

~~SECRET~~

UNCLASSIFIED UPON REMOVAL OF ATTACHMENT

ROUTING AND TRANSMITTAL SLIP		DATE
		9/20/11
TO: (Name, office symbol, room number, Agency/Post)	Initials	Date
1. Gary Grindler (For review and signature)		
2.		
3.		
4.		
5.		

- Action	- File	- Note & Return
- Approval	- For Clearance	- Per Conversation
- As Required	- For Correction	- Prepare Reply
- Circulate	- FYI	- See Me
- Comment	- Investigate	X Signature
- Coordination	- Justify	-
<b>REMARKS:</b> I recommend that you sign the concurrence sheet to classify the attached document as "Secret," pursuant to Section 1.7(d) of Executive Order 13526, and withhold it in full pursuant to FOIA Exemption 1.  DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions.		
<b>FROM:</b> (Name, org. symbol, Agency/Post)  <b>Jenny Mosier</b> Counsel to the Attorney General Office of the Attorney General U.S. Department of Justice		Room No. --Bldg.  <b>DOJ/Rm. 5230</b>  Phone No.  <b>202-514-9797</b>

UNCLASSIFIED UPON REMOVAL OF ATTACHMENT

~~SECRET~~

# DEPARTMENT OF JUSTICE *NEWS CLIPS*

PREPARED FOR THE OFFICE OF PUBLIC AFFAIRS, US DEPARTMENT OF JUSTICE BY BULLETIN NEWS [WWW.BULLETINNEWS.COM/JUSTICE](http://WWW.BULLETINNEWS.COM/JUSTICE)

**TO: THE ATTORNEY GENERAL AND SENIOR STAFF**

**DATE: FRIDAY, DECEMBER 7, 2012 7:30 AM EST**

## TODAY'S EDITION

### Attorney General, Deputy Attorney General and DOJ News

New Orleans U.S. Attorney Resigns Amid Scandal Over Anonymous Online Postings (WP).....	5
Crusading New Orleans Prosecutor To Quit, Facing Staff Misconduct (NYT).....	6
Federal Prosecutor In New Orleans Resigns Amid Investigation (LAT) .....	8
U.S. Attorney For New Orleans Resigns (POLITCO).....	8
Top Federal Prosecutor In New Orleans Resigns (USAT) .....	9
Virginia Federal Prosecutor Named As Interim Replacement For Letten (NOTP) .....	9
Federal Prosecutor In New Orleans Resigns After Two Underlings Are Accused Of Misconduct (AP).....	10
U.S. Attorney Jim Letten Announces Resignation (NOTP) .....	11
No. 2 Federal Prosecutor From Atlanta Likely To Conduct 'Broader, Deeper' Probe Of Letten's Office (NOTP) .....	11
New Interim U.S. Attorney Described By Former Colleagues As Fair And Hard Working (NOTP) .....	12
Pot Smokers Enter Legal Limbo In Washington, Colorado (CNN).....	12
Poll: Feds Should Back Off When States Legalize Pot (USAT) .	14
Two Laws Are Welcomed After Midnight In Seattle (NYT) .....	14
Administration Weighs Legal Action Against States That Legalized Marijuana Use (NYT) .....	15
One Toke Over The Line In Washington State, Where Pot Is Now Legal (LAT).....	16
Washington's Legalization Of Marijuana — Far More Complicated Than It Might Seem At First Puff (AP) .....	17
Consumer Bureau Signs Data Deal With Justice Department* (BLOOM) .....	18
US Prosecutors In Illinois Collect Millions In Fiscal Year 2012 (AP).....	18
Federal Prosecutors Take In \$10M In Local Fines (TRIBIZ) .....	18

### Supreme Court

Generic Drug Accords Face Review By U.S. Supreme Court (BLOOM) .....	19
--	----

### Terrorism News

Man Pleads Guilty To Plotting Attack On Seattle Military Complex With Machine Guns, Grenades (AP) .....	20
Man At Center Of Seattle Terror Plot Admits Guilt (SEAPI) .....	21

