRASSEUX. Yes, sir, that is correct.

Mr. FOX. Who did you ask to give you something in writing?

Mr. BRASSEUX. When we were fired, Mr. Watkins fired us but he had a colleague with him, a Mr. Brian Foucart, I believe was his last name. And I asked Mr. Foucart.

Mr. FOX. And on how many occasions did you ask for something in writing?

Mr. BRASSEUX. I asked him right after that meeting. Later that afternoon I ran into Mr. Watkins in the hall and asked Mr. Watkins.

Mr. Foucart initially told me that he would have, try to have it to me before the day was out. Mr. Watkins said when I saw him that afternoon that he couldn't get it to me but he'd get it in the mail. And then when I called his office a week later, they told me it was in the mail. One of his secretaries, I'm not sure who I talked to when I called his office, and obviously I never received anything.

Mr. FOX. So you never received anything from the White House as to why you were being terminated?

Mr. BRASSEUX. That's correct.

Mr. FOX. Did they say it was for cause or not for cause?

Mr. BRASSEUX. No.

Mr. FOX. They didn't say anything.

Mr. BRASSEUX. They didn't say anything. I never received anything, that's correct.

Mr. FOX. So how did you learn you were terminated?

Mr. BRASSEUX. Well, at the meeting when Mr. Watkins terminated us. He said, based on the Peat Marwick review, that they'd found some sloppy accounting and mismanagement, that they thought they could do a job better and be out of here by noon.

Mr. FOX. Did you get a chance to respond to the Peat Marwick report?

Mr. BRASSEUX. No, he was talking as he backed out the door.

Mr. FOX. So you never had a chance to rebut it at all?

Mr. BRASSEUX. No, sir, not at all.

Mr. FOX. You could have understood being terminated because you were working in the White House which has a change of administrations now and again and given a chance to work elsewhere but without having the firing without cause.

Mr. BRASSEUX. Well, we understood at that time when we were fired, we—we understood that that could have happened any time. We had accepted it, that that was the way of life there.

Mr. FOX. If I understand how the gentleman feels at the table this morning, this afternoon, is that what you feel is unfair is the

fact that you have always been doing your job and that you were fired without cause.

Mr. BURTON. Would the gentleman yield?

Mr. FOX. I would be glad to yield.

Mr. BURTON. It is my understanding that the report was not even given to the White House at the time that they were fired. Am I correct?

Mr. DALE. That's correct.

Mr. BRASSEUX. I believe so, yes.

Mr. BURTON. So they said they were firing you based upon the sloppiness found in that report but they didn't have the report yet, it hadn't come out yet.

I thank the gentleman for yielding.

Mr. FOX. I reclaim my time and finally comment——

Mrs. MALONEY. Point of information, Mr. Chairman. May I add——

Mr. FOX. I have the floor.

Mr. CLINGER. The gentleman has the floor. You are asking him to yield?

Mrs. MALONEY. Will you yield for a clarifying point?

Mr. FOX. I still—I have only 15 seconds. I can't yield.

I wanted to just ask, make a further comment, that it is as shocking to me and the American public to see that people who have been doing their job professionally from 9 to 32 years should be summarily dismissed without cause is not only a travesty, it is downright unfair. I hope that the wrongs are righted by new procedures we develop in making sure that the executive branch upholds the same kind of oath to the people as the Congress does. Thank you.

Mr. CLINGER. The gentleman's time has expired. I now recognize the gentleman from West Virginia.

Mr. WISE. Thank you, Mr. Chairman. Could I pass to Mr. Moran and come back?

Mr. CLINGER. Recognize the gentleman from Virginia, Mr. Moran, for 5 minutes.

Mr. MORAN. I thank my friend from West Virginia and I thank the Chairman, and I want to go right back to what Mr. Fox just said, that the executive branch ought to uphold the same principles that the Congress does.

You know, the Congress, under the new Republican leadership, just fired 11 people that have worked for the House of Representatives from 15 to 32 years, none of them were told why. We found out the reason why is because we passed legislation that would make us responsible for the same kind of work force laws that apply to the private sector.

Mr. FOX. Will the gentleman yield?

Mr. MORAN. And so to avoid application of those private sector laws, we fired these people summarily.

Mr. FOX. Will the gentleman yield?

Mr. MORAN. No, not right now. I want to make my point and then I will see what you have in mind, but I haven't had a chance to make a point yet, Jon, so I am going to take this opportunity because it is one that we need to bear in mind. We ought not be hypocritical about this. I am sympathetic to employees, but if here

is one woman that worked for 34 years for the Congress and she got a form letter pink slip without so much as her name on it from us.

Mr. SHAYS. Was she accused of being a crook?

Mr. MORAN. John Kostelnick had a quota of staff to fire and he refused and so he was fired. He was in charge of office furnishings.

We have people that worked for the House since they were teenagers, 20 years, terminated and they didn't even get their name on the termination slip, not a word of thank you. People throughout the U.S. House of Representatives, both Republicans and Democrats, were summarily fired because we didn't want them to get compensation for the comp time that they had developed when they worked late hours in the House, and to avoid that liability we fired them and never even said thank you for your service to this institution. So if that is the policy that we want to be consistent with——

Mr. FOX. Will the gentleman briefly yield?

Mr. MORAN. Very quickly, Mr. Fox.

Mr. FOX. I believe the distinction is we didn't have the FBI brought in falsely to charge employees with wrongdoing in a criminal way and I understand otherwise there are some analogous points you make. There is clearly a distinction with employees who have been there 34 years in the White House, falsely being accused, bringing in the White House and FBI to buttress a claim which was false.

Mr. MORAN. Mr. Fox, I will address that since you brought it up. None of these employees took tens of thousands of dollars of public funds and put them in their home, in cash in their account.

Mr. CLINGER. Will the gentleman yield?

Mr. MORAN. Well, I will subsequently. You know——

Mr. SHAYS. Mr. Chairman, I object.

Mr. MORAN. If you wish time, I will be happy to——

Mr. SHAYS. Mr. Chairman, I object. The gentleman has not been at the hearing; he is making an accusation that is simply untrue. It is unfair to those gentlemen. If you had been here, you would know the accusations you make are not true. I strongly object to it.

Mr. CLINGER. The gentleman needs to be corrected. These were not public funds, these were private funds.

Mr. MORAN. They were reimbursements from travel.

Mr. WISE. Point of clarification, Mr. Chairman.

The gentleman is correct that there were allegations of funds being put into personal accounts.

Mr. CLINGER. But not public funds.

Mr. WISE. Correct.

Mr. MORAN. They were reimbursements related to the function that the gentleman was providing.

Now, you know, I can understand how those things happen. You've got a responsibility to make things run, and from the people I have talked to, the reporters, they felt that you made things run and that in fact staff did a good job.

It was a high pressure job. It—you had to respond immediately, and the fact is that you did. Now, how you did that and whether or not funds were mixed, as has been charged or not, I think there

are probably explanations for that and I am not going to accuse Mr. Dale or anyone else of wrongdoing until it is proved in a court of trial.

Mr. SHAYS. You already did accuse him of that, Mr. Moran. He was found innocent.

Mr. CLINGER. The point of order. The gentleman from Virginia has the time.

Mr. MORAN. Mr. Shays, I said that none of these employees had any money, public money in their home. That is what I said. I referred to the employees that were summarily fired without cause. And I think we ought to be, you know—here is an article on the front page of The Hill newspaper, about 113 people that work for the Post Office were fired without cause. Now, it is going to be privatized, fine. But you know, there is ample precedent for people being let go who serve at the pleasure of the President or the Congress.

Now, I think if the—if you think about it, the fact that all we can come up with from this administration is something that happened in the first few days of the administration. I can't imagine that they are so squeaky clean that this is all that they can come up with when you have a Peat Marwick study that shows phenomenal management inconsistencies.

Granted, the fact that this is not a typical bureaucratic function, that you have to react quickly, you have to use what resources are available, you have to exercise judgment. Nobody is perfect. But anyone who wanted to find cause for firing one or all of the staff in this Peat Marwick report could find out. And apparently rumors circulated that were substantiated by the Peat Marwick report.

The point is not whether a firing was fair or not. Those kinds of things happen and I don't know whether or not they were fair. The point is whether this is worth all the national attention that it is getting, the kinds of accusations that have been made at the First Lady, at Presidential staff, the kinds of time that has been devoted to this hearing when we have so many profoundly important issues that we can't deal with because we are dealing with some—with half a dozen people who don't—who wish they weren't fired. But it happens all the time.

Mr. CLINGER. The gentleman's time has expired.

Mr. MORAN. Thank you, Mr. Chairman.

Mr. DALE. May I reply?

Mr. CLINGER. I will give the panel an opportunity.

Mr. MCSWEENEY. Mr. Moran, would you just agree that the covering letter from Peat Marwick read:

> As you know, the procedures were revised throughout our onsite work to reflect the timeframe and limited availability of data, information, and documented policies and procedures?
>
> As such, this report may not necessarily disclose all significant matters about the press Travel Office or reveal errors or irregularities, if any, in the underlying information. Our procedures do not constitute an audit, examination or review in accordance with the standards established by the American Institute of Certified Public Accountants and therefore we do not express an opinion or any other form of assurance on the information presented in our report.

