



UNITED STATES DEPARTMENT OF JUSTICE

Press Conference

THE HONORABLE JANET RENO, ATTORNEY GENERAL

Thursday, May 21, 1998

9:30 a.m.

P R O C E E D I N G S

(9:30 a.m.)

ATTORNEY GENERAL RENO: Good morning.

In my experience, Americans are getting their money's worth and more from Justice Department attorneys. They are truly doing the people's work, and they do an excellent job for the American people. But when allegations of attorney misconduct are raised, they must be investigated swiftly, thoroughly and fairly. One of my highest priorities as Attorney General has been to ensure that our lawyers are accountable, accountable for their actions.

Since 1975, that job has fallen to the Justice Department's Office of Professional Responsibility. We familiarly call it OPR. In the 23 years since its inception, OPR has helped make our justice system more accountable. The American people deserve no less, and I will insist upon no less.

Today, I am pleased to announce that Marshall Jarrett, has agreed to serve as the OPR's Director and Counsel. Marshall offers wide-ranging experience, and unshakable integrity. He knows how to get the job done, and he is the right person for the job.

In two decades of service at the Justice Department, he has served in two U.S. Attorneys' offices as a line prosecutor, a Criminal Chief, and as a First Assistant United States Attorney. He has also served as Deputy Chief of the Public Integrity Section, giving him

considerable experience in dealing with allegations of official misconduct. And as manager of several different offices, he has shown that he can oversee sensitive and very complex cases.

Marshall's work will be complex, but his mandate is very simple: to handle every complaint against Justice Department lawyers fully and fairly and as swiftly as possible. And I am confident that he is going to do a superb job.

I want to express my personal gratitude to Acting Director Dick Rogers, and the men and women of OPR for carrying on OPR's work over the last 5 and a half months. OPR should be very proud of its work. And I am confident that it is really poised to build on this tradition of excellence.

MR. JARRETT: I am honored to have been selected to lead the Office of Professional Responsibility. And I want to thank the Attorney General for her expression of confidence in me. I have dedicated my professional life to public service, and look forward to serving the public and the Department of Justice in this new and important role.

The vigorous investigation of allegations of misconduct by Department of Justice attorneys is essential to maintaining public confidence in the Department. As Counsel on Professional Responsibility, I will investigate swiftly, thoroughly and fairly all allegations of professional misconduct. In carrying out my new responsibility, I look forward to working with the outstanding and dedicated attorneys who work in the Office of Professional Responsibility.

QUESTION: Mr. Jarrett, one of your responsibilities as head of OPR -- and we have talked about this several times -- eventually will be to investigate complaints against the Independent Counsel, Kenneth Starr. In the past, we have been told that this investigation is on hold, pending a ruling on similar matters by Judge Johnson. Is this investigation still on hold? And have you got these rulings yet?

MR. JARRETT: We have, the Department has, determined to this point to defer, as a matter of prudence, to Judge Johnson. That will be a matter that we will continue to evaluate in the future. If at some point we determine that a better course of action should be followed, we will recommend that to the Attorney General.

QUESTION: General Reno, does the selection of an individual who has not been working in OPR signal the hope that there will be a new direction for it?

ATTORNEY GENERAL RENO: No. What it signals is that we look for the best person for the job. And Marshall brings such an extraordinary combination of experience, as a line prosecutor in a small U.S. Attorney's office, as a line prosecutor in one of the big U.S. Attorney's offices, as a manager of a big U.S. Attorney's office, as somebody who has had experience in main Justice, in Public Integrity investigations. And it is an attempt to carry on

the tradition of excellence that exists in OPR.

QUESTION: Will the Office of Professional Responsibility continue to look into allegations of misconduct involving the FBI? Or is that a matter of discussion with the I.G.'s office?

MR. JARRETT: I think the jurisdictional issues have been pretty well settled. And I do not have any current intention of trying to change the jurisdictional responsibility.

QUESTION: Are they not a matter of negotiation from time to time?

MR. JARRETT: Occasionally there is overlap, and we will negotiate through when there is overlap. But I think we pretty much have separate jurisdictions.

QUESTION: Ms. Reno, while we were on the subject of filling Justice Department slots, what is going on with the nomination of Jim Robinson?

