

Admin. conf. and
Hodsell memos

Copy Only (ADMINISTRATIVE)

THE WHITE HOUSE
WASHINGTON

BREAKFAST

April 30, 1981

MEMORANDUM FOR JAB

FROM: FSMH *Frank*

SUBJECT: Senior Staff Attendance

You asked me for a memo on additional people coming to Senior Staff meetings over and above our guidance at the beginning of our Administration. This is a problem. There are not enough seats, and a large rogues' gallery is not conducive to frank discussion. We should go back to the rule that only principals attend except where they are otherwise unavailable-- in which case the deputy can attend.

Today, we had the following violations of that rule:

- ✓ -- Anderson and Gray *EM*
- ✓ -- Fischer and von Damm *MD*
- Speakes and Small *-JB*
- Gergen and Ursomarso
- James and Harrington *JB*
- Our original list did not include Rich Beal who was there today.

In addition to the above, Dick Allen has often included Chuck Tyson and Murphy often brings Bond with him.]

RECOMMENDATION: I suggest you speak with:

- Meese about Anderson/Gray, Allen/Tyson and Beal.
- Deaver about Fischer/von Damm.
- Gergen about Speakes/Small and Ursomarso.
- James about Harrington

Wemo
(Name them.)
Pres-thru deputies.

f. Hodson
minutes

THE WHITE HOUSE
WASHINGTON

October 26, 1981

NOTE FOR RICH WILLIAMSON

FROM: FRANK HODSOLL

SUBJECT: 12% Deferral -- Block Grants

It was agreed at the Big Three's breakfast 10/20 that we should weight the new cuts away from the first quarter. You may wish to follow-up on this with Stockman's people and the Governors.

ATTACHMENT

THE WHITE HOUSE

WASHINGTON

October 15, 1981

MEMORANDUM TO JAMES A. BAKER III

FROM: RICHARD S. WILLIAMSON

SUBJECT: 12% DEFERRAL -- BLOCK GRANTS

Today I had a lengthy conversation with Governor Lamar Alexander and Governor Jim Hunt regarding the above matter. As you know, Lamar has been a strong supporter and has been serving as liaison between the nation's Governors and the White House. Jim Hunt chairs the National Governors' Association Human Resources Committee.

There is a strong view in behalf of all the Governors that if they have to live with the President's proposed cuts, they will try to do so. However, it is almost impossible for them to live with the cuts during the first quarter. They would like the weight of the cuts later in the fiscal year.

We have discussed this item between the two of us and with Ed Meese. Have you had an opportunity to follow up on it?

cc: Alan F. Holmer
James M. Medas

*f. Hodsoll
memo*

THE WHITE HOUSE
WASHINGTON

October 26, 1981

MEMORANDUM FOR FRED FIELDING

FROM: FRANK HODSOLL

SUBJECT: Antitrust: Letter to Baker
Regarding Pending Acquisition of
Schlitz by Heileman

Attached is a copy of correspondence from
John MacIver on this subject.

Since it is a regulatory matter with
Justice, I would be grateful if one of
your people could give us a status report
so that Jim or I can get back to MacIver
(probably by telephone).

If possible, we would like to do this by
the end of the week.

ATTACHMENT

MICHAEL BEST & FRIEDRICH

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JAMES F. SPOHN
PAUL R. PUERNER
JACOB L. BERNHEIM
JOSEPH A. GEMIGNANI
ROBERT E. CLEMENCY
ANDREW C. RITERIS
MARSHALL R. BERKOFF
GAAR W. STEINER
DAVID R. OLSON
RICKARD T. O'NEIL
F. WILLIAM HABERMAN
ROBERT A. SCHNUR
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JEROME H. KRINGEL
DAVID J. CANNON
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CATHERINE L. CURRAN
PAUL S. MEDVED
CARL K. TRIMBLE
THOMAS E. KLANCNIK
THOMAS P. GODAR
R. JEFFREY KRILL

OF COUNSEL
HERMAN E. FRIEDRICH
JAMES T. HARRINGTON
GERRIT D. FOSTER
HERMAN J. JONGEBLOEC

October 16, 1981

Ms. Margaret Tutweiler
Office of James A. Baker, III
The White House
Washington, D.C. 20500

Dear Margaret:

Here's the letter to Jim expressing my concerns about the Heileman/Schlitz matter. A disquieting number of supposedly "informed" sources suggest that the Department of Justice may not sue irrespective of past case law. That's why I need Jim's help.

Best regards,

MICHAEL, BEST & FRIEDRICH

John K. MacIver

JKM/jj
Enclosure

MICHAEL, BEST & FRIEDRICH

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HERMAN J. JONGEBLOED

October 16, 1981

Mr. James A. Baker, III
Chief of Staff and
Assistant to the President
The White House
Washington, D.C. 20500

Dear Jim:

As I mentioned to Margaret today by phone, I would appreciate a chance to talk very briefly with you. I need help in appropriately communicating a deep concern about the pending acquisition of Schlitz (number four in the industry) by Heileman (number three in the industry).

I represent a so-called "second tier" brewer (Pabst) which would be severely injured competitively if this acquisition is not challenged by the Antitrust Division. In fact, many second tier and small local brewers will be injured in a similar fashion, as will hundreds of independent wholesalers.

But, more significant is the fact that the proposed Heileman/Schlitz transaction would be a purely horizontal acquisition in a highly concentrated industry with respect to which the federal courts, including the Supreme Court, have spoken often and consistently. If this acquisition goes unchallenged in the face of national, regional and state market shares and other

Mr. James A. Baker, III
October 16, 1981
Page 2

factors which clearly exceed levels found unlawful by past precedent, then I believe one must question the scope of such an enforcement interpretation. I find this possibility disconcerting, regardless which side of the political or economic spectrum it comes from. It is of particular concern when the result favors a company like Heileman which has been permitted to consummate important acquisitions in the past which were denied to other brewers by the Antitrust Division.

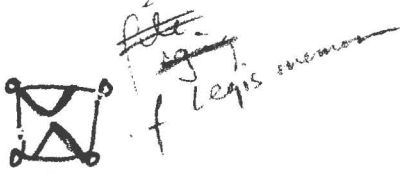
I appreciate your time and attention.

Best regards,

MICHAEL, BEST & FRIEDRICH

John K. MacIver

JKM/jj



THE WHITE HOUSE

WASHINGTON

November 6, 1981

MEMORANDUM TO: Jim Baker
Ed Meese
Mike Deaver
Elizabeth Dole

FROM: Max Friedersdorf

SUBJECT: White House Conference on Aging

Congresswoman Bobbi Fiedler (R-Calif.) has requested that I convey to you her very strong concern about political dangers to the President that she perceives in the planning for the forthcoming White House Conference on the Aging.

Bobbi is chairman of an ad hoc committee of Republican Freshmen Congresspersons who are analyzing issues in preparation for the '82 election.

I think it would be helpful if Elizabeth called Bobbi to discuss her concerns and recommendations in detail because she did make some excellent comments.

Bobbi is concerned that the Conference is being structured in a way that will allow four or five days of political hits on the Administration, aimed chiefly at Social Security and other social welfare programs.

