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[REDACTED]  
New York, NY 10023  
[REDACTED]

Brian Lamb  
C-SPAN  
400 North Capitol Street, N.W.  
Washington, D.C. 20001

May 25, 1990

PERSONAL AND CONFIDENTIAL

Dear Mr. Lamb:

On Friday, May 25, 1990 on C-Span's "Journalists' Roundtable" (see attached) I had the opportunity to express concerns about Attorney General Richard Thornburgh's possible mishandling of his role as Chief Law Enforcement Officer of our nation. During our exchange I had stated that "Mr. Runkel had made disclosures . . . " it perhaps would have been more accurate for me to have said "Mr. Runkel had confirmed . . . " Either way, the point is that my personal and exclusive information of David Runkel's specific statement, as then-spokesperson for Attorney General Thornburgh, is in an indisputably documented format, and would be able to be submitted as evidence in a court of law. However, when I made attempts to share my information with the Department of Justice during the course of their investigation of possible improper disclosures, officials were not receptive. Further, one must seriously consider then-Deputy Attorney General Donald Ayer's resignation over what he believed to be compromises in the integrity and credibility of the Department, as well as his statements expressing concern over the possible mishandling of an internal investigation by Attorney General Thornburgh with regard to possible improper disclosures.

For clarification, I am not attempting to impugn David Runkel, I am, however, raising serious questions with regard to Attorney General Thornburgh's ability to completely, responsibly, and impartially fulfill his statutory obligations, especially when personal and political conflicts of interest arise. Again, I believe when all of the details are revealed -- and I speak from knowledge -- the Attorney General's and the Department of Justice's failures will be demonstrated "beyond a reasonable doubt."

Your efforts to responsibly inform the general public of important issues through diverse programming are much appreciated.

Sincerely,  
[REDACTED]

Encls.

cc: David Runkel, Director of Communications  
Kenneth W. Starr, Solicitor General

C-SPAN, "Journalists' Roundtable"  
May 25, 1990

Brian Lamb, Host  
Ellen Warren, Knight-Ridder Newspapers  
Finlay Lewis, Copley Newspapers  
John Wallach, Hearst Newspapers

[redacted], Caller

[in progress]

Lamb: New York City next. Go ahead please.

[redacted]: Hi yes. With respect to Attorney General Richard Thornburgh's apparent failure to completely fulfill his responsibilities as our Chief Law Enforcement Officer -- I believe -- and I speak from knowledge -- when all of the details are revealed they will demonstrate in a clear and convincing manner that he actually or, that is, high-ranking officials within the Department of Justice may have actually impeded the efforts of career individuals within the Department. That is with respect to the S&L matter, the HUD matter, as well as an investigation of the former President and First Lady that is in fact still being considered seriously.

Lamb: Caller, you've just given a blanket indictment of the Attorney General you're going to have to be more specific than that.

[redacted]: Okay, I will be more specific. Unfortunately Mr. Lamb because of the shortness in time I tried to make it in a broad statement. For, for example, officials of the Office of Thrift Supervision had made eleven separate referrals of possible criminal activity, and this is according to an article in the Washington Post and I have followed-up beyond that to see if in fact these [referrals] were made, with respect to the S&L matter. And they were apparently not addressed carefully when they should have been by the Department of Justice going back to I understand to [19]86. Now beyond that Mr. Thornburgh took a great deal of time finally applying for an Independent Counsel with respect to Mr. Pierce [and his possible involvement in the HUD scandal even though there existed sufficient substantive information early on] in those specific instances. In addition to that I have as an investigative [journalist] -- an independent investigator attempted to share information with the Department of Justice which would indisputably demonstrate that Mr. Runkel had made disclosures of an on-going investigation of . . . a former prominent political figure at a time when it was not known [to the general public.]

Lamb: [overlapping] Caller. Who -- who is Mr. Runkel?

[redacted]: Who is Mr. Runkel is the was I should say past tense spokesperson for Mr. Thornburgh.

Lamb: Okay I'm going to have to let you go because we're getting into a lot of details that I'm not sure that our group can deal with but I'm going to ask Ellen about the blanket indictment of the Attorney General. What's your reaction?

[continued]

NOTE: This report contains false and misleading information which inaccurately represents the substance of what I had put forth.

FD-302 (rev. 3-8-77)

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription

1.

[REDACTED] Ansonia Station, New York, New York, 10023; [REDACTED] was informed as to the identities of the interviewing agents and as to the nature and purpose of the interview. BLAZAKIS voluntarily provided the following information:

He has been researching and investigating the allegations at hand for approximately the past two years. The issues at hand are complex and will require time to explain. He stated he was in a position to have personal knowledge and has no fear of incriminating himself although at this time he felt he has not violated any laws. He claims to have documentation (official or otherwise) and photographs necessary to support his allegations. Otherwise he claims to know where documents and photographs can be obtained through subpoena and who can be subpoenaed to testify to support his allegations of misconduct by the REAGANS'.