Will you accept that that was their covering letter?

Mr. MORAN. That is the covering letter to virtually every audit.

Mr. MCSWEENEY. Thank you, sir.

Mr. MORAN. And the fact is that in any corporation that would be a damning audit that where heads would roll in any corporation as in any public entity.

Mr. CLINGER. The gentleman's time has expired and I will now recognize the gentleman from Mississippi for 5 minutes.

Mr. TAYLOR. Thanks, Mr. Chairman.

Mr. CLINGER. Recognize Mr. Taylor.

Mr. TAYLOR. I apologize. The defense authorization bill was on the floor; the R&D Committee was meeting simultaneously.

But Mr. Chairman, what I wanted to say is that I think these hearings prove really just one thing: We are here to serve the public. And I think the public would best be served if the White House Travel Office was closed.

This Nation is going through a process of downsizing: 200,000 Federal employees since President Clinton took office.

I serve on the Armed Services Committee. Hundreds of thousands of soldiers, sailors, airmen, and Marines have been let go, not given the opportunity to reenlist since 1989. We have a third fewer congressional staffers, and just today as my friend, Mr. Moran, pointed out, 113 Postal employees were let go. No one takes any great pride in this. But we have a Nation that is spending $270 billion a year more than it collects in taxes. It squandered $300 billion a year in interest on that debt and something has got to give.

I have never been so unfortunate as to be fired, but it could happen to anyone in this room next November, so I do have empathy for you. But the point is not these gentlemen, it is not the White House, it is the need to reduce Government spending.

Reporters are smart people. If you don't believe me, ask them. Reporters can make their own travel arrangements. There are travel agencies all over this town. Citizens of this country do not need to have a travel office in the White House or anyone else to make reporters' lives easier for them. That is what it is all about.

Shut it down. Don't privatize it. Don't put it out for bid. Let reporters do what business people all across this country do on a regular basis and that is make their own travel arrangements.

Mr. BURTON. Would the gentleman yield, please?

Mr. TAYLOR. If these gentlemen feel like they have been wronged, there are courts for them to go to if they feel like they have been slandered.

Mr. BURTON. Will the gentleman yield?

Mr. TAYLOR. Yes, Mr. Burton.

Mr. BURTON. Thank you. I will just take a minute.

But one of the problems is, they went into this in some detail earlier today, when the President has to go someplace and the White House press corps is going to go with him, there is a security problem. The Secret Service doesn't want that sort of information let out. And these people have to go with the President at the time the President goes and they use charter airlines. And if you didn't have some central location or group to do this, you couldn't do it.

Mr. TAYLOR. Reclaiming my time.

Mr. BURTON. What you are talking about simply won't work.

Mr. TAYLOR. Mr. Burton, reclaiming my time, everyone in this town finds some reason for a special privilege and for Government

to do something special for them, including reporters. I think reporters are smart enough to make their own travel arrangements. I think this was done to kind of schmooze up to the press. All of us are guilty of that. There is absolutely no reason on earth to have a White House Travel Office. Maybe there was in the past.

But I plan to introduce legislation, Mr. Chairman; I would hope you would introduce legislation to abolish the White House Travel Office. Don't privatize it; just do away with it. And if Mr. Burton chooses to start that business himself, God bless him.

Mr. DREYLINGER. Mr. Chairman, could I ask one question?

Mr. TAYLOR. Mr. Chairman, I yield the remainder of my time to Mr. Kanjorski.

Mr. DREYLINGER. Mr. Chairman, could I ask you one question? Would we do away with every travel office in every Government agency? I think every Government agency in Washington has a travel office that they use either onsite or somewhere within town.

Mr. KANJORSKI. I hope that won't be on my time, Mr. Chairman.

Mrs. MALONEY. May I respond to that?

Mr. CLINGER. I think Mr. Kanjorski has the time.

Mr. KANJORSKI. I will take the time for a moment.

Let me say I join with the gentleman from Mississippi, that I spent 2 years of my life investigating the travel of the executive branch under George Bush as President of the United States, and I have never seen the likes of which justifications can be made for taking aircraft, using limousines, doing all kinds of silly things when you happen to get a title and come to Washington, DC.

And let me say that I agree with him and the press has done nothing less than they—they may not sometimes get the salary commensurate with what they think they should be paid, but they certainly do want the perks, equal or better than anything we do up here on the Hill, but they don't ever seem to disclose it. I absolutely agree, let's do away with the office. Let them have their own thing.

Gentlemen, except for the fact of how this was handled, and I would concede did, as a matter of fact I think last week when Mr. Watkins testified, I said it was dumb, dumber, and dumbest. The dumb thing was what they first did and how they handled it at the White House. The dumb thing was this committee got involved. That was the dumber thing. And the dumbest thing was when Mr. Watkins didn't testify openly on television so the American people would hear what it was all about, because after he testified here for 5 hours it was very clear to me and I think everyone who would have listened to him on a television screen that there were seven unhappy people here, some of which ultimately—one of which ultimately was indicted and went to trial and spent a lot of money.

But I have enough faith in our system to say that if the grand jury didn't have enough evidence, it wouldn't have indicted. If a judge hadn't looked at the indictment and had the prosecutors come forth—and they have ethical standards that they have to meet—they would have moved for an immediate dismissal of those indictments if they thought they were wrong. There was a sufficient element of facts for them to warrant that the issue should go before a jury.

In our system, the jury heard that evidence, did not concur with the grand jury, did not return a verdict of guilty, and acquitted you and you have that benefit. You have paid a price, Mr. Dale. We all know that. But every one of us that are subjected to that type of situation every day of our lives in our system, judicial system, has to pay that price.

Now, if you have something different to add to that, did these prosecutors do something wrong? Did those judges do something wrong? Did that grand jury do something wrong? Let's get them in here and find out. And I will be your best advocate. But let's get off this silliness.

Mr. CLINGER. The gentleman's time has expired. But I will give Mr. Dale an opportunity to respond to the question.

Mr. DALE. Mr. Kanjorski, on the 24th of October you sat here and you associated me with the offices that brought back Mercedes from Germany on military airplanes. You associated me with the office that sent White House staffers in cars for lunches and kept the cars sitting on street corners while they went to lunch. And if you investigated the George Bush travel office, you did not investigate my office.

Mr. KANJORSKI. I said at that hearing I did not investigate your office.

Mr. DALE. But you associated me——

Mr. KANJORSKI. You just mentioned some of the horrendous things that happened during the Bush administration. Did——

Mr. DALE. No, sir. Those Mercedes—they happened in the Reagan administration, early in the 1980's.

Mr. KANJORSKI. And what was it, let's set the record straight, 17 or 19 multihundreds of thousands of dollars in cars——

Mr. CLINGER. The gentleman's time has expired.

Mr. Kanjorski.—in this country that have avoided Customs.

Mr. CLINGER. It is not the subject of this hearing.

Mr. KANJORSKI. Did this committee investigate that?

Mr. CLINGER. I will now recognize the gentleman from West Virginia, Mr. Wise, for 5 minutes.

Mr. WISE. Before I yield my time, Mr. Chairman, let me just say that it does seem to me that this—it seems to me that everyone agrees that there was terrible handling in the beginning, the dismissal of these gentlemen. The testimony I heard last week suggests to me that many of these gentlemen would have been dismissed in the course of the National Performance Review anyhow over a course of time but done in a logical manner. Walking in and firing seven people is not a good way to handle business. And so the irony is that they probably would have been at the same point but yet not without—but without all of this controversy.

But I still am concerned because I haven't heard anything that is indictable yet. It seems to me this committee ought to be involved. Yes, there are a lot of dumb mistakes and if we want to drag this out for about three or four more days with dumb mistakes, but being dumb is not indictable. If it were, nobody would be left in Washington.

So I guess you have to ask what is the purpose of this proceeding? But I will get around to that in the second round of my hearing.

I yield the balance of my time to Mr. Kanjorski.

Mr. KANJORSKI. Thank you very much to my friend from West Virginia.

Mr. Dale, I am a little bit disturbed because I have heard a lot of comments, read a lot of things, and I come from a little town in northeastern Pennsylvania and I practiced law for more than 20 years of my life, ran a law firm, and I dealt with people who would pay their bills in cash and people who would pay their bills in checks, and I had some junior partners and I handled associates and I had staff working for me and office personnel, and I am astounded when I see somebody who takes cash home and keeps it in his home. I am astounded when someone takes funds that otherwise are business funds and puts them into personal accounts. If my staff had ever done that, they call it "commingling" in the law.

Mr. DALE. That's exactly right.

Mr. KANJORSKI. And there is a presumption that it is wrong, that any rational, reasonable person knows they don't take their employer's funds or trust funds that they are empowered with and take them home.

Mr. DALE. Neither did I. You haven't been here and you didn't hear me. I never took any office funds home with me unless I was traveling the next day and needed the money for the trip, as all of us did.

Mr. KANJORSKI. Then you did take them home. It is not that you never did, you did when you were traveling.