One specific complaint Bobbi mentioned was that the program plans to have about 200 people together on one issue at a time, for instance, on health care, and have the session thrown open with an opportunity for questions and answers. Bobbi said that the seniors who were involved in this Conference will represent the liberal viewpoint and will orchestrate these sessions to direct fire at the President's program.

Ms. Fiedler suggested that the sessions be broken into very small groups of workshops that would make it difficult for the press to cover them, and there would be less of a negative impact in the press.

Bobbi said that we also need to line up very well briefed and well oiled speakers to guide sessions toward specific goals.

She also questioned the format of having these sessions last for several days, which would permit our political opponents the opportunity to reiterate their attacks.

She is very concerned about the plan to have observers at these sessions and wanted to know what the observers would do other than cheerlead for the opponents and stimulate criticism and disruption.

Ms. Fiedler suggested the sessions be closed to only the participants to minimize posturing and political rhetoric for the benefit of the press and outside agitators.

I have no way of knowing of the validity of Congresswoman Fielder's concerns, but she evidently has been following the preparations and structuring of this Conference in great detail, and I think it would be good for Elizabeth to discuss the problems have been raised.

~~PH~~
~~FYI~~
ic of Moore memos

THE WHITE HOUSE

WASHINGTON
September 29, 1981

File
7/2 R

MEMORANDUM FOR DAVE GERGEN
LARRY SPEAKES

FROM: KATE MOORE *KM*

SUBJECT: Interdiction Proclamation and Executive Order

The President signed today a proclamation and Executive Order authorizing Coast Guard interdiction of illegal aliens travelling to the United States by sea. Below is the background on these actions by the President, for your press briefing.

As the action is controversial, it is recommended that we allow Justice and the State Departments to take the lead on any extended briefings. State will include this item along with an announcement of an agreement with Haiti, at its noon briefing tomorrow.

Purpose and Legal Authority

As part of this Administration's immigration and refugee policy, announced July 30, 1981, the President authorized the Attorney General to seek legal authority to conduct a limited program of intercepting illegal aliens travelling to the United States by sea. This decision was made in an effort to alleviate the problems in South Florida where influxes of illegal aliens -- averaging 1,000 to 1,500 per month -- are placing strains on the community.

The Justice Department has advised that existing Presidential authority is adequate to support such a program. The Presidential Proclamation and Executive Order will allow such a program to be initiated. This administration, however, will also be submitting to Congress legislation to clarify and strengthen this authority.

Nature of Interdiction Program

Coast Guard Action - The Coast Guard will be authorized to stop and board U.S. vessels, vessels without nationality, or vessels of foreign nations with which we have agreements authorizing such actions (e.g. Haiti), which are suspected of carrying illegal aliens to the U.S. to make inquiries, examine documents and to take such actions as are necessary to establish the registry, condition, and destination.

Asylum - INS officers will be present to help determine whether claims of asylum might generally exist.

Funding - Funds will be provided from within the Coast Guard's existing budget; this effort will represent a reallocation of resources.

Timing - The program will be initiated as soon as logistics will allow.

QUESTIONS SHOULD BE DIRECTED TO TOM STEWART, DOJ. 633-2009.

f. Hodsall memo

File

THE WHITE HOUSE
WASHINGTON

September 15, 1981

✓
Look to Frank - JAB
has read

NOTE FOR JAB

FROM: FSMH *Frank*

SUBJECT: Cardinal Cody/Dan Webb Comments

I called Jane Byrne yesterday and reviewed with her the information contained in Kate Moore's memo (attached). Byrne was agitated at the beginning of our conversation, but seemed reassured by the end of it. She thanked us for the call.

I told her that we had no desire to make anything out of this issue, and that Webb had issued his statement to play down any sense that immediate action on the case was pending. Byrne said she knew Webb and thought he had been suckered into what was a Sun Times vendetta against Cody. Bryne said Cody was ill and very popular with the 2½ million Catholics in the Chicago area.

ATTACHMENT

THE WHITE HOUSE

WASHINGTON

September 14, 1981

NOTE FOR FRANK HODSOLL

FROM: KATE MOORE

SUBJECT: Cardinal Cody/Dan Webb Comments

Per your request this morning, I investigated the comments made by our U.S. Attorney, Dan Webb, in Chicago regarding the Cardinal Cody case.

Dick Hauser in the Counsel's Office checked with Justice, and I also spoke with Tom DeCair of DOJ's Office of Public Affairs.

Both confirmed that the U.S. Attorney's comments were as reported in the Sun Times, i.e., the U.S. Attorney's office had "received allegations of improper diversion of church funds by Cardinal John P. Cody" and the office "has the responsibility of determining the accuracy of the allegations and whether any federal laws have been violated." Webb was reported to have added that the allegations "should not be taken as proof of wrongdoing" and that his office would have no further comment while the investigation is being conducted.

Hauser reported that Justice indicated that the statement was issued in an effort to stop innuendo and play down any sense that immediate action on the case was pending.

A copy of the Sun Times story is attached.

Attachment

Warm

Mostly sunny; high in the 80s. Details on Page 109.

Sun-Times

Chicago, Friday, September 11, 1981

★★★★
Final

25¢ city and suburbs; 30¢ elsewhere

Cody friend was paid secret church salary

Helen Wilson on payroll here 6 years

By Gene Mustain, William Clements and Roy Larson

Copyright 1981 Chicago Sun-Times

A personal friend of Cardinal John P. Cody was paid a secret church salary during a six-year period when she leased and furnished a luxury apartment on Lake Shore Dr., a Sun-Times investigation has found.

Helen Dolan Wilson, a Cody confidante throughout his church career, received a salary ranging from \$7,200 in 1969 to \$11,500 in 1975, when she abruptly vacated her 27th floor apartment at Lake Point Tower and left Chicago.

Mrs. Wilson claimed she was an "office manager" for the Archdiocese of Chicago, but several church employees at the time said they never saw her working—either at the chancery office or at Cody's official church-owned residence.

In fact, Mrs. Wilson, now 74, was a retiree who spent the winter months at two expensive Florida homes she owned at different times during the same period she leased the Chicago apartment. She and Cody have been friends since childhood days in their native St. Louis.

Chancery employees and other archdiocesan officials who processed the regular church payroll account were unaware of the salary received by Mrs. Wilson.

The Sun-Times reported Thursday that for the past several



HELEN DOLAN WILSON (in sunglasses at left) and Cardinal John P. Cody (second from right) in a gathering at Rome's airport in 1967 during the week Cody was named to the College of

Cardinals. The woman in a white suit is Geraldine Cody, the cardinal's sister-in-law. Between her and the cardinal is Thomas Cody, the cardinal's late brother.

years Cody has exercised exclusive control over two un-audited bank accounts he set up after arriving in Chicago. The Sun-Times also disclosed that a federal grand jury is investigating whether Mrs. Wilson and others improperly received church funds from the accounts.

Mrs. Wilson moved into her Lake Point apartment about the

same time one of the un-audited bank accounts was set up by Cody in April of 1969.

The salary paid to her during the six-year period was higher than the annual pay of most archdiocesan employees, including almost all lay school teachers. For instance, a first-

Turn to Page 3

U.S. confirms probe; charge denied

By Roy Larson and Hugh Hough

Acting U.S. Attorney Dan K. Webb Thursday confirmed that his office is investigating allegations that Cardinal John P. Cody illegally diverted church funds; the Roman Catholic archdiocese categorically denied the charges.