Plea Deal Reached In Plot To Attack Seattle Military Station (SEATIMES) .....	22
New York Man Arrested By FBI For Alleged Export Violation (BLOOM) .....	23
Five Charged In US Over Iran, China Exports (AFP) .....	24
Former Sailor Arrested After Allegedly Attempting To Pass Secrets To Russia (CSM).....	24
Ex-sailor In Va. Beach Arrested In Espionage Sting (VAPILLOT) 25	
Retired Navy Sailor From Virginia Beach Accused Of Espionage (HAMPTONDP).....	26
Ex-sailor Arrested, Accused Of Attempting To Hand Over Sub Secrets (CNN) .....	26
Retired Navy Sailor Charged In Spy Case (WSJ).....	26
Former Sailor Charged With Attempted Espionage (AP) .....	27
FBI: Retired Sailor Faces Spy Charges (MILTAMES) .....	27
Former Navy Sailor Charged With Attempted Espionage (ABCNEWS).....	27
Buffalo Native Who Served In Navy Accused Of Attempted Espionage (BUFN) .....	28
Senators To Vote On Probe Of CIA Interrogation Program (REU) .....	28
The Daily Caller » FBI Has Access To Emails Of Everybody In The Country, Says NSA Whistleblower » Print (CALLER) 29	
'Everyone In US Under Virtual Surveillance' (RTNET) .....	29
Visit To Kismayo, Somalia, Shows Al Shabab Militants Still Roam Countryside (MCT) .....	31
Mali Gambles On Warlord As Peacemaker (WSJ) .....	32
Terror Fight Shifts To Africa (WSJ) .....	32
Special Operations Command Leads Propaganda Fight (USAT)32	
National Network For First Responders Is Years Away* (NYT) .	33
End The War On Terror And Save Billions (WP).....	35
Appeals Court Sides With Bush Wiretapping (WIRED).....	35

### Homeland Response

U.S. Spy Agencies To Detail Cyber Attacks From Abroad (LAT)36	
Feds Expand Polygraph Screening, Often Seeking Intimate Facts (MCT).....	37
U.S. Polygraphers Questioned Accuracy Of Tests On Detainees Overseas (MCT) .....	40
Federal Polygraph Programs Are Secret Even To Researchers (MCT).....	41
Why We Don't Need Another Law Against Intelligence Leaks (WP).....	42
Marine Brig Officials Grilled About GI's Jailing (AP) .....	44

Border Patrol, Airport Security Might See Budget Cutbacks (MCT).....	45
Metro: Obama 2013 Inauguration Projected To Be 50 Percent Smaller (POLITCO) .....	47
Metro Will Tag Inauguration Tourists (ROLLCALL) .....	47
Security Plans Developing For Smaller Inauguration (WT) .....	47
D.C. Prepping For Crowd Of 800k At Inauguration (WASHEX) .	48
Heat Map: Terrorism Around The World (the U.S. Is Among The Least Affected) (WP) .....	49

## **Criminal Law**

Businessman "Felt The Threat" From Kilpatrick, Bobby Ferguson (WXYZ).....	50
Kwame Kilpatrick Can't Fly Home This Weekend Because Of Late Payment (DETN) .....	51
Kilpatrick Trial: Soave Too Rich To Be Intimidated By Kwame, Entourage (WDIV) .....	51
'Lovable' Tycoon Contends He Was Strong-armed By Kilpatrick, Doesn't Have Dementia (FREEP).....	52
Witness Insists He Was Extorted By Kilpatrick, Ferguson (DETN).....	53
US Marine Pleads Guilty To Taking \$150,000 In Bribes From Contractors In Iraq (AP).....	54
Marine Pleads Guilty To Receiving \$150,000 In Bribes In Iraq (LAT) .....	55
Md. Man Sentenced In Army Corps Of Engineers Bribery And Kickback Scheme (WP).....	55
Daughter Helped Jailed Father Run Street Gang, Prosecutors Say (LAT).....	55
18 Arrested In Federal Crackdown On Gang That Operated Near USC (LAT) .....	56
Feds Say Convicted Murderer Ran Gang Network From Behind Bars In California (AP).....	57
Federal Grand Jury In Trenton Mayor Tony Mack Corruption Case Meets As Deadline Nears (TRENTMS).....	58
Embattled Mayor Of Trenton, NJ, Indicted By NJ Grand Jury Along With Brother And Associate (AP).....	58
Trenton Mayor And 2 Co-defendants Indicted On New Federal Charges (CNN).....	58
FBI Agents Working Trenton Mayor Tony Mack Corruption Case Turn Their Attention To Carpeting Contracts (TRENTMS) .....	59
ANCHORAGE, Alaska: FBI: Confessed Killer Planned To Strike Again (BELLH).....	60
Israel Keyes Stashed 'Kill Kit' In Woodside Natural Area In Essex In 2009 (BURFP) .....	61
APD, FBI Poured Massive Resources Into Koenig Case And Keyes Investigation (KTUU) .....	62
Police Investigate Serial Killer Keyes' North Country Connections, Activities (NORCPR) .....	63
Prosecutors Want To Be In On Pharmacy Inspection (AP).....	63
Defense Intends To Appeal, Attorney Says (BRVLH) .....	64
Texas Lawyer Gets 3½ Years In Corruption Case (AP).....	65
Valley Lawyer Gets 42 Months In Bribery Scandal (SAEXPNWS).....	65