ATTORNEY GENERAL RENO: I hope that he will be confirmed shortly. I think the committee had a chance to see what a fine person he is. I think they were, and I hope they were, impressed by his background as U.S. Attorney in the Eastern District of Detroit, as a lawyer in private practice, as Dean of Wayne State University College of Law. He brings a great combination of experience to the job. And we are looking forward to having him confirmed and in place as soon as possible.

QUESTION: Mr. Jarrett, as a policy matter, nobody has ever has to investigate an independent counsel before. This is another new experience. Without any regard to the specifics of this case, as a general policy matter, is it clear to you that the standards of professionalism for an independent counsel are exactly the same as they would be for an prosecutor in the U.S. Attorney's Office?

MR. JARRETT: Once I assume responsibility for the Office of Professional Responsibility, I will look at that matter. The independent counsel statute does give oversight responsibility to the Attorney General, to review the conduct of independent counsels.

QUESTION: But I guess what you are saying is it is not clear what the standard is?

MR. JARRETT: The statute is clear that she has the power of removal.

QUESTION: What does the statute mean by "good cause"? What is good cause? Where is that threshold?

ATTORNEY GENERAL RENO: I do not think we should discuss that in the context of all

the issues that are pending. I think, first of all, that should be decided on the basis of specific circumstances and not "what ifs." And I do not think it would be appropriate to comment.

Yes.

QUESTION: While we are on the subject of OPR, what is the status of the investigation into the SAC's who may have been engaged in expense account fraud?

ATTORNEY GENERAL RENO: I have not received any recent report on that. I will ask Bert to give you whatever information is public.

QUESTION: Was that one of the cases where there is joint review between the FBI, the OPR and the Justice Department?

ATTORNEY GENERAL RENO: I will ask Bert to confirm for you just what the status is.

QUESTION: Ms. Reno, let me go to another subject. In the sting operation, called Casablanca, that the Customs Service ran in the money-laundering matter, it was reported that the Mexican bankers were coming, running to these launderers, these Customs agents that were posing as launderers, and that there were gaping loopholes in the Mexican and U.S. laws with regard to the transfers of money, which were rather intricate.

I would ask you specifically, how does the Justice Department go about indicting a bank, or banks, in Mexico? And now that this has become public, what more can you tell us about the prosecution?

ATTORNEY GENERAL RENO: Operation Casablanca has been a very important. To date, it has resulted in the arrest of more than 150 individuals, and the seizure for forfeiture of more than \$50 million of laundered drug money. While a number of mid-level employees and bank managers from Mexico were arrested, this operation should in no way be seen as an indictment of Mexico of the Mexican banking system. It is just an indictment of some corrupt banking employees and three banks.

Mexico has passed money-laundering legislation. It is in the process of implementing it. And I think we will see it move into place.

As I indicated, our target was not the Mexican banking system. We were pursuing leads on a group of money-launderers from the Cali and Juarez cartels. During the investigation, the information led us toward some bankers, and that is the way we followed it.

Mexico's leadership has been committed, from its coming into office, to the tackling of drug trafficking and money-laundering. And nothing to date has changed my view. I think we

must continue to work together to ensure that laws on both sides of the border are used to trace the proceeds of drug trafficking, trace the money being laundered, and take appropriate action.

Mexico has been an invaluable partner in the fights against drugs, in enacting the new statutes, and particularly when I called Attorney General Madrozo to tell him of the indictments, he promised cooperation. And I have been impressed by the fact that Mexican law enforcement has indeed taken swift action, arresting at least five fugitives, and their help continues. And I thank Attorney General Madrozo for that.

QUESTION: Ms. Reno, with respect to Operation Casablanca, although you were able to announce the seizure of a large amount of funds, nevertheless, for the 3 years that this undercover operation was going on, U.S. Customs agents, acting as undercover money-launderers, were actually taking in these illegal funds and transmitting them. They were actually laundering money that went to the drug dealers.

Do you have any qualms about an operation that, in order to roll up these bad guys, would actually be facilitating their getting those illegal proceeds?

ATTORNEY GENERAL RENO: My understanding is that the investigation has been conducted according to established procedures, and that it has been followed very closely in that regard.