These developments followed an exclusive report in late editions of Thursday's Sun-Times that a federal grand jury is probing

alleged misuse of as much as \$1 million in tax-exempt church funds.

Webb issued a statement that his office had "received allegations of improper diversion of church funds by Cardinal John P. Cody" and that the office "has a responsibility of determining the accuracy of the allegations and whether any federal laws have been violated." He added that the allegations "should not be taken as proof of wrongdoing" and that

his office would have no further comment while the investigation is being conducted.

Quoting associates of Cody, the Los Angeles Times reported that Cody and the church will continue to refuse to turn over material sought in two subpoenas issued by the grand jury last January. Cody, contacted Wednesday, declined to be interviewed, and Peter Foote, his official spokesman, said the cardi-

Turn to Page 3

INSIDE:

Archdiocese responds

Page 3

Cody an absolute ruler

Page 4

Cody's private mansion

Page 5

Cody's friend got secret salary here

Continued from Page 1
year teacher. In 1969, she was paid \$6,030. By 1975, when Mrs. Wilson received \$11,500, the annual salary for that same teacher had climbed to only \$9,117.

Mrs. Wilson's salary was higher even than Cody's own salary as archbishop of Chicago's 2.4 million Catholics. Throughout much of the 1970s, Cody was paid \$9,000 a year, although this income was augmented by occasional gifts and fees.

In gathering details concerning Mrs. Wilson's salary, her six-year stay in Chicago and her purchases of Florida property, Sun-Times reporters talked to dozens of current and former church employees, Lake Point Tower officials and Illinois and six other state-our records in Illinois and six other states.

CODY DECLINED to be interviewed about the findings and Mrs. Wilson did not respond to a telephone message. An archdiocesan official Thursday denied any financial wrongdoing by Cody in a prepared statement, but would not answer reporters' questions.

The Sun-Times reported Thursday that deposits in church accounts controlled by Cody coincide with the purchase of Mrs. Wilson's first Florida home. Cody has told associates he paid for the home from personal funds, but the federal grand jury has issued subpoenas to determine whether personal or church funds were used.

The Sun-Times also disclosed that Cody and Mrs. Wilson are not related, as they have claimed, and that Cody inaccurately attributed the source of her wealth to her former husband, whom she divorced in 1939. Cody has said the former husband left Mrs. Wilson "well-fed," but actually he died without a will in 1969, leaving only a car and no money. Sun-Times reporters have learned that Mrs. Wilson has accumulated wealth valued at nearly \$1 million during the last 15 years.

MRS. WILSON RETIRED from an office job with the Archdiocese of St. Louis in January of 1969 on the pension of less than \$1,500 a year. She got the job under Cody's sponsorship when he was chancellor of the St. Louis church. Except for a small home she briefly owned in the 1940s and an expensive apartment she leased from 1967 to 1969, Mrs. Wilson's realizations in St. Louis were modest rental dwellings.

Soon after her retirement, Mrs. Wilson, then 61, moved into a two-bedroom apartment at Lake Point Tower, still one of Chicago's most exclusive rental buildings. Her rent at the outset was \$450 a month, and climbed to \$633 by 1975. She began receiving the salary for the non-estate office manager's job soon after she

moved in, but former and current church employees said they never saw Mrs. Wilson at the archdiocesan administrative offices, then located on East Chicago Ave.

Francis D. O'Connor, Cody's top financial assistant and a long-time friend of Cody and Mrs. Wilson, actually functioned as the secretary's sole office manager. He also is from St. Louis.

Although Mrs. Wilson was a frequent visitor for dinner and other social occasions at Cody's church-owned mansion at 1535 N. State Parkway, sources familiar with the value said at no time did they see her do any work there either, for the church or for Cody.

MRS. WILSON, the Sun-Times discovered, did receive some of her personal mail at the mansion and a doorman at her Florida condominium gave the mansion address as her summer address in Chicago. A different doorman said Cody visits her in Florida regularly and identified him as her brother.

The three-story landmark mansion on Chicago's Gold Coast is the official residence of Chicago archbishops. A former Cody associate said the premises considered it his "private domain" during non-working hours. Except for an elderly, disabled woman who formerly was his secretary in St. Louis, Cody, at least until recently, has lived there alone—a unprecedented arrangement in modern times.

During the period Mrs. Wilson received the secret payments, Cody employed three female secretaries and a male secretary to help with his workload both at the chancery and at the mansion, where he maintains a well-equipped office. The secretaries, and Cody himself, were paid out of the regular chancery payroll account.

Mrs. Wilson cited the purported employment in different ways on at least two occasions—one in Boca Raton, Fla., and once in St. Louis, according to well-placed sources in each city.

IN PAPERS ACCOMPANYING a 1972 application to buy her second Florida home, she said she formerly was employed by the Archdiocese of Chicago. In the same documents, she listed O'Connor, the office manager, as a financial reference. She also named Mary O'Connor, Cody's former St. Louis secretary, as a personal reference.

In papers connected to an investment account she opened in 1974 at the old-life St. Louis firm of State Nicholas & Co. Inc., Mrs. Wilson said she currently was employed as a "secretary" by the Archdiocese of Chicago. An official of the brokerage firm has told the Sun-Times the company has complied with a federal grand jury subpoena of Mrs. Wilson's records.

Mrs. Wilson abruptly moved out of Lake Point Tower in 1974, and her whereabouts are not known in the building. "If there was a delay in normal maintenance care, she would remain out of her relationship with Bill Harbeck and on a couple of occasions she dropped the cardinal's name," one of the former officials recalled. "She was at times quite demanding."

The same Lake Point Tower official said he was given the impression that Mrs. Wilson was moving to Florida to manage full-time a small gift shop she owned there.

Mrs. Wilson did leave \$5,000 in 1970 in a small trust for her children.



WITCHES-IN-STITCHES is a small neighborhood and crowd shop. Helen Dolan Wilson invested \$5,000 in the shop near her Florida home. She purchased her interest in 1974.



LAKE POINT TOWER, where Helen Wilson bought and lived, is a luxury apartment building in Chicago.

Peter Tower as a time when rumors of Cody's resignation or resignation were rampant and a crisis over his closing of four inner-city Catholic schools in Englewood.

Two former Lake Point Tower management officials said tenants were not permitted to break current leases, and initially turned down such a request by Mrs. Wilson. But, they said, Cody personally intervened on her behalf with William Harbeck, one of two real estate partners who then owned the building. Harbeck is a prominent Catholic layman and former FBI agent.

After the intervention, lower-level management officials were instructed to permit Mrs. Wilson to break the lease as a "favor" to Cody, both former management officials told the Sun-Times.

Mrs. Wilson's connection to Cody already was well-known in the building. "If there was a delay in normal maintenance care, she would remain out of her relationship with Bill Harbeck and on a couple of occasions she dropped the cardinal's name," one of the former officials recalled. "She was at times quite demanding."