Money Laundering Charges Filed Against Car Dealer (NORTHCT).....	66
Hercules Man Sentenced To 18 Years For Leading Racketeering Conspiracy (CCT) .....	67
Autopsy: Border Patrol Agent Fired Gun 10 Times (AP) .....	67
7 Members Of Violent S.W. Phila. Drug Gang (PHILLY).....	68
Chicago Truck Company Owner Pleads Guilty To Minority Contracts Scheme (AP).....	69
Robert Fenn Of Herndon, Va., Indicted By Federal Grand Jury For Receiving,possessing Child Pornography (WUSA) ....	69
Spy Ring To Reveal Dotcom Details (NEWZEHER) .....	69
Kim Dotcom Cleared To Sue NZ Spy Agency (FT) .....	70
UK Jury Convicts Member Of Activist Group Anonymous In Computer Denial-of-service Attack (AP) .....	70
Student Convicted Over Anonymous Cyber-attacks (GUARD)..	71
U.K. Convicts Anonymous Member 'Nerdo' For DDoS Attack (CNET).....	71
Faces, Some Masked, Of Anonymous (CHIT).....	72
22-Year-Old Anonymous Hacker Convicted In London (PCMAG) .....	73
Former Anonymous Member Convicted In Attacks Against PayPal, MasterCard, Visa (CPTRWORLD) .....	74
'Anonymous' Hackers Convicted Of Targeting PayPal, MasterCard (BLOOM) .....	74
British 'Hacktivist' Could Face Jail After Helping Cyber-attack On PayPal Because It Wouldn't Process WikiLeaks Donations (DAYMAIL) .....	75
George Zimmerman Sues NBC And Reporters (AP) .....	76
Man Charged In Trayvon Martin's Death Sues NBC For Defamation (NYT).....	76
George Zimmerman Sues NBC Over Trayvon Martin Reports (WP).....	77

## **Corporate Scandals**

Standard Chartered To Pay \$330 Million To Settle Iran Money Transfer Claims (NYT).....	78
British Banks Close To Settling US Money-Laundering Charges (WP).....	78
StanChart To Pay \$330m Iran Settlement (FT) .....	79
Level Global, SAC Fund Managers Ruled Co-Conspirators (BLOOM) .....	79
Big Lots CEO Probed By U.S., SEC Over Stock Trades (BLOOM) .....	81

## **Civil Law**

Healthpoint Settlement Could Total As Much As \$48 Million (FWST) .....	81
Healthpoint, DFB Settle Case For Marketing Skin Ointment Without Federal Approval (AP) .....	82
Healthpoint, DFB To Pay Up To \$48M In Drug Case (BOSH) ...	82
Sister's Suicide Triggers Lawsuit Against VA (ARMYT) .....	83

## **Civil Rights**

Missouri Woman Pleads Guilty To Helping Her Husband Keep A Woman At Their Home As Sex Slave (AP) .....	84
--	----

Calif. Courts Face Federal Scrutiny Over Interpreter Access (SACBEE).....	84
Ohio Amish Guilty Of Hair Attacks Lose Appeal For New Trial; Judge Won't Overturn Convictions (AP) .....	86
Oakland Cedes Temporary Control Over Police (WSJ) .....	86
Local Farmers Get Crash Course In Human Trafficking Prevention (WCTV) .....	87