QUESTION: But are those established procedures?

ATTORNEY GENERAL RENO: I will ask Bert to provide those to you, to the extent that we can comment, based on a pending case.

QUESTION: Ms. Reno, any particular reason why Mexican authorities were not brought in earlier?

ATTORNEY GENERAL RENO: I think Under Secretary of Treasury Ray Kelley made clear that this was a very difficult situation, people were at risk, and it was very important that the matter not be discussed beyond those that needed to know.

QUESTION: On another matter, adding to the U.S.-Mexican relationship is a report by Amnesty International that came out a couple of days ago, which was quite critical of some border patrol agents for instances of what they called inhuman and cruel treatment of people attempting to come across the border. Are you familiar with that report? And what do you think of it?

ATTORNEY GENERAL RENO: I have not had a chance to read the report myself. But

Commissioner Meissner has issued a statement regarding the report. Bert will make that available to you.

I think it is important to recognize what the Commissioner and INS have done to focus on allegations of misconduct or of abuse. They have set up a citizens advisory panel that made recommendations that INS is in the process of implementing. The Inspector General's Office, working with the Civil Rights Division and the U.S. Attorney offices, have also responded. And we are dedicated to doing everything we can to identifying those very few who abuse the authority of their office, and to take appropriate action.

QUESTION: Let me go back to Casablanca for just a moment. How now -- I mean, this appears -- correct me if I am wrong -- this appears to be an enormous business of the Mexican banks taking in illicit cash. And I would just ask how are you and Attorney General Madrozo going to cooperate to make it so the banks in Mexico do not want to be involved in this business? How do you take them down?

ATTORNEY GENERAL RENO: Well, first of all, when you say "banks in Mexico," it makes it sound like there are a lot of banks. There were only three banks indicted. And, again, I want to stress that this is not an indictment of the Mexican banking system, nor all the banks in Mexico. That should be very clear.

But I think we can look back to our experience, if you look over time, back in the late seventies and early eighties, we started focusing on money-laundering, and actions were taken against banks. We also had in place a regulatory structure. Depending on the nature of the bank, different regulators had responsibility for reviewing their records and noting appropriate compliance with regulations requiring reporting of cash.

And so as banks learned that the government meant business, that the regulators were going to look at it, they got the message. And the launderers started going to other means of laundering their money. And we have taken action over the years against other financial institutions.

And we are constantly looking at where the money is going, because as we catch up with them, or sometimes get one step ahead of them, they have to move to another means of laundering it. And I think Treasury and the Justice Department, working together, have done a good job on that.

I think that Attorney General Madrozo and Secretary Gorea are dedicated to doing everything they can to make sure that their money-laundering laws are implemented in the same way. And I would expect that banks everywhere will get the message -- not one banking system, but banks should get the message that money-laundering is a means of getting the money from drug trafficking, from something that is just human misery and tragedy in too

many instances, and banks should not be a part of that. And those banks that want to be or are going to be or do not take appropriate precautions will face the consequences.

QUESTION: Ms. Reno, what is the Department doing to investigate whether campaign money from China influenced U.S. policy regarding exports?

ATTORNEY GENERAL RENO: As you know, we are -- have long been involved in the campaign finance investigation. It has resulted in a number of indictments. And we are going to continue in every way we can to pursue every lead that we can in that regard.

QUESTION: Ms. Reno, can you explain why the Department does not have a conflict of interest in investigating this matter?

ATTORNEY GENERAL RENO: Which matter?

QUESTION: Whether campaign donations influenced policy on relaxing exports to China.

ATTORNEY GENERAL RENO: What we have is an obligation to investigate whether a crime has been committed. In order to trigger the Independent Counsel Act, I must find specific and credible evidence by a covered person. At this point, as I have said all along, when I find that, I will be the first to trigger it.

I have asked for the appointment of an independent counsel in at least seven cases, and have asked for additional referrals in three others. We are conducting a significant, important investigation, in which we have secured indictments. We are going to continue to pursue all leads. And when a conflict exists with evidence that triggers the statute, I will trigger it.

QUESTION: Have you had any conversations with members of Congress regarding your decision so far not to invoke the Independent Counsel Act with regard to this matter?