[REDACTED] believes that his efforts to reveal the REAGANS' misconduct while in office have not been handled accordingly, expeditiously, and justly by the Department of Justice and other governmental agencies he has approached. He was chagrined by the Department of Justice's "laxness to act on my allegations". He alluded to a "cover-up" occurring at the Department of Justice (DOJ) (i.e. reference certain individuals he had approached previously in the Civil Tax Section) perhaps because as he stated, Attorney General (AG) THORNBURGH was appointed by RONALD REAGAN. He noted that once he informed certain DOJ Administrators of the allegations of misconduct by the REAGANS, they were "either transferred, never heard from again, or pigeonholed". He referred to [REDACTED]

REAGANS' during their tenure in the White House.

AUTOMATED RECORD

Interviewed [REDACTED] /90 at New York, New York File # [REDACTED]

SAs [REDACTED] and [REDACTED]

Date Dictated [REDACTED] 90

By [REDACTED]

Continuation of  
Interview of [REDACTED]

90

Page 2

[REDACTED] expressed concern for not compromising any potential investigation, however because he had not received action to his satisfaction from the various government agencies he contacted and felt thwarted in his attempts to reveal the misconduct of the REAGANS' while in office, and in conjunction with advice he had received from various members of Congress and high officials at the DOJ, (i.e. that "the DOJ would not take action until there was a public outcry") he decided to go public with his allegations.

## WASHINGTON WAYS

## ACQUISITIONS

## Mrs. Reagan's Clothes: 'Quid Pro Quo'?

By Donnie Radcliffe  
Washington Post Staff Writer

While the Internal Revenue Service reportedly looks into Ronald and Nancy Reagan's tax records, a freelance journalist who says he is writing a book critical of the Reagans, contends there was "a quid pro quo—direct compensation for services rendered" between Mrs. Reagan and her providers while she lived at the White House.

Citing "personal effects,"—i.e., furs, jewels, clothes, shoes, accessories—as compensation for services Mrs. Reagan rendered, says that "there is enough evidence now that it is a conflict of interest for the attorney general not to apply for an independent counsel in the matter."

Attorney General Richard Thornburgh was also Reagan's attorney general. According to [redacted], Thornburgh has until Jan. 20, under the Ethics in Government Act, to apply for an independent counsel.

"When the pieces all come together they will show there was a coverup of the original coverup," says.

[sic] Mrs. Reagan's practice of borrowing expensive designer clothes first came to light in 1981. At the time, she said she would discontinue the borrowing, but in 1988 [redacted] disclosed that she was still doing it. The White House said then there was nothing illegal about the practice.



BY MARGARET THOMAS—THE WASHINGTON POST  
NANCY REAGAN

In London recently, where she was flacking her best-selling memoir "My Turn" as "not revenge [but] justice," Mrs. Reagan kept one talk show audience enthralled. When her host noted that she and her husband had just been in Japan for "an enormous amount of money," Mrs. Reagan noted that "everybody goes to Japan for an enormous amount of money."

"Do you need all the money? You must have loads of money," the host persisted.

"Everybody needs money," Mrs. Reagan replied. "And the president of the United States does not make a lot of money, you know."

She went on to explain how they had "to send back or pay for presents given you, had to pay for your cleaning, your food, toiletries—everything you pay for. The government didn't pay for it. I think most people thought that it did. I thought that it did, as a matter of fact."

NOTE: The alleged improprieties of the former President and First Lady, and the previous and current administrations are not limited to the acquisition of "personal effects" of Nancy Reagan.

# The Washington Post

TUESDAY, DECEMBER 5, 1989

## INSIDE

### Pierce Counsel Considered

■ The Justice Department is considering a special counsel to review actions by Samuel R. Pierce Jr. while he served as HUD secretary. Page A4

### Inspectors General Report

■ Inspectors general across the government, in their first reports since a get-tough edict in wake of HUD scandal, outlined a range of problems. Page A23

### D.C. 'Caller ID' Hearing

■ Opponents and proponents of C&P's plan to introduce "caller ID" service to the District both raised questions of privacy at hearing yesterday. Page B1

### The Reagans' Taxes

■ The IRS is examining whether former president and Mrs. Reagan owe taxes on gifts and loans received while in the White House. Page C1