Mr. DALE. Mr. Kanjorski, if you had traveled and you would go get an advance, do you take it home with you or do you leave it in the office? It doesn't do you any good to go out on the road and travel if your petty cash is back in the office.

Mr. BURTON. Would the gentleman yield, Mr. Kanjorski?

Mr. KANJORSKI. Mr. Burton, you and I sat on the same committee and examined the Bush administration.

Mr. BURTON. How well I know.

Mr. KANJORSKI. And just how bad it was. And I have to say this, Mr. Dale, that you probably are the product of the investigation that my subcommittee made and Mr. Burton was a part of, because we did hear about Mr. Sununu and how wasteful he was.

Mr. DALE. I had nothing to do with Mr. Sununu.

Mr. KANJORSKI. Wait a minute.

And the Clintons and the Gores heard about it and they and their friends heard about it and anybody in Washington at the time was embarrassed. It wasn't George Bush or Barbara Bush that was responsible. I hope to heavens that they were spending their time, and I know they were, deciding the important issues that face the American people.

Mr. CLINGER. Will the gentleman yield just briefly to make the point that I am sure you appreciate that this—these gentlemen were not involved in anything having to do with the travel of Mr. Sununu. The Travel Office doesn't deal with White House personnel travel. It only deals with the press corps.

Mr. KANJORSKI. Mr. Chairman, I fully understand that. And what I am saying is that they don't seem aware of the fact of what culture this new administration came into. The White House having spent and listened to through the entire year prior to their elec-

tion of horrendous wasteful conditions of travel in the executive branch of the White House, not this particular office but everybody else.

So when friends of the Clintons called them personally and said, we hear rumors of kickbacks in your Travel Office, we hear lack of bidding, we hear special conditions, we hear people are traveling with cash and paying cash, we hear gifts are being made, you don't think it was reasonable for these new people who arrived in Washington after a year of hearing $100 million squandered in travel in the White House to be a little cautious and then try to decide what to do?

What did Mr. Watkins tell us last week? He said he went into the general counsel's office and said, "I didn't know what to do?" But they all remembered there was a thing called the FBI and they thought that was the Federal police force and they thought maybe they better call them in because they have heard the potential of criminality. And that is what he did, rightly or wrongly.

Did they have justification for doing it? Was that the proper process? We will probably never know. But as my friend from Mississippi, as my friend from West Virginia, and my friend from Virginia have said, when are we going to spend our time on this committee and with the occasion that happened in the White House on something more rational?

There is nothing we can do for these people. We have a—I hope we have apologized. I certainly do. If you have been discomforted, I know you have, you have my apology as an official of the U.S. Government. But——

Mr. SHAYS. You don't sound like you believe it. You honestly don't sound like you believe it.

Mr. KANJORSKI. That I believe what?

Mr. SHAYS. You are saying it with words without meaning because your actions don't demonstrate that you really are sorry.

Mr. KANJORSKI. Chris, you are getting much harsher in your old age.

Mr. DALE. Mr. Kanjorski, are you trying to say that I was some way involved in Mr. Sununu's personal travel bill?

Mr. KANJORSKI. Mr. Dale, I am not suggesting that.

Mr. DALE. Well, then, why do you bring it up?

Mr. KANJORSKI. I am suggesting to you that all of America knew there was a problem with travel. It was on national television when this new, young administration with inexperienced people took over the White House. They didn't know what group did what to whom on travel, and their best friends, their highest confidences with them told them there was something happening in this little office and they took action. May have been precipitous, may have been dumb, and if we had to indict someone for dumbness we probably would this—this early administration.

But we—there is no criminality. There is no unethical conduct here. You have expended money. There has been embarrassment and you have lost your jobs. But so have thousands, hundreds of thousands of other Federal workers done the same thing. Most recently for no cause at all.

Mr. CLINGER. The gentleman's time has expired.

Mr. BURTON. Mr. Chairman, would you yield to me?

Mr. CLINGER. I am going to now announce that we will have, I understand, a—there are questions that still Members would like—I believe we have completed one full round of questioning. There are Members who still have questions they would like to ask. We will go until all the questions have been asked and responded to. I am, however, going to limit the time for this round to 3 minutes per questioner and we will start.

Mr. SHAYS. Mr. Chairman, could I question you on why we are doing that? I have been here all day. I have heard accusations on colleagues on the other side.

Mr. CLINGER. All right. I hear you and you want to go the full time. I would then ask unanimous consent that the time be limited to 3 minutes.

Mr. SHAYS. I object.

Mr. CLINGER. An objection is heard. I will take the first round of questions.

And let me ask you this, Mr. Dale. I think it is important, when you were fired—in fact this is a question to be addressed to all of the members of the panel here. It was the 19th of May; wasn't it?

Mr. DALE. Yes, sir.

Mr. CLINGER. Some of you were abroad at the time and heard about it through the news media or in personal phone calls; is that correct?

Mr. BRASSEUX. Yes.

Mr. McSWEENEY. Yes.

Mr. CLINGER. Were you told—and you have made this point but I think it really has to be hammered home. Were you given reasons for the firing? Were you told that this was for cause?

Mr. MAUGHAN. No, sir.

Mr. DALE. As I remember, the terminology was that we were being terminated because they were going to outsource some of our services. They did make reference to the Peat Marwick audit.

Mr. CLINGER. But did you see the Peat Marwick audit?

Mr. DALE. No, I did not.

Mr. CLINGER. And you subsequently became aware that the Peat Marwick report was not even finished at that point?

Mr. DALE. Yes, sir, I'm aware of that.

Mr. CLINGER. So none of you were ever given—did you receive a copy of the Peat Marwick report from personnel in the White House subsequent to your firing?

Mr. DALE. No, sir.

Mr. CLINGER. So none of you were ever shown that as a result or given the reason that this was the cause of your firing?

Mr. DALE. No, sir.

Mr. McSWEENEY. Mr. Chairman, in fact, I was away and got back that Monday, the 24th, and had learned about everything through—through TV and actually when I got to personnel, I had asked on three different occasions for something in writing from the White House as to why I was fired and I had put before me by personnel a prepared letter of resignation stating that I was resigning due to change of administration.

Mr. CLINGER. And you refused to sign that letter.

Mr. McSWEENEY. I refused to sign that, that's correct.

Mr. CLINGER. And then you were escorted out.

Mr. McSWEENEY. I was escorted out of the office.

Mr. CLINGER. And I believe that you were then, I believe, all of you—those of you who were told on the 19th that your services were no longer rendered, how did you then leave the White House? Under what conditions or circumstances did you leave the White House?

Mr. DREYLINGER. We left in—Mr. Chairman, we left in a panel van, but I'd also like to say when I went to personnel my resignation form was blank. They just wanted my signature.

Mr. MAUGHAN. So was mine.

Mr. CLINGER. Did you sign that?

Mr. DREYLINGER. No, sir, I did not.

Mr. CLINGER. Mr. Dale, how did you leave the White House?

Mr. DALE. Someone within the office had called the White House garage and asked if a van could come and take us with our personal belongings to our vehicles on the Ellipse and they sent a cargo van and the five of us left in that.

Mr. CLINGER. So you were crammed in the back of a cargo van.

Mr. DALE. Yes, sir, with no seats.

Mr. CLINGER. It just seems to me that this is the most unbelievably demeaning, humiliating—it is just appalling to me the insensitivity and the way this thing was handled. I mean, it just really is very upsetting.

Let me ask you a couple of questions about documents and papers and records that seem to have disappeared. Shortly after Catherine Cornelius started working in the Travel Office, records did begin to disappear; did they not? And I think we have had discussions about money being taken home. We now know that documents were taken home; do we not?

Mr. DALE. Yes, sir.

Mr. CLINGER. Could you explain how you all learned of missing records?

Mr. DALE. When I came back from leave 2 weeks after Catherine Cornelius had been in the office, Gary Wright met me the morning I walked in on Monday morning and said, Billy, there's something in your middle drawer I think you ought to take a look at. I went to my middle drawer, pulled out a Xerox copy of a check payable to Pan American World Airways in the amount of $288,000 that I had written approximately 2½ years prior to that.

I asked Gary, what do you mean, I should take a look at this. And he said, well, we came in the office last Friday morning, the Xerox machine was jammed and we had to call a technician to unjam it, and this is what he found. And he said I made the comment or someone made the comment at that time, oh, do you mean this has been in there for 2 years.

Mr. CLINGER. Did you inquire of Catherine Cornelius when you found copied documents in the machine?

Mr. DALE. Well, I think Gary did.

Mr. WRIGHT. Yes, I did, and she pleaded ignorance to the—to any knowledge of the check or anything else and suggested that perhaps we should secure the canceled check statements in a more secure location, which I did.

Mr. CLINGER. I believe that Patsy Thomasson, who was in the Office of Administration at that time, did she have keys and access

to all of the offices in the White House and including the Travel Office?

Mr. DALE. Well, I don't know that she had keys but she had access, could get them.

Mr. CLINGER. And isn't it true that she was in your office one morning by herself before any of you came to work?