ATTORNEY GENERAL RENO: No, I have not.

QUESTION: Do you now believe, personally, or can you comment, that the Chinese Government -- agents of the Chinese Government were involved with Mr. Chung, who was placing large sums of money in the DNC?

ATTORNEY GENERAL RENO: As you know, it has been my practice from the beginning of this investigation not to comment on pending matters. The best way to get this investigation done and get the right results is to conduct it appropriately and not in the headlines, where people can get information that helps them shape their response to the investigation.

QUESTION: Ms. Reno, what can you tell us about the Chinese Government's response to your call for cooperation, I think, toward the latter part of last year?

ATTORNEY GENERAL RENO: At this point, we have -- let me ask Bert for the most up-to-date information on what we can say about that. We will continue to work with them to secure that information.

QUESTION: Was there a follow-up meeting between members of the Justice Department and the Chinese Government following your announcement? Or were there plans for a meeting?

ATTORNEY GENERAL RENO: Which announcement?

QUESTION: That -- Pierre just mentioned your -- the call for cooperation from Beijing.

ATTORNEY GENERAL RENO: We have continuing meetings, I mean, in terms of different situations. What I will ask Bert to do, so that I make sure that the chronology is accurate, is provide you with anything that we can.

QUESTION: What ability do you have to make the articulation that Casablanca was not an indictment of the Mexican banking system?

ATTORNEY GENERAL RENO: I just feel -- I think the comments of -- focused on Mexico and focused on Mexican banks gives the impression that it is a system-wide problem or a national problem. It is everybody's problem. I mean, it was our problem in the early eighties. I think we took action. Mexico is in the process of taking action. And I wanted to stress, and want to continue to stress, that we are not picking on any system; we are trying to uncover wrongdoing and trying to send a message that money-laundering will not be tolerated.

QUESTION: Is there any reaction Mexican Government or the Mexican banking institutions?

ATTORNEY GENERAL RENO: I cannot comment concerning the Mexican banking institutions. But in my conversations with Attorney General Madrozo, he was just very forthcoming and very professional, and offered, as I say, his immediate cooperation, and has certainly followed through.

QUESTION: Ms. Reno, earlier this week, one of the independent counsels you appointed had some public comments about his dealings with the Department. Did you either see the broadcast or have you read his remarks; and do you have any comment on them?

ATTORNEY GENERAL RENO: I did not see the broadcast, and I have only seen the newspaper coverage of his remarks, so I do not quite know what he said. But what I have tried to do with respect to the independent counsel is not comment in order to ensure their independence, their independence to do different things. And other than that, and just to say that what I did see -- and I do not know whether the newspaper report was accurate -- it was not accurate.

QUESTION: Ms. Reno, in particular, Mr. Smultz suggested he had been afraid, after having a meeting with you and senior officials here, that you had been influenced by Tyson Foods in your decision. Is that accurate?

ATTORNEY GENERAL RENO: No.

QUESTION: Ms. Reno, Mr. Smultz also said at one point he feared for his life. To your knowledge, at any point was Mr. Smultz -- did Mr. Smultz have reason to fear for his life?

ATTORNEY GENERAL RENO: I do not know what he was referring to, so I could not comment.

QUESTION: Ms. Reno, this case with Microsoft and Mr. Gates looks like it is going to use an awful lot of resources on both sides and it is very complicated. Why not a deal where everybody wins? Tell him that if he and his crack staff can solve the year 2000 computer glitch in the next couple of weeks, he is off the hook?

(Laughter.)

ATTORNEY GENERAL RENO: And the problem with the satellite, too?

(Laughter.)

QUESTION: Well, first of all, I mean it affects everybody.

ATTORNEY GENERAL RENO: As always, I think it is important for us to try to look for ways that we can reach resolution of issues like this. And we will always be trying to do that. I am not sure that an exchange for the 2000 solution is the way to do it. But it is innovative.

Do you have any ideas about --

(Laughter.)

ATTORNEY GENERAL RENO: What they tell me is, is one of the big problems in the year

2000 glitch is that so many processes that we may not be aware rely on computers have an embedded chip that times what they do. And trying to find all the embedded chips is very difficult. If we do not find an embedded chip, come the year 2000, it can bring the whole computer system down.