### Monkey Handler Is Ill

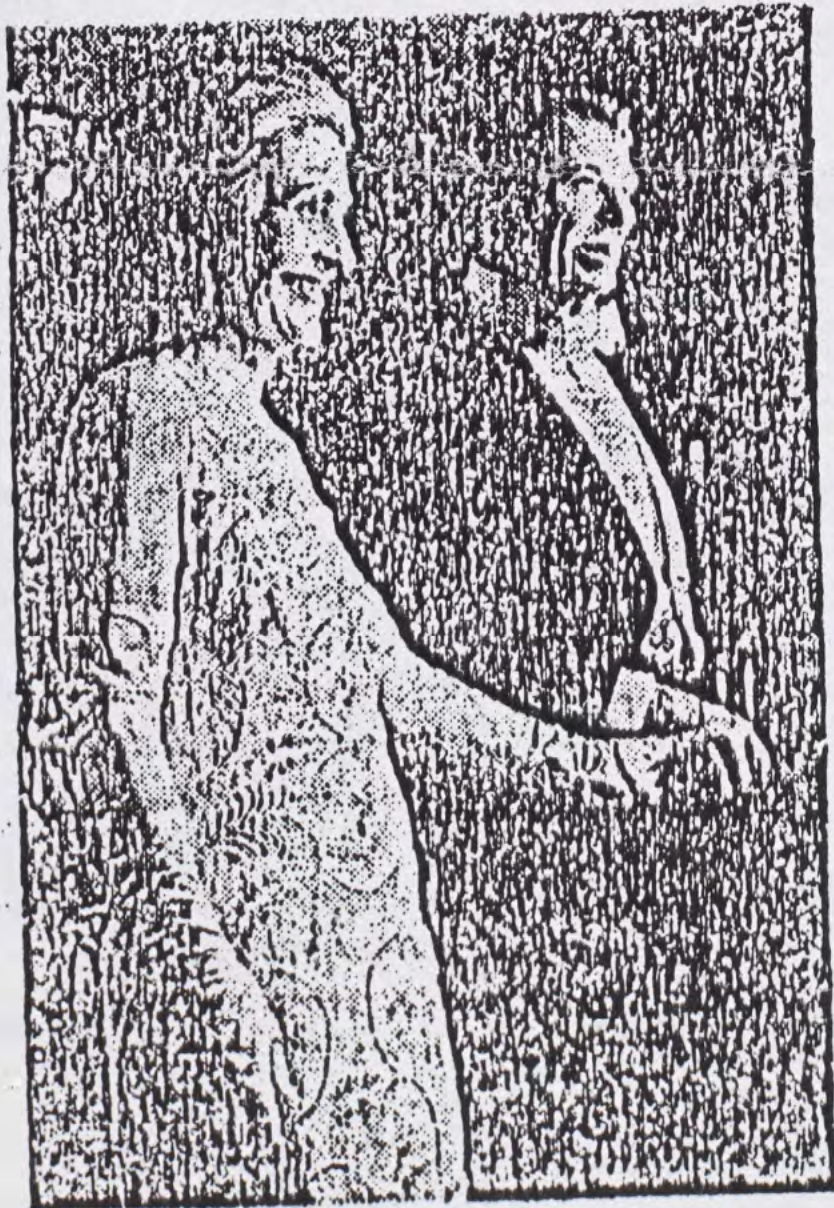
■ A monkey handler at Hazleton Research Products of Reston was admitted to a hospital yesterday with a fever, probably from the flu, and a deadly virus was found in a second shipment of monkeys. Page D1

### Gibbs Hints of Retirement

■ Washington Redskins Coach Joe Gibbs, 49, said he will determine after the season whether he will retire rather than return for a 10th season, although he says, "I don't anticipate it happening." Page E1

## HEALTH

■ Activist physician Sidney Wolfe keeps challenging the health care system to become better, Susan Okie reports.



Mrs. Reagan in her 1981 inaugural gown.

## Reagans May Owe Back Tax

UNREPORTED INCOME

## On Gifts, Loans

QUID PRO QUO COMPENSATION

## Borrowed Designer Dresses

## Subject of IRS Inquiry

By Howard Kurtz  
Washington Post Staff Writer

The Internal Revenue Service has been examining whether former president Ronald Reagan and his wife, Nancy, owe back taxes on gifts—including dresses for Mrs. Reagan—that they received while they were in the White House, according to sources familiar with the inquiry.

The inquiry, which began early this year, has been conducted by the IRS's Los Angeles field office because the Reagans were determined to be California taxpayers even while living in the White House, the sources said.

Part of the IRS's information comes from a freelance journalist who previously worked for the designer Galanos, who loaned dresses to Mrs. Reagan. He said yesterday that over the past year he has shared "detailed information with the IRS," which he said has launched a "comprehensive examination" of "far-reaching" issues involving the Reagans' possible tax liability.

He is now writing a critical book about the Reagans. He said he was coming forward with the allegations to ensure that they are properly handled by federal authorities.

