

1 EXECUTIVE COMMITTEE MEETING

2 FRIDAY, NOVEMBER 17, 1989

3 U.S. Senate

4 Committee on Finance

5 Washington, D.C.

6 The meeting was convened, pursuant to notice, at 10:15 a.m. in room
7 SD-215, Dirksen Senate Office Building, Hon. Patrick Moynihan presiding.

8 Also present: Senators Bradley, Rockefeller, Daschle, Packwood,
9 Roth, Danforth, Chafee, and Heinz.

10 Also present: Joseph Humphreys, Professional Staff Member;
11 Ed Lopez, Legislative Assistant for Senator Moynihan; and Morgan J.
12 Frankel, Assistant Legal Counsel, Office of Senate Legal Counsel.

13 (The press release announcing the meeting follows:)

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1 Senator Daschle. The meeting will come to order. Let the record
2 show that present are Senators Danforth and myself.

3 Those in favor of the amendment please make it known by saying aye.

4 Senator Danforth. Aye.

5 Senator Daschle. Aye.

6 The meeting is in recess.

7 Senator Danforth. Why not just keep it going, not in recess.

8 Senator Daschle. All right. Why don't we do that. The meeting
9 will not stand in recess. It will remain open and we will keep a
10 rolling quorum.

11 Senator Moynihan. The meeting will come to order.

12 The purpose of this meeting is to give the Chairman of the committee
13 authority to issue subpoenas to witnesses to appear and produce
14 documents at a hearing before the Subcommittee on Social Security and
15 Family Policy relating to mass mailings concerning Social Security.

16 We have asked persons to come. Most of the principal organizations
17 have voluntarily said they would do, a number of organizations have said
18 they will not. We want to let those organizations to know that if they
19 do not it is possible that they could be subpoenaed to do.

20 Senator Packwood. Mr. Chairman.

21 Senator Moynihan. Yes, sir.

22 Senator Packwood. Just looking at this list, they look like they
23 are a conservative organization, at least Viguerie and Howard Phillips.

24 Senator Moynihan. Yes.

25 Senator Packwood. I hope that Pat is not appearing to be a shot at

1 right wing organizations. I don't know of some of the others.

2 Senator Moynihan. I never saw that list until just this moment.
3 Those are the lists of persons who were asked and said they would not
4 come. Is that correct?

5 Mr. Humphreys. Yes. The invitations were issued by you and your
6 staff, and I was informed by your staff that these individuals were the
7 individuals who had either mostly I believe had indicated that they
8 would not come.

9 Senator Packwood. Who is coming? Who has accepted the offer?

10 Senator Moynihan. The Roosevelt group, that national committee.

11 Mr. Humphreys. There was another that was taken off this list that
12 had been on the original list.

13 Senator Rockefeller. What about the Coalition of Senior Citizens?

14 Mr. Humphreys. I don't believe they were invited.

15 Senator Packwood. I want to know who was asked.

16 Mr. Humphreys. Well all of them were invited.

17 Senator Packwood. Well I am confused.

18 Senator Chafee. The question was, how many individuals are there
19 that they invited to testify, total?

20 Senator Packwood. What I am trying to get at, Pat, is this. If
21 Roosevelt was coming, and if the only other ones that were asked is this
22 list, and they are not coming, it looks like there has not been a
23 selective cross section. It looks like these are all conservative
24 organizations, that they were the ones that were zeroed in on, and that
25 democratic or liberal organizations that may be involved in the same

1 kind of mailing, other than Mr. Roosevelt, were not. I don't know.

2 Senator Moynihan. Right. Well let me say to you how we went about
3 this. I didn't pay too much heed to the specific parties invited. We
4 wanted to first establish the subject of do we have a problem here, as I
5 think we do. And Senator Pryor is going to testify and so is
6 Mr. Stark. Then my first witness of importance to me is the Assistant
7 Chief Postal Inspector to say what are the rules of mailing, because we
8 do get horror stories of people, you know, President Roosevelt wrote
9 them and said you're going to lose your check.

10 Gwendolyn King, the Social Security Administrator, --

11 Senator Packwood. Commissioner.

12 Senator Moynihan. Commissioner. Got on a train and went up to
13 New Jersey to see her 84-year-old mother to say no, mother, you're not
14 going to lose your Social Security. Don't worry.

15 Senator Packwood. Well what I want to make sure--it was two
16 things, Pat,--one, that this isn't sort of a witch hunt, and I know it
17 wouldn't be from your standpoint of right-wing organizations.