## Antitrust

Google Subject Of Meetings With DOJ (SJBIZ) .....	87
Ex-Pittsburgh Worker Pleads Guilty In Bid-rigging Case (PPG) .....	87
Judge May Lower Apple's Award In Samsung Patent Case (LAT) .....	88
Judge Aims To Resolve Apple-Samsung Legal Disputes, Considers Trimming Jury Verdict (AP).....	88
EU Readies Law To Help Price-Fixing Victims Sue For Damages (BLOOM).....	89
FTC's Rosch Says Agency Not A Tool For Antitrust Attacks (BLOOM) .....	90

## Environment

Drought Revives Old Water War Among River States (AP) .....	90
---	----

## FBI/DEA/ATF/USMS

Feds Join Investigation Of Suspicious Fires On South Shore (BRKENT).....	92
Massive Manhunt For Newton Men Wanted On Child Molestation... (AJC) .....	92
Fed. Court Orders Resentencing For Arkansas Doctor Convicted In Bombing Of Medical Board Chair (AP).....	93
Tougher Synthetic Drug Bill Passes Final Hurdle (DAYTN) .....	94

## Indian Affairs

Feds Pledge To Improve Protection Of Sacred Sites (AP).....	95
---	----

## Immigration

Immigration Board Hears Deportation Appeal From Former Nazi Guard, 88, Living In Pa. (AP) .....	95
---	----

## Congress-Administration

Senate Confirms Berg For Federal Bench In Detroit (DETN).....	96
Terrence Berg Appointed A U.S. District Court Judge (FREEP) .....	97
Menendez: Sandy Bill Without Spending Cuts Gaining Support Of House GOP (HILL) .....	97
Sandy-Aid Request Looming In Capitol (WSJ) .....	97
Sandy Likely To Define Chris Christie Re-election Bid (USAT)..	98
Eva Longoria To Co-chair Inauguration, Jim Messina To Chair Parade (WP) .....	99
Inaugural Committee Staff Announced, Eva Longoria To Co-chair (POLITCO).....	99
Presidential Inaugural Committee Launches, Announces Co-Chairs (ROLLCALL) .....	100
Clinton Praises Rice, A Possible Successor (NYT) .....	100
Hillary Clinton Laughs Off 2016, Ambassadorship For Bill Questions (POLITCO).....	100
Pentagon's Top Lawyer To Resign (NYT) .....	101
Mary Schapiro On Her Tenure As SEC Chairman (BSWK) .....	102
John Kerry, Secretary Of What? (WSJ) .....	102

President Obama Lights National Christmas Tree (AP) .....	102
Thune In Line For Top Commerce Slot (ROLLCALL).....	102
Aides: US Sen. Mark Kirk To Return To Work Jan. 3 (AP).....	103
Mark Kirk To Return To Senate Jan. 3 (POLITCO) .....	103
Congress Delays Rule On Online Posting Of Top Staffers' Financial Information (ROLLCALL) .....	104