The Reagans' tax lawyer, Los Angeles attorney [redacted], said yesterday that he was coming forward with the allegations to ensure that they are properly handled by federal authorities.

See IRS, C2, Col. 1

(CONTINUED)

DATE: May 25, 1990

FROM: [REDACTED]

New York, NY 10023  
[REDACTED]

The Internal Revenue Service and the Department of Justice have been investigating Ronald and Nancy Reagan for alleged income tax fraud, ethics violations, conspiracy, bribery, and other serious offenses. I have shared with Federal authorities detailed information which substantiates these allegations. This information has been compiled as a result of my two-year fact-driven investigation as an independent investigative journalist and private citizen. Items of considerable value were transferred to and received by the Reagans as compensation for services rendered during their tenure in Washington -- in essence there existed a quid pro quo. In addition, these transfers were intended to influence Federal legislation and policy. Further, my research has revealed a cover-up of a cover-up. I continue to perform a major role in this entire matter as Federal authorities currently investigate possible continued wrongdoing in the highest levels of government.

Over the past year I have worked extensively with the Internal Revenue Service, have been interrogated by the Federal Bureau of Investigation, and have met with officials in the Department of Justice -- I have documented how the Reagans knowingly and willfully abused the Office of the President for the private gain of themselves and others. Consequently, the former President and First Lady, as well as others, should face civil and criminal charges.

However, the Department of Justice has inappropriately created a situation permitting Attorney General Thornburgh to not go forward with the charges by using his broad prosecutorial discretion even though it can be indisputably proven that the mechanism which mandated the Attorney General to apply for, and the appropriate court to appoint, a special prosecutor was in fact triggered, as per the Ethics in Government Act, 28 U.S.C. Sections 591 to 599. High-ranking officials in the Federal government have apparently obstructed justice and impeded the efforts of responsible career individuals attempting to fulfill their obligations.

Even though the Federal investigations are continuing, only when all of the information and evidence are presented in their entirety will it become clear how the former President and First Lady, and members of the administration, conspired to deceive and defraud the American people, and how the Internal Revenue Service, the Department of Justice, and other culpable Federal entities contributed to the deception.

It is not my intent to compromise the integrity of any investigation by making these disclosures. The purpose is to ensure that this entire matter is handled properly and responsibly by government officials and to see that the laws are administered equally for all citizens.

# # #

# Aide Says Thornburgh Meddled in Leak Probe

■ **Justice Dept.:** The departing official alleges the attorney general sought to shield his personal assistant.

By RONALD J. OSTROW  
TIMES STAFF WRITER

WASHINGTON—Atty. Gen. Dick Thornburgh, attempting to shield his closest personal aide, helped conceal the fact that the aide flunked a lie detector test during a highly sensitive Justice Department investigation, the agency's departing No. 2 official charged Saturday.

Thornburgh also sought to keep the probe out of the hands of the department's internal watchdog unit, and, failing that, refused to follow the unit's recommendations for further investigation, Deputy Atty. Gen. Donald B. Ayer said in his first interview since announcing his resignation, which is effective next Friday.

"The attorney general was participating in an effort to prevent appropriate disclosure and evaluation through established procedures of the activities that earlier this week resulted in Robin Ross' abrupt removal from office," Ayer said.

Ayer was referring to Robert S. (Robin) Ross Jr., a longtime Thornburgh aide who, Ayer contends, was serving as the department's "chief operating officer," a role traditionally assigned to the deputy attorney general.

At a tense meeting last Jan. 30, Ayer said, Thornburgh angrily rejected his suggestion that the attorney general remove himself from an effort to determine who leaked the existence of an investigation of alleged financial irregularities involving the office of House Democratic Whip William

H. Gray III of Pennsylvania.

Public disclosure of the Gray investigation created a political furor on Capitol Hill, with Democrats charging that the information was deliberately leaked to CBS News in an effort to undermine Gray's campaign for the House leadership post. Thornburgh said that Gray himself was not a target of the investigation, and ordered a

Please see PROBE, A26

A26 SUNDAY, MAY 20, 1990 ★ ★

## PROBE: Departing Official Says Tho

Continued from A1

full-scale inquiry into the leak.

Ross, the top member of the "Pennsylvania Mafia"—a term used inside the department to describe aides who had worked for Thornburgh when he was governor of Pennsylvania—stepped down as Thornburgh's executive assistant last Monday. He was assigned to head a new international office within the department, but plans to leave in two to three months.

At the same time, David Runkel, another veteran Thornburgh aide who sources said also showed deception during a polygraph test, stepped down as the attorney general's chief spokesman to take the new post of director of communications.

Ayer had resigned three days earlier, touching off one of the most tumultuous periods at the Justice Department since the Watergate investigation's "Saturday Night Massacre," which led to the resignations of the attorney general and deputy attorney general in the Richard M. Nixon Administration.