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Written inquiries offered to Cody

At 2:15 p.m. Wednesday, Cardinal John P. Cody received the first of several requests by the Sun-Times for interviews regarding the newspaper's findings. Cody was reached by telephone in Milwaukee where he was attending a meeting of bishops from Midwestern dioceses.

Cody declined to be interviewed and referred a reporter to his official church spokesman, Peter Foose. A request for an interview with Cody was then made by telephone to Foose 15 minutes later. Foose was told the newspaper was keeping a pledge made earlier to provide Cody an opportunity to respond prior to publication of any articles. The pledge was made after the church, in a series of articles last year in the official church newspaper, called upon the Sun-Times to end its inquiry into Cody's administration.

An hour later, the Sun-Times called Foose again, stressing the seriousness and urgency of the request. Foose said he did not think Cody would be available because he was "out of town and involved in meetings." Foose then asked the Sun-Times to

submit written questions. Four written questions were delivered to Foose's office by a reporter at 4:30 p.m. All calls to Foose accepted the questions and was told that the Sun-Times hoped to receive Cody's responses early in the evening.

At 8 p.m. the able told the Sun-Times he decided there would be any responses forthcoming. Then were the four questions—some of which Cody or archdiocesan officials commented upon: • What is Cardinal Cody's reaction to being under a federal government investigation for allegedly misusing funds belonging to the archdiocese of Chicago? • Will Cardinal Cody and the archdiocese cooperate with the federal inquiry? • What was the source of funds that Cardinal Cody provided in 1969 to Helen Dolan Wilson for the purchase of her home at 1251 Poydras Terrace in Boca Raton, Fla.? • What is the "familiar" relationship between Cardinal Cody and Helen Dolan Wilson?

Archdiocese statement

The following statement was released Thursday by *Management Services A. Broderick*, vice general of the Chicago archdiocese:

The cardinal is deeply saddened by charges against him, the church and his own family which have been leveled by the Chicago Sun-Times.

Known for his 50 years of loyal service to the Roman Catholic Church and adherence to the rules of the church, he has never violated the trust that dedicated Catholic priests, nuns and lay people, as well as many in other religions, have placed in him.

Allegations that he has misused church funds are wrong and misleading. Instances about these matters of the family are erroneous and charges.

Cody absolute ruler under law

By William Clements, Gene Mustian and Roy Larson
Copyright 1963 Chicago Sun-Times

Cardinal John P. Cody governs the day-to-day financial and legal affairs of Chicago's 2.4 million Roman Catholics under total and sometimes controversial authority granted by the Illinois legislature more than 100 years ago.

Under a concept known as "Corporation Sole," the reigning Catholic bishop of Chicago was made the owner for legal purposes of all land, buildings and other assets belonging to the archdiocese.

The one-man rule is considered obsolete by some Catholic scholars today and has been denounced by others as "pyramidal" and damaging to the church's professed desire to be accountable to its members.

THESE CRITICS believe the country's largest archdiocese has property and financial holdings so vast that no one man should be legally responsible for all major decisions affecting the two-county church system. As a practical matter, Cody alone has the final say on all crucial questions regarding civil contracts, nearly 450 churches, hundreds of schools, dozens of parishes and other pieces of land, with total assets exceeding \$1 billion.

Furthermore, Cody's power is such that he alone decides whether key financial information should be distributed to ordinary priests and laymen in the archdiocese or kept a carefully guarded secret to be shared, if at all, with only a few of his top intimates.

A MEMO TO CODY from Meadgator Robert Hagerly, archdiocesan controller, shows how potentially explosive some of this information can be. The memo, obtained by the Sun-Times, is dated November, 1971, and reads:

"One other item I forgot to discuss with you when we last met was the matter of full disclosures of Catholic Cemetery funds. It seems to me that our committees could be meeting time on this point if your Eminence is opposed to such disclosures.

The Cemetery Income Care Fund is \$30 million at the moment. Will fill the ACP (Association of Chicago Priests) hears that and hears we are planning to close some schools."

Seven months later, the official archdiocesan financial report for fiscal year 1971 showed about \$36 million in the cemetery income fund. Unofficial Catholic organizations in Chicago for years have charged the financial reports contain inaccurate and conflicting statements from one year to the next and that only a few officials really know the true financial picture.

THE REV. JAMES A. Coriden, professor of canon law at Washington Theological Union, says Chicago's system of authoritarian rule is simply "bad theology" and places the church in an unfavorable light.

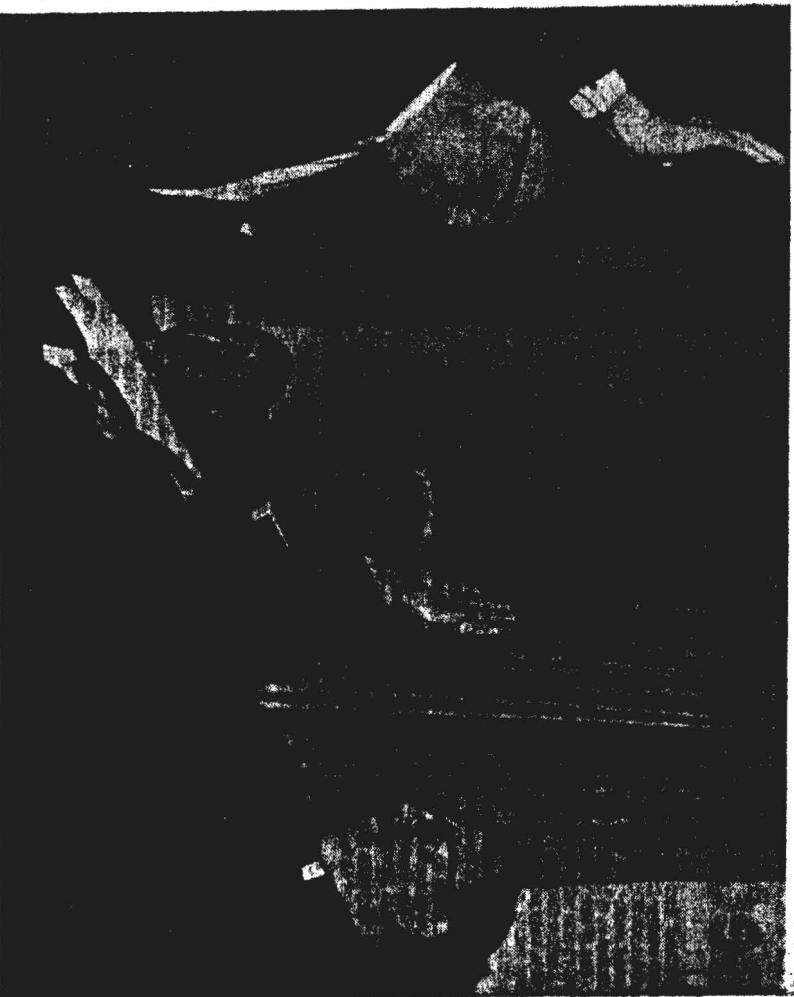
"Remember," Coriden told the Sun-Times, "the church is not a monarchy where all land belongs to the crown. It is instead a community of equals, a system based on the total equality of all of its believers."

The Corporation Sole authority, broadly defined by the legislature in 1845 and refined in more specific terms in 1861, enabled the Catholic bishop of Chicago to take legal title to all real and personal property owned by the church in its jurisdiction.