Mr. DALE. That's true. On the Friday before I left work with——

Mr. CLINGER. Friday what?

Mr. DALE. Friday, the 14th of May.

Mr. CLINGER. 14th of May.

Mr. DALE. She—about 10 at night it was apparent that Peat Marwick was not going to finish their work that day. She suggested we go home and come back the next morning, and I said I'll wait till everybody is out and I'll lock up. She said, you don't need to worry about that. I have GSA coming to change the locks on your office and I'll have the keys to them and we never had keys after that.

Mr. CLINGER. When you were fired, you came back to your office, I believe, to find—I mean you had been called upstairs by Mr. Watkins and told that this was, this was sayonara, you were done for, and you came back to your office and I believe you found people already, as I understand it, at work at your work stations, presumably attempting to take over the work of the Travel Office?

Mr. DALE. That's correct.

Mr. CLINGER. Where did they come from?

Mr. DALE. Some of them were from World Wide Travel in Little Rock; some of them were OMB employees; and some of them, I don't know who they were. There were approximately 12 to 14 people.

Mr. CLINGER. So they had to have been really brought in prior to the day that you were actually fired. They had to be on the scene before that time, before the Peat Marwick study was completed or final report was done; would they not?

Mr. DALE. I have since found that the people from World Wide Travel were staying in a hotel room here in Washington from the previous Thursday.

Mr. CLINGER. Previous Thursday. Again, substantially before there was a Peat Marwick study or before the FBI was involved or anybody else; is that correct?

Mr. DALE. Yes, sir.

Mr. CLINGER. How many—were records missing from your office as a result of—after Patsy Thomasson was there on the occasion you mentioned earlier?

Mr. DALE. Sir, I don't know because I didn't have a chance to inventory the records.

Mr. CLINGER. After that you never had a chance to inventory.

Mr. DALE. No, sir.

Mr. CLINGER. My time has expired. I now recognize the gentlelady from New York, Mrs. Maloney.

Mrs. MALONEY. Thank you, Mr. Chairman.

Many of us today have expressed concern not only for the seven employees but all Federal employees, particularly those that were furloughed during the shutdown. I would like to ask you, Mr. Van Eimeren, were you furloughed?

Mr. VAN EIMEREN. Yes, I was.

Mrs. MALONEY. And where were you transferred to? Where were you working when this happened?

Mr. VAN EIMEREN. You're referring to the latest furlough?

Mrs. MALONEY. Yes, yes.

Mr. VAN EIMEREN. The Department of Commerce.

Mrs. MALONEY. The Department of Commerce.

Mr. Wright, were you furloughed?

Mr. WRIGHT. I have been retired.

Mrs. MALONEY. You are retired.

Mr. Brasseux.

Mr. BRASSEUX. I was furloughed the first time. I am with GSA. The second time I was working.

Mrs. MALONEY. Mr. Dale?

Mr. DALE. I'm retired.

Mrs. MALONEY. Mr. McSweeney?

Mr. McSWEENEY. I was on duty the first time and I retired before the second time.

Mrs. MALONEY. OK. And Mr. Dreylinger?

Mr. DREYLINGER. I also work for GSA. And I was furloughed the first time but not the second.

Mr. MAUGHAN. I was with the Department of Defense and was furloughed the first time and retired before the second one came around.

Mrs. MALONEY. Well, those of you that were furloughed this last time, you, Mr. Van Eimeren, and you were at Commerce, that was one of the departments that was shut down; did you miss any paychecks?

Mr. VAN EIMEREN. I missed—I was paid for 1 week. Instead of the normal 2, 2-week pay period, I was paid for 1 week.

Mrs. MALONEY. So you did miss a paycheck due to the Republican shutdown.

During the time that you were in transition from this job or fired from this job, did you ever lose a check? Did you ever lose payment?

Mr. VAN EIMEREN. No, I did not.

Mrs. MALONEY. You did not lose payment. I understand that you are now—or are you civil service now?

Mr. VAN EIMEREN. Yes, I am.

Mrs. MALONEY. You are civil service now. Is it better to be a civil service employee as opposed to a political appointee as you were at the Travel Office that serves at the pleasure of the President?

Mr. VAN EIMEREN. I was not a political appointee. I was career civil service at the White House.

Mrs. MALONEY. You were career civil service?

Mr. VAN EIMEREN. But we came under the exempted civil service, which meant that we served at the pleasure of the President.

Mrs. MALONEY. But is it better to serve under civil service where you do not serve at the pleasure of the President but——

Mr. VAN EIMEREN. Well, certainly there are advantages to it. You have more rights.

Mrs. MALONEY. I would like to go back to the line of questioning that my colleague, Mr. Kanjorski, had earlier.

Mr. Dale, it is my understanding that the criminal case against you is based in part on the fact that from February 1988 to April 1991 on 55 different occasions you deposited checks into your personal account and that these checks were refunds from different vendors which were intended to reimburse the employees of the press for their expenses. Are these facts correct?

Mr. DALE. Essentially, yes.

Mrs. MALONEY. They are essentially correct.

It also is my understanding from the documents that you did not tell any of the other witnesses on the panel or anyone else that you were depositing these checks intended to reimburse the press, the employees of the press, into your personal account; is that correct?

Mr. DALE. That's correct. Along with a lot of other things I didn't tell them.

Mrs. MALONEY. Mr. Dale, most people would at least be somewhat suspicious if a Government employee deposited checks intended to reimburse the press into their personal account. Why didn't you tell someone else in the office about this rather unusual procedure if for no other reason than to protect yourself from suspicion?

Mr. DALE. Because I had logs to prove where each and every dollar that was spent and because it was my responsibility to maintain the surplus. That is why I didn't tell them.

Mrs. MALONEY. Mr. Dale, the Travel Office maintained a Riggs bank account.

Mr. DALE. That's right.

Mrs. MALONEY. According to your attorney's opening statement at trial, the reason you deposited checks intended to reimburse the press into your personal account is that you needed to establish a second account as a way to avoid having to charge the press for each and every cost. Your attorney characterized this system, "as a disastrous business judgment."

In retrospect, would it have been more reasonable to simply set up a second account called a Travel Office Account at a bank?

Mr. DALE. No, ma'am. It was a disastrous decision on my part, I readily admit that, but there's no other way that I would have done anything else in the Travel Office other than that. I—if I set up another, a second account at another bank, that's going to mean that this surplus is increasing and I've got to work it off. The money that I cashed from those checks was in the Travel Office at all times unless—up until it was spent on official trips.

Mrs. MALONEY. And how did you work it off?

Mr. DALE. I worked it off by paying for unused hotel rooms. I worked it off by paying for catering, for electricians in press centers, for the ground handlers in a place like Seoul, Korea, Singapore, Indonesia, places like that.

Mrs. MALONEY. Mr. Dale, your—according to your attorney's opening statement, you used your own personal cash that you kept at home for various cash expenses that you and your staff incurred on trips. You then reimbursed yourself with the reduced collection intended to reimburse the press. You also used cash that you took from the White House travel account at Riggs bank on these same trips.

How did you keep track of what money came from the house and what money came from the Riggs account? For example, did you keep the money in separate pockets? How did you keep——

Mr. DALE. No, ma'am. When I was traveling before 1988, there were many times, especially overseas, that I had to take money out of my own personal pocket to pay for expenses that I incurred on behalf of the press and reimburse myself once I got back to Washington.

And when I traveled overseas if I took $15,000 with me in petty cash, and if I spent it, then I allocated it from the different funds once I got back and determined what the other trip expenses were and what expenses I was going to bill to the press.

Mr. CLINGER. The gentlelady's time has expired. I now recognize the gentleman from Indiana, Mr. Burton, for 5 minutes.

Mr. BURTON. I yield about 10 seconds to my colleague from Florida.

Mr. MICA. Mr. Chairman, I think I have heard it all in the last 36 months I have been in Congress, missing files, reappearing files and stuff like that. I have got to leave, fellas, but I heard, heard it all, it took the cake this morning when you told me about the roses that you got then they took them away. So as I leave, I got you each a rose and you can keep—you guys can keep these.

Thank you, Mr. Chairman.

Mr. BURTON. I am afraid, Mr. Chairman, this is going to be a little longer than 15 seconds but I guess I will have to live with it.

Let me—can you hurry it up, Mica? You are on my time.

Mr. CLINGER. You can proceed. I think they can answer.

Mr. BURTON. I have a question for Mr. Dale. He has to put his rose on or something.

Mr. MICA. We won't take these back, I guarantee you.

Mr. CLINGER. The gentleman from Indiana.

Mr. BURTON. I have been on the International Operations and Foreign Affairs. And our military attache when we travel around the world carries about $15,000 to $20,000 around the world. When you go to a Third World country, when you land you have to pay a landing fee and sometimes it has to be in cash. When you go to a McDonald's in the middle of the night sometimes it has to be paid in cash. I want to ask you, Mr. Dale, when you traveled with the press corps did you encounter the same kind of situation?

Mr. DALE. Yes, sir.

Mr. BURTON. That is the reason why he had to have money at his home when he left at 3 in the morning to go on an international trip because he had to pay for these incidental expenses that the press corps was going to incur and these were not Federal funds.