18 Senator Moynihan. No, sir, it will not be.

19 Senator Packwood. Because I don't see any liberal organizations that
20 were invited, other than Mr. Roosevelt. And I don't know if that is a
21 liberal organization or what it is. I don't know much about it.

22 Senator Moynihan. Well I think it was.

23 Senator Packwood. All right.

24 Second, what is the relevance of their documents, and how much they
25 spend on lobbying and all of that?

1 Senator Moynihan. First of all, I would like to hear from
2 Mr. Herst from the Postal Service about what can you ask. Are there
3 boundaries? When I say mail fraud, it is not what Mr. Frankel would
4 mean when he says mail fraud. It means something very specific to him.
5 It means a generalized, you know, don't do this bad behavior.

6 Senator Packwood. But at the moment, I mean obviously these
7 mailings aggravate us all, and we have all been the negative
8 recipients of responses from these mailings and the mailings are
9 outrageously misleading. But, one, is there any argument or is there
10 any allegation that they have violated the current law?

11 Senator Moynihan. None by us. We would like to know what the
12 current law is from Mr. Lopez who has been investigating these.

13 Senator Packwood. All right.

14 Then, second, -- and the current law is you cannot use the word
15 "Social Security" and the emblems and whatnot. But are any of us
16 thinking that they have violated the IRS laws?

17 Senator Moynihan. We go to the next question, which I think is a
18 legitimate one, which I wish to raise, is how much money did you take
19 in and what did you spend it on?

20 Senator Packwood. What is the relevance of that from the standpoint
21 of misleading the public?

22 Senator Moynihan. Whether or not we might want to consider
23 requirements of disclosure, because there is the increasing evidence of
24 just plain fly by night, you know. You ought to see some of the things.
25 Send your money. We'll get you the lobbyist. Then it turns out there

1 is no lobbyist.

2 Senator Packwood. Were these people asked to initially come in and
3 meet with staff or chat before they were asked to testify?

4 Senator Moynihan. I don't know.

5 Senator Packwood. The reason I asked is I am told that is the way
6 the Government Operations Committee -- I am told that the Government
7 Operations Committee goes through this subpoena issue quite often or the
8 problem of it, and that normally if they are thinking about subpoenaing
9 somebody they will ask the person to come in first, and the staff will
10 chat with them, and they often get what they need. And they do not go
11 the subpoena route. And I am curious if that was done here.

12 Senator Moynihan. Is it all right if Mr. Lopez comes down to join
13 you, Mr. Humphreys?

14 Mr. Humphreys. Yes. Certainly.

15 Mr. Lopez. We have had several telephone conversations with
16 representatives from these organizations about these questins, but they
17 have not physically come into the office to meet with us.

18 Senator Moynihan. May I say that we do not intend -- first of all,
19 to make it clear, any subpoena must be issued by the Chairman. Is that
20 right Mr. Humphreys?

21 Mr. Humphreys. Yes. The motion that would be before the Committee
22 would be to authorize the Chairman of the Committee or another member of
23 the Committee designated by the Chairman to issue the subpoena. This is
24 the way the Committee rules read.

25 Senator Moynihan. A specific subpoena. Not any subpoena, but just a

1 forthright specific subpoena.

2 Mr. Humphreys. Yes. The motion names specific individuals and
3 names what could be included in the subpoena.

4 Senator Moynihan. And our purpose, Mr. Chairman, is to let people
5 know we do have the power. It is back there. And I would like to
6 cooperate and see what we learn. And I don't know whether we will
7 learn a lot or not. I tell you, some of the mailings I see will chill
8 your blood, but they may just be part of --

9 Senator Packwood. I would be very frank. I think you could
10 include in this net most of the campaign committees of both parties in
11 terms of the kinds of mail that they send out.

12 Senator Moynihan. Of course, we are only interested in Social
13 Security.

14 Senator Packwood. I understand that. But the mail is of equal
15 fright and misleading on both sides as to civilization.

16 Senator Moynihan. We have in mind profit making enterprises. That
17 is what we have in mind, profit making enterprises, and things like
18 selling the list. And we have reason to think--and I think it is the
19 testimony of this Committee--that the National Committee to Save Social
20 Security and Medicaid began as a profit making activity of a mail order
21 house in California. They just made money mailing things and they
22 looked around for things you might mail out.

23 Senator Danforth. Can I just make a suggestion? We could check out
24 the background of the Landis Foundation, of the Post Office, and Social
25 Security version, and start out with Roosevelt. And then if it is

1 necessary to issue subpoenas to other organizations or to other
2 individuals because they refuse to testify do so. I mean that might be
3 one approach.