The underlying concept granted by the legislature was simple: Instead of allowing the control of church property to be spread out among many individual parish priests and laymen, the church asked the legislature to authorize placing it in the hands of one person—the Catholic bishop of Chicago.

IN DOING THIS, the legislature was careful to steer clear of any involvement in religious doctrine as prohibited by the First Amendment to the Constitution.

It said only that it was "creating a body politic, a Corporation Sole," recognizing the practical need for a single voice to make day-



IN A 1965 ceremony, Bishop John P. Cody, newly named coadjutor of Judge Cardinal Heenan, was sworn in as archdiocesan Corporation Sole by Circuit Court Judge P. O'Donnell, acting bishop and Cody's replacement, who attended. (AP Wirephoto)

today decisions on matters clearly within the civil realm.

The rubricover by the legislature occurred in two phases.

Until the early 1840s, legal title to all church property in Chicago was held out-of-state, by either the bishops of St. Louis or Vincennes, Ind. As the number of Catholics in Chicago grew, so did the acquisition of church property.

In fact, Chicago's Catholic population grew so fast during this time that on Nov. 29, 1843, the Vatican in Rome recognized Chicago as a diocese "district" and separates from St. Louis and Vincennes.

And on Feb. 24, 1845, the Illinois legislature passed a bill saying that from then on, it recognized that legal title to all church property within Chicago would be "held in trust" by the bishop of the (then) diocese of Chicago.

Although this went a long way toward resolving the ownership problem, particularly in reference to the out-of-state dioceses, there remained this crucial question:

Was the "trust" holding the property on

behalf of the church hierarchy, individual Catholic priests or laymen serving as trustees within the various parishes?

Between 1845 and 1861, there were five queens, often bitter disputes between the church and its laymen over this wording question, referred to as the problem of "lay trusteeship."

In a letter to a fellow bishop in the late 1840s outlining contents of a second bill he hoped would be passed by the legislature, Chicago's first bishop, William Quarter, wrote:

"The bill if it passes will devolve the necessity of anything in the form of trustees in the diocese forever. There is not a trustee in the diocese nor shall there be so long as I live."

The matter finally was resolved on Feb. 29, 1861, when the legislature passed and Gov. Richard Yates signed the so-called "Corporation Sole" bill. Since then, each succeeding bishop or archbishop of Chicago—in the eyes of civil law—has held legal title to all church property in the archdiocese.

Between 1845 and 1861, there were disputes between the church and its laymen over the question of "lay trusteeship." In the late 1840s, Chicago's first bishop, William Quarter, fought against a diocese influenced by trustees. And in 1861, Gov. Richard Yates signed the "Corporation Sole" bill. Since then, each succeeding bishop or archbishop of Chicago—in the eyes of civil law—has held legal title to all church property in the archdiocese.

Canon law scholars believe the New York system is more practical and more balanced than the Corporation Sole approach used in Chicago and in dioceses in 16 other states throughout the country, including Las Vegas and Washington, D.C.

"Corporation Sole might have been effective during the last century," says Coriden. "But it is non-participatory, exclusive and non-democratic. It tends toward a kind of absolute control by one person that in itself provides a bad symbol of what the church is all about."



WILIAM QUARTER



GOV. RICHARD YATES

U.S. confirms probe; church denies charge

Continued from Page 1
 Cardinal probably would not be available for an interview because "he's out of town and involved in meetings."
 However, on Thursday, Monsignor Francis A. Brackin, vicar general of the Chicago archdiocese, issued a statement saying the church "categorically denies that there has been any misuse of church funds."
 In a subsequent statement, Brackin said the cardinal "is deeply saddened by charges against him" and that "the Sun-Times presents charges that are so ambiguous as to hamper a point-by-point rebuttal."
 Bernard Hanley, media relations manager for the archdiocese, declined to answer reporters' questions on the statement, saying the statement covered all points.

ALSO ON THURSDAY, Helen Dolan Wilson, whose stepmother was Cody's aunt, denied allegations that she was the beneficiary of church funds. Wilson, 74, interviewed by the St. Louis Post-Dispatch in Chesterfield, Mo., referred to the Sun-Times report as "a vicious joke."
 "God, no," she told the paper when asked if the story were true. "I think it's a vicious joke."
 Wilson, who had not responded to a Sun-Times request for an interview, told the Post-Dispatch that Sun-Times accounts of her personal finances were inaccurate and exaggerated to the point that "I could almost laugh about it."
 She said a house she formerly owned in Florida cost about \$56,000 when it was built, rather than a Sun-Times figure of nearly \$100,000 for construction, furnishing and land.
 She disputed also this newspaper's descriptions of a free-spend lifestyle at a Boca Raton social club. "I bet I never spent more than \$50 in that club," she said. "Whenever I



MONSIGNOR FRANCIS A. BRACKIN reads statement denying misuse of church funds. (Sun-Times Photo by Jack Lenahan)

went there with a group, we always divided up the costs." Wilson asserted that she moved back to St. Louis from Chicago because she couldn't afford the rent in Chicago and said she was unaware of a grand jury investigation into Cody's financial dealings.
 Wilson also maintained Thursday that she and Cody are cousins and that their mothers were sisters. However, Brackin's statement later in the day referred to Wilson as a "stepcousin" of Cody.

ARCHBISHOP PIO LAGHI, the Vatican's apostolic delegate to the United States, said neither he nor his office would have any comment on the Cody matter.

The Sun-Times had reported that certified documents in Missouri showed it was Wilson's stepmother, not her natural mother, who was related to Cody's mother, meaning there is no blood relationship between Wilson and Cody.
 Mayor Byrne, vacationing in Palm Springs, Calif., said she was "saddened and dismayed at the publicity being given to allegations."

In a statement read to City News by her husband, Jay McMullen, the mayor said, "I believe the cardinal we all know and love is innocent of any deliberate wrongdoing, and I think it is unfortunate and regrettable that a man in his declining years should be treated to headlines of allegations that are unproven."

Chicago investment counselor Lawrence Hickey, a member of the archdiocese's finance committee and a financial adviser to Cody, called the cardinal "a man of the highest integrity." Hickey said he was unaware of the existence of a house fund and a special fund that Cody reportedly kept.

A spokesman for the National Conference of Catholic Bishops, based in Washington, said, "In view of the fact that a grand jury investigation is under way, it is inappropriate and inconceivable for the conference to comment at this time."



CARDINAL JOHN P. CODY'S MANSION at 1555 N. State Pkwy. (Sun-Times Photo)

Cardinal uses North Side mansion as private domain

By Gene Mustain, William Clements and Roy Larson

Copyright 1988, Chicago Sun-Times

Like those who preceded him, Cardinal John P. Cody lives in one of Chicago's most elegant and famous homes—the official residence of Chicago archbishops at 1555 N. State Pkwy.

Unlike his predecessors, however, Cody, at least until recently, has lived in the three-story, red-brick mansion alone—except for an elderly disabled woman who was his secretary in St. Louis.

Three nuns from the Sisters of St. Francis in Milwaukee and four clerics who lived at the church-owned mansion at various times during Cardinal Albert Meyer's reign all moved out within two or three years of Cody's arrival in 1985.