So what I want somebody to invent is kind of a magnet that goes sweeping across all the facilities of the Justice Department and finds all the embedded computer chips in one flash.

(Laughter.)

QUESTION: Ms. Reno, Joel Klein was at a conference in Phoenix a couple of weeks ago, and he was asked about the criminal prosecution of Archer-Daniels-Midland and why, since the company was prosecuted, the Chairman and CEO, Dwayne Andreas, was not. He said there was no evidence implicating Mr. Andreas.

Mark Whittaker, who is now in a prison in Springfield, Missouri, says the Justice Department has six tapes under seal, implicating Mr. Andreas. And David Haik, who is a critic of the company, said that Joel Klein is lying about this. Why don't you just release the tapes, to show in fact whether Mr. Andreas is implicated or not?

ATTORNEY GENERAL RENO: I am not aware of what Mr. Klein said. I will be happy to check with him and see what we can do that is appropriate under the law.

QUESTION: Ms. Reno, are you concerned, given the merger pace that this economy has produced -- I am talking about the large cases, like Microsoft -- that the Antitrust Division is understaffed to give proper review to all of the transactions that are coming in?

ATTORNEY GENERAL RENO: What I am dedicated to doing is making sure -- and this is what we have done for the last 5 years, because there have been cases that arise of considerable magnitude and people ask the same question and, so far, we have been successful -- and it is my responsibility to figure where I get the resources, to find the resources, to work with Congress to get the resources and to do the job, and I am going to do it.

QUESTION: Ms. Reno, the Argentine Government has concluded positively that the Government of Iran was involved in the bombing of the two Jewish facilities back in the early part of this decade in Buenos Aires, has expelled the Iranians that were working there.

I would like to ask, one, do you have a reaction to that, and especially as it might concern the Khobar Towers investigation, where we are getting indications that the Iranians are feeding their money through their Ambassador in Damascus, and then distributing that

money to terrorists throughout the Middle East, to -- also to Saudi Arabia? Do you have any reaction to that?

ATTORNEY GENERAL RENO: Director Freeh was in South America recently. He has reported back to me, but I do not think it would be appropriate for me to comment on it at this point.

QUESTION: Ms. Reno, if you look at the criminal prosecutions out of your Justice Department of environmental crimes, by about 100 to 1, they are of small companies, if they are of companies. Does this mean, in your view, that large companies are not committing environmental crimes?

ATTORNEY GENERAL RENO: I am sure there are some who are committing environmental crimes.

QUESTION: Do you mean that smaller companies commit more environmental crimes than larger companies, and that is why it is 100 to 1?

ATTORNEY GENERAL RENO: I have never done a study of that.

QUESTION: And the second question -- I have one more -- if you look at the Justice Department's Web site, there are lists of U.S. Attorneys from around the country. And the idea, I take it, is that they would post their press releases so reporters around the country would be aware of what U.S. Attorneys are doing.

The only one that has up-to-date information is the U.S. Attorney from the District of New Jersey. Everyone else has almost nothing. The U.S. Attorney in the Southern District of New York, which I am very interested in because I cover corporate and white collar crime, has been very uncooperative. They do not even have an active Web site. And they have a difficult time getting me press releases, must faxing me press releases.

Why is there this problem of getting this information out?

ATTORNEY GENERAL RENO: Getting some what?

QUESTION: Getting the information out to reporters, through their Web site or through faxes.

ATTORNEY GENERAL RENO: I will be happy to check with the U.S. Attorney in the Southern District of New York and see what we can do to assist you.

QUESTION: Ms. Reno, to follow up on his first question, because there are like 100

criminal investigations of small companies versus 1 for a large company, is this just a -- is this true, or is it a statistical anomaly or is it because there are a lot more smaller companies?

ATTORNEY GENERAL RENO: I have never looked at the figures. I do not know what characterized as a small company and what is characterized as a large company. I will be happy to check with Lois Schiffer and see if she has determined that there are any patterns.

Thank you.

VOICES: Thank you.

(Whereupon, at 10:00 a.m., the press conference concluded.)