Ayer said he had intended to remain silent on his reasons for resigning, and that he had done so "scrupulously" during the week following his announcement. He said he decided to speak publicly because "there have been numerous unattributed remarks critical of me," culminating in a statement by Thornburgh on Thursday describing the selection of Ayer as "a mistake" from the beginning.

"It's no longer possible for me to refrain from comment," he said.

Thornburgh, who would respond to the issues raised by Ayer only through a spokesman, has dismissed his split with Ayer as nothing more than a "bad fit" between the two men. And Solicitor General Kenneth W. Starr, who conducted a recent review of the Gray leak case, recommended no disciplinary action against any department official and said Thornburgh "was acting appropriately" within his discretion in deciding not to discipline anyone.

However, the charges by Ayer, who had been deputy solicitor general of the United States and then U.S. attorney in Sacramento before returning to Washington as the Justice Department's second-highest official, raise serious questions about Thornburgh's stewardship of the nation's top law enforcement agency.

Ayer's allegations suggest that the attorney general allowed his personal relationships within the department to interfere with the conduct of a high-profile investigation and depict him as seeking to undermine the independence of the office of professional responsibility—the department's internal watchdog unit. It was the latter attempt that Ayer said finally convinced him to resign. In the interview, Ayer also disclosed that:

—He "was kept in the dark from the very beginning" on most significant and sensitive matters of department business, even on matters that are assigned by regulation to the deputy and despite his responsibility to serve as acting attorney general in Thornburgh's absence.

—Thornburgh gave Ayer written instructions to revoke an action that Ayer said he had taken "to eliminate an unfair and coercive threat" to the internal watchdog unit. Ayer said he refused to follow the order, and the incident ultimately convinced him to resign.

—Ross's failure of the polygraph test raised a question about his possible involvement in confirmation of the Gray leak. Sources said that Ross changed a sworn statement to the FBI after being informed that he had failed the test.

Another department official, however, played down the significance of the change. "I would not draw the inference that he changed his story in a material way," said the official, who was

familiar with the investigation and would speak only on condition of anonymity.

The tense meeting with Thornburgh came on Jan. 30, the day that Ayer learned of Thornburgh's decision a month earlier to end the investigation of the leak and tell the Senate that the office of professional responsibility agreed with the decision made by other agency officials not to prosecute.

In reality, Ayer said, the internal watchdog unit had not even seen the investigative report.

Ayer, joined by his principal deputy, Peter Nowinski, and "one other high department official," met with Thornburgh "to tell him that we believed that his decision



AL STEPHENSON / For The Times

Atty. Gen. Dick Thornburgh was accused by a departing aide of meddling in an investigation of a departmental leak to the media.

subjected himself and the department to criticism, that the matter should be referred to OPR [the office of professional responsibility] and he should consider recusing himself," Ayer said.

The other official was Assistant Atty. Gen. Edward S.G. Dennis Jr., who heads the Justice Department criminal division that conducted the Gray leak probe, a department source said.

"He rejected our advice out of hand," said Ayer, who declined to provide other details of the session.

Another source, however, said that the meeting came to a close when Thornburgh dismissed the trio, saying he regarded the suggestion he remove himself as an attack on his integrity.

During the meeting, the source said, Dennis pointed out that the office of professional responsibility had handled such leak investigations in the past. Thornburgh responded that if that were true, Dennis had let him down by not advising him that was the ordinary practice, according to the source.

Dennis, who was in Philadelphia on Saturday, could not be reached.

Thornburgh, through a department official, acknowledged Saturday that he had been "upset" by the meeting. He said it was the first time he had been called back to the department. The meeting took place at 7:30 p.m., and Thornburgh had been headed home when he was called in the department limousine and asked to return.

"Whoever called him gave the impression there was some kind of urgency about this," the official said. "He was presented with no new information." Thornburgh's irritation also reflected the fact that his letter to the Senate had been sent a month earlier, the official said.

"I can't go into the contents of the discussion," the official continued. "[But] there was no reason for recusal. The criminal investigation was over."

According to Ayer, the meeting with Thornburgh proved pivotal.

"The next morning, Robin Ross called me to say that my meeting the previous evening with the attorney general had 'seriously wounded' my relationship with him," Ayer said. "That must have been true, because my personal dealings with him steadily declined thereafter."

Five days later, Ayer was notified that his responsibility for overseeing the watchdog unit and the inspector general's office was being transferred to the attorney general's office. And on March 1, he said, Ross told him that responsibility for the department's ethics program was being shifted from Ayer to Ross.

As an example of how he was denied crucial information, Ayer cited an exchange he had with Ross late last December.