Now, I want to say one more thing. He was found not guilty and for the Democrats in this Congress to retry him before this committee is—is unbelievable. He has been acquitted. And what they are bringing up right now are things that are normal—a normal course of business in traveling around the world for the press corps or for this Government when we take an Air Force plane.

Now, let me get into another thing here. One of the questions that has been raised by the minority is, we are going after the White House, we are going after the First Lady and we shouldn't be doing that, and one of the things that we have raised today is

if the White House and the First Lady involved the FBI or the IRS in getting involved in this, there may have been a misuse of power and a felony committed, and that is why we need to have these hearings and get to the bottom of it.

We should check into whether or not the White House withheld information and whether or not there was a proper investigation of this by the Justice Department. And the Justice Department may not have had the records necessary when this grand jury investigation took place, the prosecutor was investigating this. And so the people who indicted this man who was later acquitted may not have had all the facts before them. They may have been deliberately withheld by the White House and if that is the case, that is an obstruction of justice and we need to get to the bottom of it.

Now, regarding the First Lady. She has said time and again she was not involved. We have here notes from Mr. Watkins, hell to pay if we didn't accede to the First Lady's wishes. Vince Foster regularly informed me the First Lady was concerned, and the desired action was the firing of the Travel Office staff.

Now, we have this in place after place after place, memo after memo after memo. Hillary Rodham Clinton wanted these people fired, but she said she had nothing to do with it.

Now, we look at the chronology of events. They were fired on May 19. On May 12, Mr. Watkins—his notes say that Harry Thomason came to him and said Hillary wants them all fired today. This is on May 12. On May 12, Watkins' notes say Harry Thomason came to him and said Hillary wants them all fired today.

Foster first learns of the Travel Office from Harry Thomason and Watkins. On May 13, according to Foster's own notes, he has his first conversation with the First Lady on this day. That is not consistent with the chronology of events.

Now the First Lady says she didn't talk to Harry Thomason about this, but this was totally inconsistent with all the reports and all the evidence that we have. Now, the First Lady says Foster was the source, but he did not even talk to her until about this until May 13, the day after Watkins' notes say Harry Thomason came to him and said Hillary wants them all fired. So Vince Foster, who she said was the source of all this, did not even know about it until the day after Harry Thomason came to Watkins and said that Hillary wanted them fired.

Now, if that is the case, then the First Lady has lied and that is why we need to continue to have these hearings. And if she lied about this and if she or somebody at the White House asked the FBI to get involved or if the White House did, as this memo said, and it could be the First Lady, these are White House notes that say, according to White House staff notes of an interview with Beth Nolan and Cliff Sloan of the White House Travel office, BK—that is Bill Kennedy in the White House counsel's office—says that PR, that is Peggy Richardson of the IRS commissioner, is on top of it. She said at a party the IRS is on top of it and some reference to IRS agents are aware or something like that. And this—they were talking about the UltrAir down in Tennessee.

Now, if these things are accurate, then somebody at the White House was talking to the IRS about an investigation. That is ille-

gal. If somebody at the White House got the FBI involved in this and misused the power of the White House, that is illegal.

The First Lady, according to the notes we have, has lied, because the chronology of events does not bear out what she said; and that is why I think it is absolutely essential, Mr. Chairman, that we bring all these people before this committee and get to the bottom of it.

Because the end result is they could have fired these people anyhow, but they have hurt them, they have hurt their families and hurt their reputations and hurt their honor, and it didn't need to happen. It is a miscarriage of justice, and I think there is a real possibility there is an abuse of power and some felonies have been committed, and I personally resent the minority retrying this case in this body when they have been—when the charges against Mr. Dale have been dismissed.

Mr. CLINGER. The gentleman's time has expired.

The gentleman from West Virginia.

Mr. WISE. Thank you, Mr. Chairman, and I know the gentleman from Indiana will want to join the minority in the application we have made to the Chair to have those Justice Department officials as well as to have the Peat Marwick officials come before this committee.

It seems to me you have to get into what were the reasons behind the decisions to prosecute. Certainly to have those professional prosecutors here discussing why they did would answer your questions but, also, I think bring a lot to this.

I might raise to the gentleman before me that the gentleman from Florida, who with such fanfare presented you with those red roses, that while he gave you those red roses he did not mention that he is part of the same leadership team that yesterday gave 113 pink slips to Federal congressional employees without cause.

The gentleman from Pennsylvania, our Chairman, who very eloquently talked about the demeaning conduct and the way you were ushered out of the White House—and I do happen to agree it was demeaning, the way you were ushered out in the back seat of a van—I cannot consider anything more demeaning than just hours before the protection for congressional workers is to take effect that 113 of them are dismissed, given pink slips, without notice, so the new contractor can come in.

There is a lot of demeaning activity going along, and I would yield to the gentlewoman, Mrs. Maloney, for another question she would like to ask.

Mrs. MALONEY. I would like to ask the Chairman if I could put into the record something that just came off the AP wire in which Larry Herman is talking directly to the AP writer, and he is taking exception to comments attributed to him at this hearing by a key Republican. And he said in a telephone interview, meaning today, meaning this hearing today, he said in a telephone interview, and I quote, that the audit did turn up mismanagement that might have justified at least the firing of Dale, end quote. Still, he said, and I quote, at the time they fired him, we were still writing our draft report, and I was surprised.

He goes on and he says that Representative Clinger, Chairman of the Government Reform Committee, opened the hearing by say-

ing Herman had told committee investigators he did not think his review warranted the firings. And I quote from Herman: "We never made any recommendations nor were we ever asked for any recommendations on whether the President should terminate anybody," Herman said today. But he said his audit turned up evidence that Dale had written petty cash checks to himself and deposited them in his account. Such action, and I quote, "I think probably does warrant some immediate action," Herman said. "My personal assessment is that most companies today would question that and would include questioning whether to remove that person from that position."

And it goes on and on and on, and I would like to put it into the record.

Mr. CLINGER. Without objection.

[The information referred to follows:]

ACCOUNTING FIRM PARTNER TOLD COMMITTEE FIRINGS NOT JUSTIFIED BY AUDIT

(Marcy Gordon)

WASHINGTON (AP) The accountant who audited the White House travel office said today he was surprised when presidential aides fired the workers because his staff had not yet even finished writing the draft report of its findings.

But taking exception to comments attributed to him today by a key Republican, Peat Marwick accountant Larry Herman said in an interview his audit did in the end turn up "serious financial mismanagement" that might have justified at least the firing of the office's director.

House Government Reform and Oversight Committee chairman William Clinger, R-Pa., opened a hearing today on the controversial May 1993 firings by saying that Herman had told his investigators that he "did not think his review warranted the firings."

Herman said he believed his comments to the congressional investigators had been "misinterpreted."

"We never made any recommendations nor were we ever asked for any recommendations on whether the president should terminate anybody," Herman said in a telephone interview.

But he said his audit turned up evidence that the office's director, Billy Dale, had written petty cash checks to himself and deposited them in his account and that "I think probably does warrant some immediate action."

"My personal assessment is . . . that most companies today would question that and would include questioning whether to remove that person from that position," he said.

He said he did not have an opinion as to whether the other six workers fired along with Dale in May 1993 should have been dismissed. Five of those were reinstated to other jobs and the sixth retired. Dale was tried on embezzlement charges and acquitted.

Herman said that while his audit ultimately turned up "clear evidence of financial mismanagement" that he was still surprised when the firings were announced.

"At the time they fired them, we were still writing our draft report and I was surprised that those actions were taken while we were still writing our draft," he said.

The White House created a public outcry May 19, 1993 when it fired the seven longtime travel office workers, who arranged flights for the White House press corps, and put a 25-year-old cousin of President Clinton in charge of the office.

Since then, presidential aides have insisted the firings, while badly handled, were justified by the findings in the Peat Marwick audit.

Clinger's investigative panel has been gathering evidence it says shows that both first lady Hillary Rodham Clinton and presidential friend Harry Thomason pressured White House aides to fire the staff.

It heard today from the seven fired workers.

Dale testified that former presidential aide Janet Green came to him two days before the firings and told him "that there is one person and only one person responsible for what has taken place with your office and he occupies the Oval Office."

Dale also said he believed the White House had decided long before the audit that his staff should be fired, and that it pressured to get the audit done simply to have a reason to justify the decision.

"What does matter is that the public understands that the firings were not driven by supposed concerns over financial mismanagement, but were in fact the product of a decision that was reached long before anyone even began to look into the way that the travel office was managed," he said.

Both Mrs. Clinton and Thomason have denied any wrongdoing. The first lady has said she only expressed concerns after hearing reports there might be financial mismanagement in the office but never ordered anyone to fire the workers.

The panel has produced evidence showing that a consulting firm in which Thomason was a partner had expressed interest in the travel office business and that Thomason was the first to allege mismanagement by longtime travel office employees.

Among the most serious allegations Thomason raised, that travel office workers were demanding kickbacks, turned out to be unfounded, the documents indicate.

Recently disclosed memos state that Mrs. Clinton was "ready to fire them all" and that there would be "hell to pay" if presidential aides did not take such action quickly in accordance with her wishes.