4 Senator Moynihan. That is exactly our approach. And we have to
5 come back to this Committee and explain why. And if we do we would
6 expect to see it in that regard in February.

7 Senator Danforth. But I thought we were voting today on whether to
8 issue subpoenas to these designated organizations.

9 Senator Moynihan. This gives us the power to do. This is
10 explaining why. No issues follow that. We have to go back to this
11 whole procedure again.

12 Senator Rockefeller. What I think what Jack is suggesting is that
13 you say that if the power is granted then it will not be exercised until
14 after we have heard from Roosevelt and built some predicate.

15 Senator Moynihan. Yes, exactly.

16 Senator Packwood. It sounds like you are saying more than that
17 though. Don't give the authority to issue them until you have had the
18 first hearing.

19 Senator Danforth. Yes. I just thought that we might do one step at
20 a time, because it does, coming from a Senate committee, have an
21 accusatory ring to it if subpoenas are issued. I don't mind doing that if
22 there are people who are really guilty of bilking the elderly. I think we
23 should. I think this is a very promising inquiry. But what I am saying
24 is that maybe we should find out what we could get without a subpoena,
25 and who would testify without it, and then ask those organizations that

1 we think we need the evidence from to come and testify, and if they
2 refuse issue subpoenas to them.

3 Senator Moynihan. All this does is put people on a list or
4 something that says you could be subpoenaed. Nobody is subpoenaed by
5 this action at all. We have to go back through this procedure again.
6 And perhaps it may be we never will. I would hope we never will if we
7 have to just get the start.

8 Senator Danforth. We have to meet twice just to issue a subpoena?

9 Senator Moynihan. Yes. Next February we might say, well, we
10 really tried to get these people to testify --

11 Senator Danforth. What are we voting on then? What is the precise
12 issue?

13 Mr. Frankel. This motion, as drafted, would authorize--not require,
14 but authorize--the Chairman to issue subpoenas without further action by
15 the Committee. The Committee could request that there be consultation
16 before that action was actually taken. But as drafted, this would
17 authorize the Chairman to issue subpoenas to the individuals.

18 Senator Moynihan. I would then like to amend it to say that the
19 Committee should be consulted by the Chairman before he does so because
20 we don't want to do anything that would not be --

21 Senator Packwood. Could we say that the Committee will meet again
22 and vote before we authorize the Chairman to issue them?

23 Senator Moynihan. Yes.

24 Mr. Frankel. If that were the Committee's inclination I would
25 suggest that perhaps the motion the Committee would want to act on today

1 would be a motion that instead of authorizing with conditions,
2 indicated that the Committee would meet at a later time to consider the
3 issuance of subpoenas to individuals who have not accepted the
4 invitation of the Committee to testify.

5 Senator Moynihan. That's fine.

6 Senator Chafee. Well now I am not sure of exactly what we are
7 doing. Let me just say, Mr. Chairman, I am uneasy at this procedure.
8 Like you, I have been on the Committee I don't know how many years, but
9 this is the first time I ever recall issuing subpoenas. And it goes
10 beyond the individuals. If you will note on this motion offered by
11 Senator Moynihan, it talks about the amount spent on lobbying efforts,
12 the receipts from the mailings, tax returns, contracts. It is pretty
13 broad. And I subscribe to the suggestion made by Senator Danforth that
14 you start with the individuals, and then if there are problems, follow
15 on, talk to us again. But I personally would be very reluctant to give
16 power, or whatever vote I have got, for these broader --

17 Senator Moynihan. Not to keep you another five minutes, but we
18 have got a proposal from Mr. Frankel, an amendment, that says the
19 Committee indicates that we have our eye on these five people, and if
20 they do not cooperate we will meet again to consider whether they should
21 be subpoenaed.

22 Senator Rockefeller. So there would be a second chance, John. And
23 all that would do would be to lend more power out there, simply saying
24 that this is out there in the wind. But it could not be exercised
25 without the Committee's approval.

1 Senator Moynihan. By doing it like that. Fine.

2 Senator Danforth. If you want to do it, I would support it, Pat,
3 but I think that that is a very weak thing to do.

4 Senator Moynihan. Well I would rather do more, but I am
5 responding to you.

6 Senator Danforth. Yes. But I mean I wonder whether you wanted to
7 just proceed with a hearing, bring in the witnesses that you do not
8 need subpoenas for, let the events unfold, and then determine what
9 action is necessary. I am for whatever you want to do, but that would
10 just be my suggestion.