"I approached Mr. Ross to suggest that I should have at least some general awareness of the department's role in connection with the Panama invasion."

"He responded that I had 'no operational responsibilities in that area,' and thus had 'no reason to know what was going on.'"

Contacted Saturday, Ross said he could not recall the specific Panama conversation but acknowledged that the issue that it raised "gets to the heart of the problem" and to what he characterized as Ayer's "fundamental misunderstanding of how the system works."

"We're all there to do what the No. 1 guy tells us to," Ross said. In the case of Panama, Thornburgh sought assistance and advice from Assistant Atty. Gen. William P.

LOS ANGELES TIMES  
May 20, 1990

(continued)

## Thornburgh Meddled in Investigation

Barr, special assistant Robert Mueller and Ross, he said.

"Not once throughout the mission did the attorney general seek advice of the deputy," Ross said. "If he called me about getting involved, I can imagine saying that," Ayer said the incident that led to his resignation involved Thornburgh's questioning of the conduct of the office of professional responsibility in what Ayer described as "a separate matter." He declined to divulge details.

"After an exhaustive investigation, for which the attorney gener-

Ayer said he then "took an action which I believe was necessary and appropriate to eliminate an unfair and coercive threat to the reputation of Shaheen and OPR." He declined to specify the nature of the action.

Thornburgh ordered him in writing to "revoke that action," Ayer said.

"I recognized I could no longer serve the attorney general, and I decided to resign," Ayer said. Thornburgh subsequently reversed himself on the need to revoke the action, but by then it

port in which it cited examples of investigations it had handled the previous year. The report, without identifying Pilon by name, mentioned a case involving possible disclosure of information to a foreign government.

"The investigation did not develop sufficient evidence to support a prosecution but did discover that sufficient cause existed to terminate his political appointment," the annual report said.

Pilon was linked to the report by the press, however, and he demanded an investigation of the inaccurate disclosure. Ayer determined that Shaheen and his office had not been told that Pilon had been cleared by the separate review ordered by Meese.

But in a March 16 letter to Pilon's lawyer drafted by Thornburgh's staff, Ayer's finding that Shaheen and his office were blameless was omitted.

On April 30, Ayer wrote Pilon's attorney and stated that "Michael Shaheen and OPR cannot be faulted in any way for the publication of incorrect information," according to a copy of the letter obtained by The Times.

Thornburgh ordered Ayer to withdraw the letter, ultimately leading to his resignation.

Ross said Saturday that "it's bizarre" for Ayer to allege that top department officials were withholding the information exonerating Shaheen's office in the Pilon matter in an effort to prevent the office from pursuing the Gray leak. "That has nothing to do with it," he said.

**I 'took an action which I believe was necessary and appropriate to eliminate an unfair and coercive threat to the reputation of . . . [the office of professional responsibility].'**

DEPUTY ATTY. GEN. DONALD B. AYER

al had assigned me responsibility, however, OPR had been found to be wholly without fault and its conduct was found to be entirely responsible," Ayer said.

Thornburgh and Ross "failed for three months to disclose that OPR had been found to be blameless," he said.

Michael E. Shaheen Jr., head of the office since its creation in 1975, "expressed to my office his concern that the attorney general was withholding this information to coerce Shaheen to relent from Shaheen's determination that OPR have the opportunity to review the Gray leak matter," Ayer said.

was too late.

While Ayer would not identify the matter, several other department sources said it involved Roger Pilon, who headed the agency's Office of Asylum Policy and Review under former Atty. Gen. Edwin Meese III.

Pilon was investigated by the FBI and the office of professional responsibility in 1988 for possibly disclosing classified information to the government of South Africa. But after a subsequent review ordered by Meese, he was reinstated to his job.

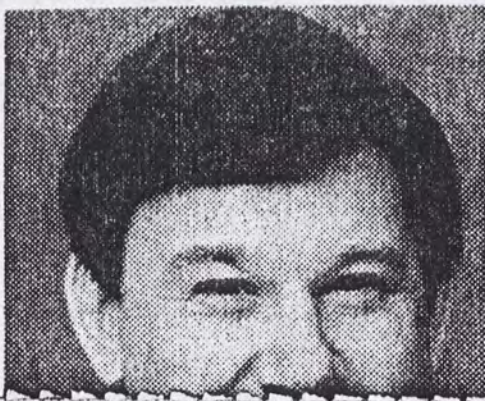
However, last November, Shaheen's office issued an annual re-

## Aide at Justice Tied to Damaging Report

By DAVID JOHNSTON

Special to The New York Times

WASHINGTON, April 18 — A criminal investigation ordered by Attorney General Dick Thornburgh has concluded that one of his closest aides played a role in confirming a politically damaging news report about a House Democratic leader, William H. Gray 3d, Bush Administration officials said. They said the aide, David Runkel, Mr. Thornburgh's press secretary, was



on the available evidence."