Former White House chief of administration David Watkins, who actually handled the firings, testified last week that while the decision was his own he believed the first lady was behind the pressure.

He said that message was conveyed to him both by Thomason and then-White House lawyer Vincent Foster, who committed suicide two months later.

Mr. DALE. Mrs. Maloney, may I comment on that?

Mr. CLINGER. Without objection, the document will be entered in the record.

Mr. DALE. I dispute that any petty cash funds were put into my account.

Mrs. MALONEY. That is precisely, Mr. Chairman, why we need to get Mr. Herman here. We have two different accounts.

Mr. CLINGER. You can count on the fact Mr. Herman will be here, because that is definitely at variance with what he told our investigators.

Mr. SHAYS. He will be here under oath.

Mr. CLINGER. Mr. Wise.

Mr. WISE. Mr. Dale, I think I will switch pretty much from where things have been. Was there, up until May the—say the 13th, was there competitive bidding for the services, the charter services?

Mr. DALE. Yes, sir.

Mr. WISE. So was there competitive bidding on every flight or did you handle that?

Mr. DALE. Not each and every flight. Mr. Wise, I can recall one time that I got a call at home at 9 o'clock at night that told me to have an airplane sitting at Point Mugu, CA, at 6 a.m. the next morning. This gentleman sitting right here was in California.

You don't have time to put charters like that out for competitive bidding. I had approximately 9 hours to get an airplane out there, and I went to the company I felt like could accommodate me.

Mr. WISE. I understand that. But what about in practice in general? Was there any kind of competitive bidding process? Were there forms to fill out?

Mr. DALE. We had a form to fill out that indicated the airlines that I called; and after a while, when you call United Airlines 50 times and ask them if they are interested in doing a charter and they tell you no, you get tired of calling them. It was to a point, before Pan Am went out of business, they were the only ones that

wanted the business; and after they went out of business, I had to scurry around and take whoever I could get.

At the complaints of the White House press corps, they did not like the people that we were chartering and called me on the phone on occasions to tell me that. John McSweeney was on a trip one time when the President of the Correspondents Association boarded the airplane and started complaining to him about the aircraft and how crowded it was. John McSweeney took his cell phone out, dialed my number in the office and handed it to him.

Mr. MCSWEENEY. I took the coward's way out.

Mr. DALE. So I am the one who bore those complaints, yes.

Mrs. MALONEY. Will my colleague yield?

Mr. WISE. Certainly.

Mrs. MALONEY. You mentioned in the competitive bidding that only Pan Am wanted to do the job. Who was handling the chartering now? Is there any company out there now who will handle the chartering?

Mr. DALE. Not the scheduled carriers I dealt with, because just in the last 2 weeks my contact at one of the scheduled carriers told me they would not charter to the White House without payment up front.

Mrs. MALONEY. Well, they are obviously working, because the press is accompanying the President on his foreign trips, so there must be some chartering firms that were willing to do the business.

Mr. DALE. One of the gentlemen sitting against the wall right over here is a gentleman that traveled with both of us, the Clinton White House and me. I think he is the better one to answer who provided the best service.

Mrs. MALONEY. That is not the issue. That is not what we are looking at now.

Mr. DALE. That is exactly what I was tasked with, was to provide a comfortable, convenient service for the White House press corps.

Mr. WISE. One last question. Mr. Dale, last week, or in the Watkins hearing, a draft GAO study, I believe dated December 1995, was brought up about how the White House Travel Office had improved in 26 of 29 areas. Have you had a chance to review that report?

Mr. DALE. No, sir. I would really like to. I would question the GAO. Do they know who to go to and talk to? Do they know which office to go to at the State Department to see if the White House Travel Office is reimbursing the Government for funds expended on behalf of the press corps that I used to pay for, that I used to use this petty cash to pay for?

Check it out. They have not been paid since I left the White House.

Mr. CLINGER. The gentleman's time has expired, and I will now yield to the gentlewoman from Maryland and ask her if she might yield 30 seconds to me.

Mrs. MORELLA. To the Chairman I would yield 30 seconds.

Mr. CLINGER. Just to clarify again—and I thank the gentlelady. Just to clarify again the element that was raised here about the 113 postal workers who were fired. Unlike you, gentlemen, they really were aware back in June that this was likely to happen because, in fact, the office was going to be privatized. So it wasn't as

though they suddenly were told the day they were fired they were supposed to be out of there.

Second factor is 92 of the 113 of them were, in fact, offered other employment. I don't think that was the case, at least initially, in your case.

Mr. WISE. Would the gentleman yield?

Mrs. MALONEY. Point of information, Mr. Chairman.

Mrs. MORELLA. Not on my time.

Mrs. MALONEY. Could I get a point?

Mr. Dale, you said people had not been paid. Would you clarify who has not been paid?

Mr. DALE. The U.S. Government, the Department of State, the embassies around the world. It is my understanding——

Mrs. MALONEY. The U.S. Government has not been paid by the Clinton White House?

Mr. DALE. It is my understanding that the embassies, on foreign trips, they pick up expenses after the trip has left their city; and if they have had to pay for any unused rooms on behalf of the press corps, or any incidental charges that I would have reimbursed them for. They told me that they have not been paid for any charge such as that since I left the White House.

Mrs. MALONEY. Why would the Government pay for the press's staying in their rooms and their board?

Mr. DALE. It is supposed to be just a transfer. Because that embassy does business with those hotels on a continuing basis, and they pay for it in order to stay in good standing with the hotel, and they expect to get reimbursed by the White House Travel Office.

Mrs. MALONEY. My question is, however, if it is not White House personnel and if it is not White House business but employees from the private sector employed by the private-sector press that is incurring these expenses, my question is why should the Federal Government and the taxpayers' dollars pay for that? Why does the AP not pay for the rooms of the AP reporters? Why does The New York Times not pay for the rooms of The New York Times reporters?

Mr. DALE. I think I may have confused you. These are not rooms that were used. These are rooms that were reserved and not used.

Mrs. MALONEY. But then they were billed for them. So the cost was incurred—you are saying the White House did not pay for this cost. My question to you is why should it be a White House cost? It is a private industry cost.

Mrs. MORELLA. Mr. Chairman, I assume that is not on my time.

Mr. CLINGER. I am going to start the clock again. The gentlewoman from Maryland has 4½ minutes.

Mrs. MORELLA. Thank you, Mr. Chairman. I started off here this morning, and I am here at the end, and I have heard over and over again the statements that have been made and some people who were not here, but what we do know? I do not think this hearing has to do with being a Republican or a Democrat or an independent or a libertarian or whatever political persuasion one may have. It has to do with some people being treated wrongly for no fault of their own and something—because they are civil servants, particularly, we have a role to play to make sure this does not happen

again, and we say to them we are sorry, and we correct the problem.

I have listened to the stories of Mr. Dale's daughter's wedding expenses being investigated; others who may have property being checked on, whether they had the ability to pay for it; three of the witnesses' fathers passed away during this; careers were jeopardized; Mr. Wright's early retirement with reduced annuity; hearing also on Dateline NBC of Mr. Dale talking about waking up at night to his wife sobbing in bed and that he himself was pacing the floor at night.

I cannot imagine people going through this, who were investigated by the FBI, the IRS, over such a long period of time, and then we talk about downsizing the White House Travel Office. Frankly, it has been upsized since the change took place. I think now there are nine employees there rather than even a reduction from the seven. So that statement is kind of thrown out.

And when we had Mr. Watkins appear before this committee last week we heard at least half a dozen times the fact that Mr. Watkins said that this was the result of a desire for press opportunity. Now, you may have heard that, too. I don't think anyone during the day has asked you how you would respond to the so-called planned or desired press opportunity, one that would jeopardize people's livelihoods and careers. I wondered if you would like to comment on that press opportunity situation.

Mr. MCSWEENEY. I think that might fit in with some of the decisions that Mr. Watkins has continued to make. He made a wrong decision. It was a hell of a press opportunity, and look what he found himself with.

Mrs. MORELLA. Any of the others hear about this concept of a press opportunity?

Mr. BRASSEUX. I saw the statement where he mentioned they needed some positive press, and this is what they wanted to do, and I was obviously very disappointed.

Mrs. MORELLA. Doesn't show logical thinking or caring about people.

I am also concerned about what this whole episode has to say to our young people whom we would like to have interested in public service. Do I want to work for the Federal Government? Do I want to dedicate my life to the Federal Government knowing that there is a possibility that I might be treated in this manner?

Mr. DALE. Yes, I would recommend that they do, and I would hope that this was an isolated incident. I would not think that—I would not want to go to my grave thinking that this Government operates that way, and I don't think that.

Mrs. MORELLA. I would agree with you, and I think that is why it is important that we isolate it here in this committee and say this shall not happen again.

I was reminded of a line from Othello, which I think states what we all feel and how you feel certainly. In act three the statement is made—made by Iago, "Who steals my purse, steals trash. But he that filches from me my good name, robs me of that which not enriches him and makes me poor indeed." I think that is what we are talking about.