11 Senator Moynihan. Maybe that is best.

12 Senator Roth. May I make a comment, Mr. Chairman.

13 Senator Moynihan. Yes, sir.

14 Senator Roth. What Jack Danforth has mentioned as the typical
15 approach. I mean we usually call the people in and then talk to them
16 first. And then if it is necessary to get a subpoena afterwards --

17 Mr. Lopez. Well, Senator Roth, these witnesses are the ones who
18 have refused to come in. We scheduled this hearing --

19 Senator Roth. Well I would like to go back to the line that
20 Senator Danforth raised. I would like to know who all was asked.

21 Senator Packwood. And they refused to come in even for a meeting?

22 Mr. Lopez. Yes. The hearing was scheduled for Monday,
23 November 20th. They were sent letters of written invitations from
24 senator Moynihan, as Chairman of the Subcommittee, in early November,
25 and the only group that responded favorably to the invitation was the

1 National Committee ---

2 Senator Packwood. No. You don't hear my question. Have you
3 asked to meet with them privately first?

4 Mr. Lopez. We have had numerous telephone conversations with them,
5 and we have offered to provide all the information they would like.
6 They have indicated that -- one of them have said he would not provide
7 any information or come to the hearing without a subpoena. And others
8 have said --

9 Senator Packwood. Mr. Chairman, I am not talking about a hearing.
10 Do you hear what I am saying?

11 Senator Moynihan. He said they offered. The answer is no, I think.

12 Senator Packwood. All right.

13 Senator Roth. Mr. Chairman, if I could just follow through on my
14 question. I would like to know who the full list was that we
15 invited, because we looked into this sometime ago; and there are a
16 number of smaller organizations that I don't see included. So before
17 I voted for any such power, I would like to know what the total list of
18 who we invited is.

19 Senator Moynihan. I will tell you what we will do. Senator Heinz
20 wants to speak.

21 Senator Heinz. Mr. Chairman, I have a question. In the motion we
22 mention a number of specifics involving the receipts, the amounts spent
23 on lobbying efforts, and so forth. The list is in the motion.

24 Are those witnesses who are coming on Monday going to bring all
25 those documents with them?

1 Senator Moynihan. I met with Mrs. McPhee last night and did not
2 say that I wanted her documents, but we are going to ask you how you
3 got started. And you say you have changed. We would like to ask you
4 how have you changed? Why did you change? We are going to ask you
5 what you do with your money and how you divide it.

6 I will tell you what. I guess I am a little disturbed myself.
7 When I see this list it looks too Republican.

8 Senator Packwood. Yes, it does.

9 Senator Moynihan. And I don't want to ask this Committee to be a
10 bunch of Republicans. Let me go through this hearing, let me maybe
11 go through yet another hearing, and come to you with what may be a
12 longer list and --

13 Senator Heinz. Mr. Chairman, I wouldn't want to leave it at that
14 because my objection is not that the list is Republican or Democrat or
15 nonpartisan or bipartisan. My question is equal that we have -- that the
16 Committee have a consistent standard for the acquisition of information
17 from the witnesses.

18 Senator Moynihan. In fact, we should --

19 Senator Heinz. And based on what the Chairman says, I am not sure
20 that there is a consistent standard in mind at this time.

21 Senator Moynihan. Before you leave, one bit of information. On
22 the day before it looked like we would not extend the debt ceiling,
23 Social Security got 820,000 telephone calls. That is how much anxiety
24 there is out there.

25 Senator Danforth. I think you have got a good point. And I think

1 it is an outrage that these people are bilking the public. And the
2 question is really how to proceed.

3 Senator Moynihan. Thank you very much.

4 Senator Roth. Pat, could I make one suggestion?

5 Senator Moynihan. Yes, sir.

6 Senator Roth. Dan Renzo, who is my staff director of PSI, and
7 Eleanor Hill, who is with Sam Nunn, I am sure they would be glad to
8 work --

9 Senator Moynihan. Give you a feeling on how this is done?

10 Senator Roth. Yes.

11 Senator Moynihan. Good.

12 (Whereupon, at 11:05 a.m., the meeting was concluded.)

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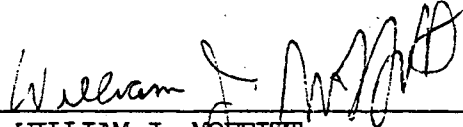
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C E R T I F I C A T E

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2 This is to certify that the foregoing proceedings of an Executive
3 Committee Meeting of the United States Senate Committee on Finance,
4 held on November 17, 1989, were transcribed as herein appears and that
5 this is the original transcript thereof.
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10 WILLIAM J. MOFFITT
11 Official Court Reporter

12 My Commission expires April 14, 1994.
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