Mr. Thornburgh added, "Since the investigation has not produced sufficient evidence to enable me to ascertain that any present employee of the Department of Justice was responsible for the disclosure, I have determined that no termination of employment or other disciplinary action is justified in this matter at this time."

But under pressure from the Senate and House Judiciary Committees, Mr. Thornburgh agreed earlier this month

THE NEW YORK TIMES NATION

## Justice Aide Says No Penalty Called For in Leaks

By DAVID JOHNSTON

Special to The New York Times

WASHINGTON, May 16 — A senior Justice Department lawyer has found that no one in the department should be disciplined for disclosure of information last year that resulted in a damaging report about a powerful Congressman.

ally supervises Justice Department matters in appellate courts, to review the case to obtain what one official said was a "second opinion" on Mr. Thornburgh's earlier decision to close the inquiry without taking action.

The department's inquiries into the disclosure of information to CBS News began last May after the network re-

was not a target of the investigation. Later, news reports suggested that the investigation focused on possible wrongdoing by an accountant who had once been retained by the Congressman.

Mr. Thornburgh also ordered a highly unusual criminal investigation to determine whether any department

## Justice Deputy Says He Quit Over Mishandling of Inquiry

By DAVID JOHNSTON

Special to The New York Times

WASHINGTON, May 20 — Donald B. Ayer, who resigned May 11 as the second-highest official at the Justice Department, said today that he had quit chiefly because he thought Attorney General Dick Thornburgh had mishandled an internal investigation into the release of unauthorized information.

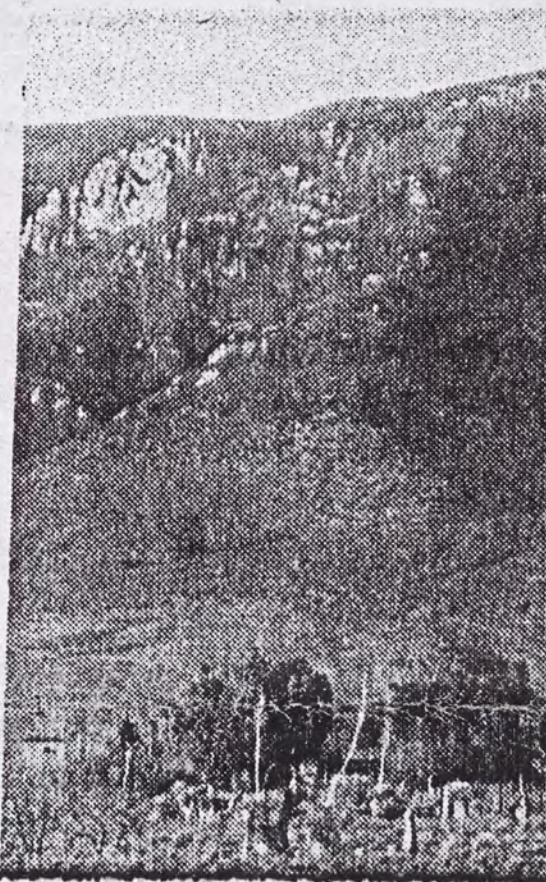
In a number of recent interviews, Mr. Ayer said Mr. Thornburgh tried to keep the inquiry out of the hands of the department's internal investigators.

"It was an effort to prevent the scrutiny that would come through the normal processes of the department," he said in an interview today. "In a place

aides from highly visible positions to behind-the-scenes jobs.

Since Mr. Ayer announced his resignation, to take effect this Friday, Mr. Thornburgh's aides have sought to portray the misunderstanding between the two men as a personality problem rather than a substantive dispute.

Mr. Thornburgh's aides have said Mr. Ayer was a poor choice for deputy and that he could not be trusted with the wide authority he sought. Before coming to the Justice Department, Mr. Ayer, a respected lawyer in private practice, had been principal Deputy Solicitor General and the United States



THE NEW YORK TIMES NATION

## Thornburgh Denies Squelching Inquiry at Justice

By DAVID JOHNSTON

Special to The New York Times

WASHINGTON, May 23 — Attorney General Dick Thornburgh denied today that he had suppressed an internal inquiry in which two close aides failed lie-detector tests.

"I'm not trying to hide anything," Mr. Thornburgh said at a news conference. "The matter is closed. We've got important business to get on with, and I propose to do so. I'm not going to comment on it further."

Mr. Thornburgh's remarks came in response to questions about his handling of departmental inquiries into the unauthorized disclosure of information

to CBS News in 1989 that was broadcast by the network in a report concerning Representative William H. Gray 3d of Pennsylvania, who is now the third-ranking House Democrat.