I yield back, Mr. Chairman.

Mr. CLINGER. I thank the gentlelady for that very eloquent peroration, and now I recognize the gentleman from Connecticut, Mr. Shays, for 5 minutes.

Mr. SHAYS. Thank you.

I have a question to ask you, Mr. Dale, but I will preface my statement by saying that I had one hope that never came true today, that you would have Republicans and Democrats who would sincerely apologize to each of you and not try to belittle what happened to you by suggesting that other people get fired, because that is about as disingenuous a statement as I have ever heard.

I do not know people who get fired and then are accused of being crooks who are not crooks. I do not know that people are being fired that are given so little time and basically stuck in the back of a truck as though they are cattle, without even seats to sit on, and I could go on.

I am particularly disappointed that Mr. Kanjorski, for whom I have a lot of respect, came in quickly, made his charges and left. Because I think he owed it to you to hear your entire testimony, and I would have liked to have personally responded to some of his accusations. Since he is not here, I do not feel I can, but I would just like to say I would apologize for his smearing each and every one of you and not even giving you a chance to respond.

Now, Mr. Dale, I do need to ask you some questions. I want to be on record with you as saying that I cannot, for the life of me, justify a fund going into my own personal account. I think that is a mistake. I think it should not happen, and I think you now know why.

Mr. DALE. Yes, sir.

Mr. SHAYS. I want to know if you understand that?

Mr. DALE. Yes, sir, I do.

Mr. SHAYS. You put it in your own account. Your account is being audited, and now the IRS is taking a look and so on, and I don't even know what the outcome will be and neither do you, regretfully, but I am sure you feel you conducted yourself well. But that was clearly a mistake.

The second thing that I have to say to you is that I do agree with my colleague on the other side of the aisle that says you do bid; and what I have a difficult time understanding is you do not bid for each trip but you bid for jobs and you say, well, in the course of the year we may have so many and you will charge so much for each flight and miles. Why would that not happen?

Mr. DALE. I am not quite sure I understand what you are asking.

Mr. SHAYS. Why would you not bid generically for an airline that says you have our business? Any time we have travel, you get the business. I do not understand how—your comment that, well, you had to find a plane with 6 hours to go. Why would you not have a number of people who would bid for the business and then be guaranteed a certain price? You would not haggle about the price; there is the business.

Mr. DALE. Oh, yes, you do haggle about the price.

Mr. SHAYS. You are misunderstanding me, and I want to be clear on this. You have a long-term contract. That is a year's contract. Any business during the year you get the business and you bid for

this. That is what I am saying. I do find it difficult that you could not have bid this out.

Mr. DALE. Well, first of all, you have to find somebody that wants to take the bid. We could not find anybody that wanted to do the charters except Pan Am.

Mr. SHAYS. World Wide Travel wanted to come in, and you had Mr. Thomason, and he had his people he wanted to get in. With all due respect——

Mr. DALE. Mr. Shays, you have to understand that when Air Force One leaves, I have to have an airplane available to leave, too. I have to have a company that I can depend on for on-time, mechanical and otherwise. There is a great deal of pride taken in Presidential travel by everybody that is involved with it. The military, the Secret Service, the communications people, nobody wants the finger pointed at them and said the President is saying why did you cause me to be delayed. I didn't want that, and I wanted a company, and I was expected to provide——

Mr. SHAYS. I understand sometimes when you bid out for an elevator in a hotel you get the worst elevator—I mean when you construct. I understand you want the best service. But that can be contingent upon if you are not satisfied with the service. All I am saying to you is that it is hard for me—I agree with Mrs. Maloney on this issue. It is hard for me to accept that something cannot be bid out.

Mr. DALE. It could be bid out, and I did. I tried each and every time I met with airlines, employees from different airlines.

Mr. MCSWEENEY. Sorry. Mr. Shays, an added feature of this, which has not been brought up, the decision as to what airline would get the business was not only Bill Dale's. It was the White House correspondents who were paying for it. And don't make the mistake of thinking that they were not interested in a good airline operating——

Mr. SHAYS. That is a valid point. Let me get to something else before my time runs out.

Mr. Dale, you left how much in the account—when you were given 2 hours and taken in basically a van and escorted out, how much was in the account, to the best of your knowledge?

Mr. DALE. To the best of my knowledge, and I could be wrong on this, but it was over $600,000.

Mr. SHAYS. My understanding is that when the audit was done you had in payable—when the report was done, and I do not want call it an audit, you had $52,000 in the accounts payable and in the accounts receivable $366,000. And when the GAO did a report at the end of 12/31 the accounts payable grew from $5.7 million and accounts receivable $5.6 million.

What would explain the incredibly large accounts payable and accounts receivable in both these accounts after you left?

Mr. DALE. I can only assume that, as far as the money that they accumulated, they were not paying the bills that I left for them.

Mr. SHAYS. And they were not collecting money either.

Mr. DALE. They collected the money from the people who I had already billed, yes.

Mr. SHAYS. My understanding is, by the GAO report of 1/24/96, that $200,000 in deposits were not entered in the checkbook. Is

that surprising to you? That was the GAO report of January 24. In fact, it is today's report. $200,000 not deposited in the checkbook.

Mr. DALE. Well, see, it surprises me. It never happened when I was there.

Mr. SHAYS. I do know there is a double standard. I do know the White House is not holding the Energy Department and the Commerce Department to the same standard they were holding you to. And I am, once again, going to use my time. I do not know what is in your future, each and every one of you, but I apologize to each and every one of you; and I am sorry you did not get that same sincere apology from people on the other side. You all were screwed.

Mr. CLINGER. The gentleman yields back the balance of his time.

I would now recognize the gentlewoman from Illinois, Mrs. Collins.

Mrs. COLLINS of Illinois. I yield to the gentleman from West Virginia, Mr. Wise.

Mr. WISE. Point of parliamentary inquiry, Mr. Chairman. In the passing system, am I entitled to pass until the next person; or is the gentlewoman from Illinois entitled to pass?

Mr. CLINGER. I would certainly allow that.

Mr. WISE. In that case, I would ask to pass.

Mr. CLINGER. In which case, then, I would now move to recognize the gentleman from California, Mr. Horn, for 5 minutes, and may I ask him to yield to me for about 20 seconds?

Mr. HORN. Absolutely. Twenty seconds to the Chairman.

Mr. CLINGER. Just to make the case in our discussions with GAO and in preparation for the report they issued, they found that, frankly, as I understand, not very many airlines were interested in bidding on this. And I gather, Mr. Dale and others, that one of the reasons for this is you had a pretty demanding customer group, did you not, that really liked certain special things that some airlines would not perhaps be willing to provide or were unable to provide?

Mr. DALE. Yes, sir.

Mr. CLINGER. So this was a fairly customized service that you were providing in trying to meet the wishes of your customers.

Mr. DALE. That's right.

Mr. CLINGER. Thank you. And I thank the gentleman for yielding.

Mr. HORN. Mr. Chairman, when I opened the questioning earlier this morning, I thanked you for pursuing this, and we have heard nothing but sort of minimization by our friends on the minority. And I say to my colleagues that preceded me—Mr. Burton, who has taken much of my remarks in wanting to really pursue this situation; Mrs. Morella, who is always humane and puts a wonderful perspective on it; but I want to particularly praise my colleague, Chris Shays. I never knew him until I came here, but for several years before I came here I watched MacNeil Lehrer and I watched Mr. Shays of Connecticut conduct as vigorous a pursuit of the truth in the Reagan administration HUD scandal as did the Democratic member of the subcommittee.

I guess my apology today is your listening to many of my good friends on the other side of the aisle, the Democratic side, not sit-

ting through this hearing, coming in here and winging it, trying to confuse the viewing public, confuse the written record with analyses that are absolutely false, making absolutely no sense.

Now, let met get into some of this. Mr. Chairman, I have 10 reports of the General Accounting Office titled "Financial Management". They are divided equally between the Customs Bureau and the Internal Revenue Service. Let me just read you a few titles, and we will agree on putting some of this in the record in titles.

Customs lacks adequate accountability over its property in weapons. Customs' self-assessments of its internal control and accounting systems is inadequate. Customs did not adequately account for or control its accounts receivable. Customs' accountability for seized property and special operation advances was weak. Customs' accounting for budgetary resources was inadequate.

IRS lacks accountability over its automatic data processing resources. IRS' weaknesses increase, risk of fraud and impaired liability of management information. IRS' self-assessment of its internal control in accounting systems is inadequate. And, finally, important IRS revenue information is unavailable or unreliable.

Now, in every one of these reports—and these are all during the Clinton administration, and they are just a handful. There are many more. In every one of these reports, the General Accounting Office, the agent of the Congress to audit the executive branch on both programmatic audits and financial audits, always has a response from the head of the agency.

As I said earlier, as a university president, when I had the State auditor or the California State university system auditor or the legislative auditor, whoever it was, they always gave the chief executive the draft report and permitted us to write a letter that said where we agree, where we disagree, and these reports have exactly that from the head of the IRS and the head of Customs.