DURING MEYER'S time, the nuns handled the domestic chores while the clerics held key archdiocesan positions. Cody, however, according to former aides, told associates he believed the nuns and the clerics should live in convents and parishes.

The new arrangement baffled Cody's closest associates worried about the possibility of his suffering a sudden illness while alone at the mansion. Cody's private quarters were on the west end of the second floor while his disabled former secretary resided in a room on the east side of the same floor.

THE CONCERN of his associates had no effect on Cody. "The cardinal considered the mansion his private domain," one of them said.

Soon after moving in, Cody took down photographs and paintings of some of the archbishops and cardinals who preceded him and placed them in

storage. Cody also undertook extensive renovation of the Queen Anne-style mansion, completed in 1885, and now bounded by North State Pkwy., East North Blvd. and Astor St. in a part of Chicago's Gold Coast that has been granted landmark status.

HE REMOVED half of an elaborate staircase to make room for an elevator and installed a sauna in his bathroom. He also added new furnishings, carpeting and drapes. According to former aides, Cody's long-time personal friend, Helen Dolan Wilson, had a hand in picking new fabrics and colors, which resulted in what many have described as a lighter and warmer look to the house.
 "She had a say about everything. Nothing was chosen without her approval," said Frank Payne, a Chicago carpeting supplier retained by Cody to supply carpeting and other furnishings for the mansion.

MRS. WILSON, as in other dioceses where Cody has served, was a frequent visitor to the mansion for dinner and other social events. Members of her family also were occasional visitors. Collectively, they and a few of Cody's closest friends from St. Louis became known by chancery employees as "the clan."

A room next to Cody's private quarters on the second floor, formerly known as the "music room," also was extensively renovated in the early 1970s. The room had included a sitting area and a bathroom.

Prior to the renovation, Cody occasionally invited close aides and high-ranking churchmen to his private quar-

ters next to the music room for after-work cocktails. After the renovation, the cocktail invitations ceased and the music room was locked, according to a former church employee who once had access to the room.

ABOUT THE SAME time, another tradition at the mansion came to a halt. Visiting church dignitaries who had customarily stayed overnight at the mansion began staying in the rectory of Holy Name Cathedral on Wabash Ave. Except for visits by Pope John Paul II in 1979 and Bishop Agnellus Andrew, a Vatican communications official, in 1980, the practice has continued.

"Cardinal Cody would personally choreograph the details of a visit by a person of substance and there's no question these people began staying at the rectory after the renovation," a former Cody associate said.

Cody, along with one or more of three full-time secretaries, frequently works at an office located on the first floor of the mansion, which also contains a small chapel.

AT ONE TIME he was known to frequently open his own mail and on Sundays and holidays to dispatch an aide to a postal substation to pick up mail. The mail drops for the mansion and the Archdiocese of Chicago, during the early 1970s, were at different locations.

The mansion was built during the era of Patrick A. Feehan, who became the first bishop after Chicago was made an archdiocese. Archbishop Feehan, like Cody, began his priestly career in St. Louis.



CARDINAL CODY'S residence includes this small chapel where he offers mass.

—
THE WHITE HOUSE
WASHINGTON

Frank

Margaret T. can explain
this to you --

Byrne is upset with
statement by our U.S. Attorney
Don Webb re: a Cardinal
in Chicago under investigation.

JAB wants to know why
Webb made statements.

(story on page 1 of POST)

all involved -

headline =

9/11 - 10:15 a.m.

rad commentary on fraud -

very old man -

fig supposed to be secret -

73 yr. old -

under investigation -

seen - dies

con - him

JAB:

Mayor Jane Byrne's Chicago office called to say that she would like to speak to you ASAP. She is at a tennis club in Palm Springs -- 714/325-8868. The secretary said that it was very important, but that she did not know the subject matter.

head line after - Cardinal in Chicago -

2 million Catholics in Chicago -

why the U.S. Attorney had to confirm it?

allegation - Dan Webb - our attorney -

U.S. Probes Chicago Cardinal In Giving \$1 Million to Friend

By Paul Taylor
Washington Post Staff Writer

Federal prosecutors are investigating whether Cardinal John P. Cody of Chicago illegally funneled up to \$1 million in church funds to a life-long friend, according to the Chicago Sun-Times.

Spokesmen for the nation's largest Catholic diocese yesterday "categorically" denied any wrongdoing, and the 74-year-old woman who purportedly benefited from the cardinal's largess called the allegations a "vicious joke."

The Sun-Times' copyright story, which filled six tabloid-sized pages in yesterday's editions, said Cody, 73, used church funds he alone controlled to finance, among other things, a vacation home in Florida for Helen Dolan Wilson.

It also said that through the years the cardinal has referred to Wilson as "his cousin." When Wilson was 4

years old her mother died; about a year later her father married Cody's aunt.

The newspaper said the investigation began nine months ago when a federal grand jury subpoenaed the records of Cody, Wilson and the archdiocese. An assistant U.S. attorney in Chicago confirmed yesterday that an investigation is under way.

The paper said that Cody and the archdiocese have refused to comply with the subpoena.

In today's editions, the paper reported that Wilson was paid a secret church salary, ranging from \$7,200 to \$11,500 annually, during a six-year period when she lived in Chicago. Wilson claimed she was an "office manager" for the archdiocese of Chicago, the Sun-Times said.

The allegations created an instant furor. The archdiocese, which has 2.4 million Catholics, has accused the

See CODY, A32, Col. 1

Danish Defense

Denmark vows to increase defense spending by 2 percent above the inflation level over the next three years.

Details on Page A25

Bonn Reluctant

West Germany is reluctant to pay for American plan to modernize and reposition U.S. military bases.

Details on Page A30

U.S. Probes Chicago Cardinal in Funneling \$1 Million to Friend

CODY, From A1

of an "anti-Catholic bias" and that said of yesterday's account: "It will be the death of him."

Cody, the son of an immigrant St. Louis fireman, has led the Chicago archdiocese since 1965. He has declined to comment on the allegations.

He and Wilson, who is divorced, have known each other since childhood. As children, Cody and Wilson lived and played together in the same, mostly Irish, neighborhood of St. Louis.

The newspaper quoted church sources as saying that over the years Wilson—described as an attractive, strong-willed personality—became Cody's closest confidante and the dominant figure in his life.

It reported that after Wilson retired in 1969 as manager of a small administrative office for the archdiocese of St. Louis, she began living a life style that seemed well beyond her means.

Her church pension was \$1,500 per year, and friends and co-workers say they knew of no other jobs she had held. However, when she moved to Chicago following her retirement, her financial picture brightened considerably, the newspaper reported.

It cited public records in Florida and Missouri showing that, from 1969 to 1971, Wilson spent more than \$100,000 in cash on the construction of a winter home in Boca Raton, Fla., an investment in a small business and a loan to her son. (Wilson, whose 12-year marriage ended in divorce in 1939, has two grown children.)

The fashionable ranch-style home, equipped with a pool, is near the Boca Raton Hotel and Club, where Wilson has spent an average of

\$2,500 a year in membership and dining fees, the Sun-Times reported. She sold the house in 1972 and purchased a condominium apartment nearby, it said.