Asked whether he might resign from President Bush's Cabinet over the matter, Mr. Thornburgh replied: "The answer is no. Of course not."

In recent days, Mr. Thornburgh's management ranks have been in turmoil with the reassignment of the two aides involved in the disclosure and the departure of Donald B. Ayer, the Deputy Attorney General, who resigned after only six months in office.

Last weekend, in an unusual public

break with Mr. Thornburgh, Mr. Ayer said he was leaving chiefly because the Attorney General had tried to keep the inquiry away from the department's internal investigators and sought to conceal the involvement of his two aides in the disclosure of information about Mr. Gray.

The two aides, David Runkel, Mr. Thornburgh's press secretary, and Robert S. Ross Jr., his executive assistant, were transferred to lesser jobs last week in an abrupt move that Justice officials said at the time was intended to improve Mr. Thornburgh's public image and dispel the perception that a few longtime aides were running the

# Thornburgh at Bay

**T**his is the story of a double standard in the great government power called "prosecutorial discretion."

Richard Thornburgh, Attorney General of the United States, former Governor of Pennsylvania, was faced with a decision a few months ago: should he permit the U.S. Attorney in the nation's capital to use sex as a lure in setting a trap to catch Mayor Marlon Barry using cocaine?

Never had the Federal Government stooped so low to make a case. But the Mayor was widely suspected to be a user; the Government had millions of dollars and thousands of hours invested in an investigation that would not otherwise result in a conviction; a seduction on videotape would help make valid all the other evidence.

Richard Thornburgh gave the approval of the nation's highest law enforcement official to the sleaziest entrapment yet perpetrated on a suspect. The end, he decided, justified the unprecedented means.

An attractive former girlfriend of the Mayor, herself in trouble with the law, was transported from California to entice the suspect to her hotel room; she taunted and dared him to use crack cocaine; when he did, Mr. Thornburgh's men banged on the door and nailed him for a misdemeanor.

Contrast this prosecutorial discretion with another decision in a cocaine case involving a public official made by the same Attorney General.

Henry C. Barr was one of Richard Thornburgh's closest aides for two decades in public office. In Pittsburgh, he was a top assistant to U.S. Attorney Thornburgh; in Harrisburg, he served as General Counsel to Governor Thornburgh; in Washington, he was appointed special assistant to Attorney General Thornburgh.

As reported today by Neil Lewis of The New York Times, on May 10, 1989, a close friend and law enforcement associate of Mr. Barr's was notified by a Harrisburg grand jury that he was the target of its investigation into countywide drug distribution.

Two days later, perhaps by coincidence, Henry Barr (not to be confused with William Barr, the new Deputy Attorney General) resigned as Mr. Thornburgh's special assistant.

In January of this year, the target of the grand jury reportedly implicated Mr. Barr, alleging frequent cocaine use by the Attorney General's man.

When this hit the newspapers in Harrisburg, the Attorney General was faced with a decision about how to deal with even the slightest suspi-

cion of drug use in his office in three cities over a couple of decades.

Should he order the F.B.I. to go after Mr. Barr — a longtime public servant with an unblemished record — with the full menu of surveillance, harassment, and if necessary, a sting operation to test his aide's law-abiding nature?

Or should he merely begin the preliminary investigation that, if it turned up evidence of cocaine use by his right-hand man, could then be turned over to a special prosecutor, as the law provides if there is any "personal, financial or political conflict for the Attorney General."

Mr. Thornburgh decided instead to stick his head in the sand. He recused himself — that is, said he wanted nothing to do with the matter — as did three other top aides in the clique of Pennsylvania Thornburgh cronies running the Justice Department.

That passed the buck to the chief of the Criminal Division, Ed Dennis,

## Double standard at Justice.

also a former Pennsylvania lawman. According to The Times's shoe-leather reporter, lawyers for Mr. Barr have been meeting with Criminal Division officials over the head of prosecutors in Harrisburg.

What kind of justice is this? I do not suggest that our Attorney General should have set up a sex trap to lure his longtime aide into committing a crime on videotape; I do suggest that he is guilty of the most egregious double standard in prosecutorial discretion.

Obviously a special prosecutor is now needed not only to take over the Barr matter, but to examine how much the "Pennsylvania mafia" at Justice knew and when it knew it.

Did nobody know why Mr. Barr resigned when he did? Was the conveniently craven four-person act of recusal — as substitute for the obligation to launch a preliminary investigation — misfeasance, malfeasance, or dereliction of duty?

If the Attorney General chooses to be a zealot in the Barry cocaine case, he cannot choose to be an ostrich in the cocaine case that may involve his right-hand man.

Here's a prediction: The Mayor of Washington will be in office longer than the Attorney General who approved the trap to bring him down. □