It is very clear in the questioning that Peat Marwick, a private firm, went in, did a study. None of you ever saw it. None of you ever had a chance to reply. So there was no way a supervising officer could have known anything based on that Peat Marwick report because they only had half the equation. And that is what really disturbs me in this whole operation here, that no due process was followed, which is normal process for any audit of a Government agency.

Now, let us talk a little about the U.S. attorney. I don't even know the name of the U.S. attorney involved, but let me just say, as a student of history, be it Republican U.S. attorneys or Democratic U.S. attorneys, they are ambitious. They would like to be judges. Maybe they would like to be Attorney General.

And let me talk about Federal agencies and the culture of Washington. The FBI—clearly misused by the Clinton White House. And there is no question, with any new President, regardless of party, they want to please the President in these executive agencies.

Private firms bidding for future contracts perhaps on accounting. They would like to please the President. That is just human nature. And we need to view what the FBI did, what the United States Attorney did, what Peat Marwick did. Was that the fair way to go about it?

What we see here in the testimony from Mr. Watkins and all the rest, as we have sat through it, looked at many of the displays, we have a pattern and practice of deceit and abuse by the White House. This is not letting some poor soul go with a pink slip. And as was said—very eloquently stated by some of you, it is one thing to be let go with a pink slip, it is another thing to be fired from your job where you have conducted yourself as a professional and you go home and your child is looking at the TV and says, daddy, are you really a thief? Or, daddy, did you misuse the public trust?

The fact is, there was not an abuse of trust by any of you sitting before us. And apologies are owed not by Members of Congress; apologies are owed by the President of the United States and the First Lady, as I said earlier today, and all those that were involved in this travesty.

So I must say, Mr. Chairman, our friends in the minority seem to dismiss seven people. And why are we are concerned? We are concerned because when you have done something to seven people it means, as in the Nixon White House, maybe you are doing it to a lot more people. I said this morning we are talking about a White House cancer with a smile, and I say, after listening to the rest of the testimony, we are talking about arrogance with a smile.

Thank you, Mr. Chairman.

Mr. CLINGER. The gentleman yields back his time, and I would now recognize the gentleman from West Virginia, Mr. Wise.

Mr. WISE. Thank you, very much, Mr. Chairman.

The gentleman from California speaks eloquently. It is not right to do it to seven people. It is not right to do it to 113 people. It is not right to deny 113 congressional workers their protection just hours before that protection goes into effect. It is not right to, a couple weeks before Christmas, to fire 10—or was it 11—members of the House floor staff. Merry Christmas and good-bye.

So I guess I question where this leads when some say seven people. I think we also ought to look at overall practices. Nobody seems to have clean hands on this.

Mr. Dale, the gentleman from Connecticut quite properly pointed out that you have been tried; and I want to preface my remarks by saying I am not trying to retry you, that I am going to ask questions. But the issue has been raised by the people who asked you to be here about whether there was political motivation in, A, firing you; and, B, then whether there was political motivation by the Justice Department or the FBI. So those questions have to be gotten into.

But let me preface my remarks once again by saying you have been acquitted. The allegations that were made, the indictment that was brought has been found by a jury to not have substance, so I just want that on the record. But now we have to get in the motivation of what brought you to the court.

I also might add to the gentleman from Connecticut, who spoke about Mr. Kanjorski—and he can speak quite well for himself—but it is my understanding that Mr. Kanjorski, as well as perhaps the Chairman, has—I know earlier today and I think at this moment—has been dealing with flood problems. He does represent Wilkes-Barre, PA, which was probably one of the most hardest hit areas

over the weekend; and we have all been involved a lot with FEMA and those agencies, as I know the gentleman can appreciate.

Let me go back to the question, Mr. Dale, that Mrs. Maloney asked, that the criminal case was based on a practice of you depositing on a number of different occasions checks into a personal account. There were refunds from different vendors intended to reimburse the press for their expenses.

You testified, I believe, that that was a practice you had that no one else knew about. I am not making any allegations about it being illegal. I think that—well, let me ask you. Did you not acknowledge in retrospect it was probably not the best procedure?

Mr. DALE. I have already admitted that.

Mr. WISE. The question I did have is, you said you did not share that practice—knowledge of that practice with any of the gentlemen at the table, many of whom who had worked with you for 20 years and more. And why would that be?

Mr. DALE. I guess what I should have said is that I did not go to any of them and tell them. I did not try to hide it from them. The drawer I kept the money in and the logs, Gary Wright had a key to it. He could have gone into it at any time, and I never attempted to hide it.

But there were many things in that office that I came in contact with day in and day out in the management of it that I didn't go and tell them about it. I worked it out myself. It was just the way the job was.

Mr. WISE. But can it at least be accepted that, to an outsider coming in, that would be an unusual practice?

Mr. DALE. That's right, and that is why I object to the fact that nobody ever came and asked me about it. Nobody, until the day I took the stand, the witness stand in my own trial, has asked me one question about the management of the White House Travel Office.

Mr. WISE. If nobody knew about the practice, how were they to ask you about it?

Mr. DALE. They didn't ask me about any practice. If they had come and talked to me, I would have told them.

I told the gentleman on the day that I turned the money over to him—or I didn't turn the money over to him. He never asked to see any money. He took my word for everything that I told him. And I told him that this money was in a locked drawer behind that cabinet. I didn't just happen to find it. I knew it was there all the time.

Mr. WISE. Mr. Dale, in terms of Peat Marwick, did they raise any questions with you in the course of their review and did you talk to them about these practices?

Mr. DALE. No, sir.

Mr. WISE. So you are saying nobody at Peat Marwick talked to you?

Mr. DALE. No, sir.

Mr. WISE. Did you——

Mr. DALE. Peat Marwick people came to me and asked me where they could find a certain file or a certain document over the weekend while they were conducting their review, and I would tell them where to find it, and that is all they ever asked me.

Mr. WISE. Were you aware they were conducting this review?

Mr. DALE. As I testified earlier, when—the morning when it started I was told that it was going to be a review of the office. As the day went on and as it got late in the afternoon, it became apparent to me this was more than just a review.

Mr. WISE. And when the FBI interviewed you, did you tell them about this practice?

Mr. DALE. The FBI never interviewed me. I went to trial, never answered one question, was never attempted to talk to by anybody, except someone from the GAO called and left a message on my answering machine one day, and when he didn't get me he called my attorney. My attorney would not permit me to talk to him at that time because of the investigation. But, other than that, nobody ever attempted to talk to me.

And, Mr. Wise, I might interject here, I volunteered to go in and talk to the Justice Department.

Mr. WISE. Is it your statement then your attorney would not permit you?

Mr. DALE. Well, I don't know that my attorney wouldn't permit me, but he told me I don't think the Justice Department is interested in talking to you.

Mr. WISE. I see.

I thank the Chair. And if I could just close by saying that I think and it is my hope that the Chair will follow through on obtaining the witnesses that the minority has requested, because I think it goes to answering whether there was political motivation and ultimately goes to answering a lot of the questions Mr. Dale has raised.

Mr. CLINGER. I thank the gentleman for his comments; and in response to the gentleman I would indicate that, yes, we do intend to pursue that. I would restate what I said earlier this morning and that is that we have requested and yet—not yet received documents from the Justice Department which we would need to have in order to proceed to a discussion of those issues.

I must say in closing, gentlemen, that I am really, frankly, astonished that you were indicted and brought to trial and put through what you were put through without ever having been interviewed by, basically, your accusers, as I understand it. Is that correct?

Mr. DALE. That is correct.

Mr. CLINGER. A lot of discussion here today about the fact that other people were fired, 113 people were let go from here. I think the difference here is, No. 1, they were aware in June this was going to happen. You never really knew it until the day, I believe, that you were let go, if that was my understanding of your testimony here today.

Mr. DALE. That is correct.

Mr. CLINGER. So I think that the difference here that we have to bear in mind is this is not about how people are let go or how they are pink-slipped, it really has to do with credibility, and I think that is the key here in terms of differentiating this from other people who have been let go from the job.

Here, you, I think it is becoming abundantly clear, were basically sort of designated scapegoats to provide a justification for what we all agree was illegitimate. We would not all be here today and you

would not be here testifying today if the White House had done what they had the right to do, which was to tell you we want you out and we want our people in. And what the difference here was that there was an attempt made—a clumsy, awkward attempt made to justify what they otherwise would try to do. It is as simple as that. Because all of the records about Peat Marwick and so forth came after the fact, after the decision had been made that you should have to go.

Gentlemen, I want to express to you the appreciation of the committee. You have had a long day here today, and you have been very patient, and you have been very forthright in your responses to the questions of the committee. We are grateful for that.

As I stated at the beginning of this hearing, I felt that you deserved an opportunity to tell your story under oath before the Congress of the United States, and you have had that opportunity. I hope that you feel that you have had that opportunity to get your story out and to have your story told. Because I think, as I said at the beginning, there is a question of "so what"—well, I think you are. So what? These were human lives that were affected by what was done, and I think we do see here certainly a question of abuse of power.

So, gentlemen, we thank you again very, very much for your testimony here today; and this hearing is adjourned.

[Whereupon, at 5 p.m., the committee was adjourned.]

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