The paper also reported that in the past 11 years Wilson has maintained apartments in Chicago and St. Louis.

The Sun-Times' investigation, conducted independently of the grand jury probe, uncovered church documents showing that over a seven-year period ended in 1973, more than \$1 million in church funds was deposited in two unaudited bank accounts controlled by Cody.

Funds deposited in the accounts reportedly were for gifts to missionary priests and for household expenses related to the cardinal's official residence.

The church, as a tax-exempt religious organization, is subject to federal laws that prohibit the spending of money improperly to enrich any individual.

Canon law, the church's legal code, requires bishops such as Cody to keep personal expenses and possessions separate from church-owned property, and forbids the commingling of funds. Cody's annual salary is \$12,000.

The paper reported that rumors concerning the two special accounts controlled by Cody have been circulating within the archdiocesan hierarchy for years. It quoted unidentified church sources as saying that the accounting practices, which gave Cody exclusive control, were highly unusual.

The accounts were set up by Cody in the mid-1960s and still existed as of the end of last year. In recent years, however, the level of funds deposited in them has dwindled.

Cody has a reputation as a town administrator, a builder of schools and seminaries and, while bishop of New Orleans, a firm enforcer of desegregation in Catholic schools, often against heavy opposition from parents.

In its lead editorial yesterday, the Sun-Times said that the church has known for some time that the paper was conducting its own investigation, and has been trying to deflect the impact of the probe with repeated attacks on the newspaper.

The Chicago Catholic, the official archdiocesan newspaper, recently accused the Sun-Times of threatening "the right of Catholics to worship as they choose," the editorial said.

The Sun-Times' editorial said yesterday that the paper was sensitive to the "shock and distress" its account would cause and said its research was "extraordinarily thorough and painstaking."

[Today the Sun-Times reported that Wilson was paid a secret church salary during a six-year period when she leased and furnished a luxury apartment on Lake Shore Drive.

[The salary reportedly ranged from \$7,200 in 1969 to \$11,500 in 1975, when Wilson abruptly vacated her 27th-floor apartment at Lake Point Tower east of the Loop and left Chicago, the paper said.

[Wilson claimed she was an "office manager" for the archdiocese, but several church employees at the time said they never saw her working—either at the chancery office or at Cody's church-owned residence.

[During this same period, Wilson spent the winter months at the two Florida homes she owned at different times.

[Chancery employees and other archdiocesan officials who processed



Cardinal Cody, front left, with Pope Paul VI after 1967 induction into College of Cardinals. Helen Wilson is to the left of the pope. United Press International

the regular church payroll account were unaware of Wilson's salary, which was higher than the annual pay of most archdiocesan employees, including almost all lay teachers, the Sun-Times reported. In fact, it said, her salary even exceeded Cody's.

[Soon after her 1969 retirement from her job in St. Louis, Wilson moved into a two-bedroom apartment at Lake Point Tower. Her rent at the outset was \$450 a month, and climbed to \$635 by 1975, the paper said.

[She began receiving the salary for the Chicago office manager's job soon after she moved in, but former

and current chancery employees said they never saw her at the archdiocesan administrative offices, the paper reported.

[The Sun-Times said it had learned that Wilson did receive some of her mail at the cardinal's mansion, and a doorman at her Florida condominium gave the mansion as her summer address in Chicago. Cody lives alone in the residence, the paper said.

[Wilson abruptly moved out of Lake Point Tower when rumors of Cody's resignation or reassignment were rampant amid a crisis over his closing of four inner-city Catholic

schools. The paper said Cody helped her break her lease.

[In another development, United Press International reported yesterday that Wilson's son, David, won the \$500,000 auto insurance policy for priests in the Chicago archdiocese. A spokesman for Cody confirmed the existence of the policy, which had been reported previously in the archdiocesan paper. David Wilson's commission was 2.6 percent, about \$13,000, the first year and .84 percent for renewal years.

f Hodsoll

THE WHITE HOUSE
WASHINGTON

September 14, 1981

NOTE FOR JUNE WALKER

FROM: FRANK HODSOLL

SUBJECT: Government/Industry Seminar
conducted by the Alumni of the
President's Commission on
Executive Exchange

June--

Jim Baker has asked me to respond to your memo of August 25 on this subject. Your proposed letter to former Presidents Nixon, Carter and Ford is fine by us.

Good luck.



PRESIDENT'S COMMISSION ON EXECUTIVE EXCHANGE

THE WHITE HOUSE

August 25, 1981

MEMORANDUM FOR JAMES BAKER

FROM:

JUNE G. WALKER

June G. Walker

SUBJECT:

Government/Industry Seminar conducted by the Alumni
of the President's Commission on Executive Exchange

I was requested to endorse the attached letter from the Alumni of the President's Commission on Executive Exchange. They are arranging a seminar inviting former Presidents Ford, Nixon and Carter to speak. This will be a government/industry relations workshop at Princeton University in January.

If you feel that this request is not in conflict with the Administration's goals, then I will proceed to sign the letter as requested; however, if you feel that this request would be injurious in any manner to the Administration's philosophy, please advise me as soon as possible.

*Frank could you
please advise for JAB -
Thank - MOT 9/3 -*

Attachments

Association Letterhead

Honorable Gerald Ford
Box 927
Rancho Mirage, CA 92270

Dear President Ford:

During the week of 11 January, 1982, The President's Executive Exchange Association will be conducting a senior executive workshop on industry/government relations. The workshop will be hosted by the Woodrow Wilson School of Public and International Affairs and will be held on the campus of Princeton University. The purpose of this letter is to invite you to participate as one of the principal speakers at this workshop.

The workshop program is being developed jointly by the Association and Princeton Professor Fred Greenstein, Director of the Princeton Presidential Studies Program. Attendees will include approximately fifty past participants in the President's Executive Exchange accompanied by the CEO's of their firms or, for government participants, by their agency heads. We are planning an agenda which will provide a separate day for each former President of the United States to provide his perspective on industry/government relations as they are now emerging in the '80's. Each day will also include presentations by prominent corporation executives, government agency heads and the Princeton faculty.

It is our hope that this workshop will contribute significantly to a better understanding of the dynamics of government/industry relations and the opportunities for improved relationships in the coming years. A full record of the proceedings will be published for wide distribution.

I hope it will be possible for you to join us so that we may benefit from your views along with those of President Nixon and President Carter in this important public policy workshop.

I will be in touch with your office in a few days to answer any questions you may have about this event.

Sincerely

J. Duffy
President

For Neil Stein

From Bill Flury

825-7161

Commission Letterhead

Dear President (Ford):

Nixon
Carter
Ford

UNIVERSITY

I would like to encourage you to accept the invitation of the President's Executive Exchange Association to participate in their workshop on government/industry relations at Princeton on January 11-13, 1982. I have discussed the plans for the workshop with the Association staff, and I feel assured that this will be an exceptionally rewarding experience for both the speakers and the attendees.

The President's Executive Exchange Program benefited greatly from your support during your Administration. The program, now in its 12th year, has provided a unique opportunity for over 650 government and industry executives to spend a year in the opposite sector learning about opportunities for improving government/industry relations. The Association has built upon this experience by maintaining close connections among the alumni of the program through newsletters, directories, annual meetings and through special programs such as the one to which you have been invited. These activities are vital to the continued professional development of these executives who are now moving into the very top ranks of their organizations.

I sincerely hope that you will take this opportunity to continue your support for the Exchange Program and look forward to an informative and stimulating workshop session with you in January.

Sincerely,

June G. Walker

Honorable (and Mrs.) Richard M. Nixon
26 Federal Plaza
New York, NY 10007 (212)227-8388

Dear President Nixon:

Honorable (and Mrs.) Gerald Ford
Box 927
Rancho Mirage, CA 92270 (714)324-1763

Dear President Ford:

Honorable (and Mrs.) Jimmy Carter
Richard B. Russell Building
75 Spring Street
Atlanta, GA 30303 (414)221-3900

Dear President Carter:

~~Please transmit to Sara Dole
at Booz-Allen - Bethesda 951-2383
or
951-2255~~

~~She has a Panafax machine —
if you can send faster than
6 minutes give her a call.
Thanks. WRF~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 21, 1981

TO: ✓KITTY ADAMS
KATHLEEN BENNETT
JOHN DANIEL
BOYDEN GRAY
FRED KHEDOURI
NANCY MALOLEY
KATE MOORE
BYRON NELSON
NANCY RISQUE
WAYNE VALIS
JACK WOOLLEY

FROM: FRANK HODSOLL

SUBJECT: Clean Air Act: Meeting of August 21, 1981

This summarizes what I believe to be our concensus as to next steps in our Clean Air Act legislative and grass roots strategy:

Clarification of Principles

1. EPA to submit to the White House (Maloley) by noon today a four-to-five page draft entitled "Clarification of Principles" and marked "Discussion Draft."
2. EPA/White House responses due by 5:00 p.m. today. White House comments to be directed to Nancy Maloley and EPA comments to be directed to Byron Nelson.
3. Final draft of "Clarification" to be ready by close of business on Monday.
4. Jack Woolley to touch base with Finnegan, Smith and Range on Tuesday for immediate reaction to draft, i.e. (i) Will problems be created by circulating the "Clarification?"; (ii) How, and to whom, can the Clarification best be circulated?
5. Clean Air Act Group to meet on Wednesday, August 26th at 8:30 a.m. in the Roosevelt Room to review Hill response to "Clarification."

6. Plan to release "Clarification" on Wednesday, August 26th, or no later than Thursday, August 27th. "Clarification" to be issued by EPA Public Affairs Office as a response to public inquiry on the Principles.

Legislative Process

1. Khedouri to write guidance (for use with public and Congress) on legislative clearance process.
2. Purpose of process is to provide for review of possible specific elements of legislative language to implement Principles, so as either (i) to be helpful to Congress in designing legislation, or (ii) to permit the Administration to introduce legislation in September if that proves necessary.
3. EPA to provide OMB with legislative elements early next week.

THE WHITE HOUSE

WASHINGTON

August 7, 1981

MEMORANDUM FOR THE RECORD

FROM: FRANK HODSOLL *mark*

SUBJECT: Clean Air Act Strategy: Summary of Meeting 8/7/81

I thought it might be useful to summarize what I believe to be the consensus of our meeting today.

A. Administration Preparations

1. By COB Monday, 8/10, EPA will transmit revised Clean Air Act discussion paper ("the 4 to 5 pager") to the White House for review. We should agree on this paper by no later than Wednesday, 8/12. This paper will serve as a basis for discussions with the Hill, state and local government and interest groups.
2. By COB Thursday, 8/13, EPA will transmit to Dave Gibbons legislative language incorporating our proposals for OMB legislative clearance. If possible, the line by line justification of this language will accompany the language. If not, EPA will transmit it to OMB no later than Monday, 8/17.

B. Legislative Strategy

1. On Tuesday, 8/11, the V.P. will call Congressman Broyhill to ask his assistance in developing a strategy to achieve a bipartisan bill which the Administration could support. Talking points for the V.P. will be prepared by Gray/Khedouri/EPA.
2. During the week of 8/10, Anne Gorsuch will ask Waxman how he wishes to proceed and consult with him on our proposals.

C. Development of Support

1. Wayne Valis will work with EPA on developing support for the Administration package which will impact the Congress. A plan should be completed by Wednesday, 8/12.

-- The plan should include an effort to use Bruce Nestande in developing support from air quality district heads.

2. Mike Barrody will work with EPA on developing a media plan. This also should be completed by Wednesday, 8/12. In addition to the above, we should get Al Holmer involved with EPA regarding relationships with the Governors. The Governors Association (chaired by Jay Rockefeller) were favorably disposed.

D. General

1. Danny Boggs will convene necessary White House/EPA meetings to assure continued coordination. Kate Moore should be involved from my office.

CC: Anne Gorsuch
John Daniel
Kathleen Bennett
Jack Woolley
Martin Anderson
Danny Boggs
Nancy Maloley
Fred Khedouri
Boyden Gray
Mike Barrody
Nancy Risque
Wayne Valis
Alan Holmer
Kate Moore

THE WHITE HOUSE
WASHINGTON

July 8, 1981

*File
Clean Air
Act.*

MEMORANDUM FOR JIM BAKER
ED MEESE
MARTIN ANDERSON

FROM: FRANK HODSOLL

SUBJECT: Clean Air Act: Today's Consultations with
Howard Baker and Bob Stafford

Anne Gorsuch, two EPA staff members, David Swanson and I met with Senators Baker and Stafford (and staff members) on this subject today. Without making any commitment with regard to when the Administration would present its Clean Air Act package to the Hill, we ascertained that:

1. Baker/Stafford can go along with the following strategy:
 - The House would proceed with both mobile (autos) and stationary (factories) pollution sources with a view to passing a bill by late Fall.
 - The Senate would similarly proceed in the hope of passing a comprehensive bill by the end of the year (Baker/Stafford did not foreclose this possibility).
 - But, given other Senate calendar conflicts, it may not be able to complete action on a comprehensive bill before February 1982; if this happens, the Senate would pass a "mobile sources only" bill (with a short term extension of the EPA authorization) and send it to the House for quick passage; this is to meet the auto industry's need for relaxation of the standards by December 31 (in order to make necessary production arrangements for the 1983 model year).
 - The Senate would then move forward with the stationary sources part of the bill (a version of which had already been passed by the House).

The reason for this elaborate strategy is: it's doubtful the House will pass modifications regarding stationary sources except in conjunction with modifications regarding mobile sources. Dingell is heavily influenced by the auto industry, and we need Dingell to force action in the Waxman subcommittee.

2. Stafford says he needs an Administration position (concept paper or bill) before members leave town for the August recess. He plans meetings July 28 and 30. His staff will be preparing committee legislative language in August so as to be ready for committee consideration in September.

Unless there are overriding House tax package considerations, I would recommend that we go for a Cabinet meeting with the President that would permit introduction of our position in late July. We would follow that up by an outreach effort in August which would hopefully prepare members in a favorable way by September. EPA would be point on all of this, but the White House would help. Clean Air Act amendments will be perhaps our most important regulatory reform effort.

CC: Mr. Boggs Mr. Darman
 Mr. Gray Mr. Fuller
 Ms. Maloley
 Mr. Swanson