## Budget News

Obama Seeks To Put Personal Touch On Cliff Talks (AP) .....	105
Trade-offs In Raising Medicare Eligibility Age (AP) .....	106
In Obama's Plan To Tax Rich, \$250,000 Figure May Mislead (NYT) .....	107
Republicans' Severe Lack Of Leverage On The 'fiscal Cliff' (WP).....	108
Obama: Fiscal Cliff 'Solvable' (POLITCO).....	109
GOP Lawmakers Opening Door To Concessions (ROLLCALL).....	110
Fiscal Cliff Negotiations Appear To Be Inching Forward (ROLLCALL) .....	111
John Boehner Fiscal Cliff Proposal Opposed By Powerful Conservative Groups (HUFFPOST) .....	112
Dems See Jobs Report As Factor In Push For Stimulus In Debt Deal (HILL) .....	113
Centrist Democrats Flock To Tax-cut Discharge Petition (HILL).....	114
Obama Takes Tax Fight With GOP To Virginia (HILL).....	115
Peeking Over The 'fiscal Cliff': What's Down There? (MCT)....	116
'Fiscal Cliff' Would Cost Hundreds Of Thousands Of Federal Jobs (MCT) .....	117
Let's All Jump Off The Fiscal Cliff (BLOOM) .....	119
Democrats Hint At Entitlement Program Cuts In U.S. Budget (BLOOM) .....	120
Some See Hope As Talks Resume Over 'Fiscal Cliff' (WSJ) ...	121
It's Nothing But A Power Play (WP) .....	121
The Death Of Tax Reform (WP).....	122
Obama's Famous Tax 'Victory' (WSJ).....	123
Participants In Talks On A Budget Deal Shrink To Two: Obama And Boehner (NYT) .....	123
The Baby Boom Bump (NYT).....	124
The Forgotten Millions (NYT) .....	125
Keep The State Tax Deduction (NYT) .....	126
Health-care Dominoes (WP).....	127
Fiscal Talks Spur Charitable Giving (WSJ) .....	128
Business Leaders Siding With Obama On Debt Ceiling? (WP) .....	128
White House Rules Out 14th Amendment Option On Debt Ceiling (POLITCO) .....	129
Tim Pawlenty Visits The White House (POLITCO).....	129
Republicans Press, Then Drop, Bid For Senate Vote On Debt Limit Plan (ROLLCALL).....	129
Debt Ceiling Bluff Called By Harry Reid, Leaving Mitch McConnell To Filibuster Himself (HUFFPOST) .....	130
Reid Rejects GOP Move To Vote On Debt-limit Powers In Obama Plan (HILL).....	131
Raising Debt Ceiling Is Latest 'Fiscal Cliff' Hitch (USAT).....	131
McConnell Takes Hard Line (WSJ).....	132
White House Derides GOP Request For Budget Debate (CALLER) .....	132

'Great Progress' On 5-Year Farm Bill (POLITCO) .....	133
--	-----

## Healthcare News

NJ Rejects State-based Health Exchange (HILL) .....	134
---	-----

## War News

General Who Led Iraq Drawdown To Head CentCom (AP) .....	134
New Commander For Tense Region (NYT) .....	134
Afghan Spy Chief Is Wounded In Attack, Officials Say (NYT) ..	135
Afghan Intelligence Chief Injured In Suicide Attack (WP) .....	135
Afghan Spy Chief Injured In Assassination Attempt (WSJ) .....	136
Taliban To Meet With Northern Foes (WSJ) .....	136
The US Is Abandoning Its Loyal Friends In Afghanistan (WP) ..	136
Not Yet Time For Women To Serve In Infantry (WP) .....	137
Two Important Steps For Women (NYT) .....	138

## Other News

Leading Conservative DeMint Resigning Senate Seat (AP) ....	139
DeMint Will Leave Senate To Run The Heritage Foundation (NYT) .....	140
Jim DeMint Resigning From Senate To Head Conservative Think Tank (WP) .....	141
DeMint Shook Up The Senate But Leaves A Disenchanted GOP Leadership (WP) .....	143
The Case For Tim Scott (WP) .....	144
What Jim DeMint Tells Us About Washington Power (POLITCO) .....	145
With A New Leader, Heritage Rising (POLITCO) .....	146
Tim Scott's Bio Raises Senate Appeal (POLITCO) .....	146
DeMint's Hiring Elevates Heritage's Profile (ROLLCALL) .....	147
Jim DeMint Going From 4th-poorest Senator To Heritage Millionaire (CALLER) .....	148
DeMint Gave Few Colleagues Short Notice Of Move To Heritage (HILL) .....	148
Sen. Jim DeMint's Resignation A Sign Of Bad Times For Tea Party (LAT) .....	149
Senator Quits For Think Tank (WSJ) .....	150
DeMint Says His Replacement Could Be Named Within A Week (USAT) .....	150
Jim DeMint Leaves The Senate (WP) .....	152
The Republican Glasnost (NYT) .....	152
Two Senate Seats In South Carolina, But Few Democratic Prospects (NYT) .....	153
A Tricky Task: Ted Cruz As NRSC Link To Tea Party (POLITCO) .....	154
GOP Senators Press Obama Official On FHA Losses (AP) .....	155
NAACP Seeks To Mount Shakeup In US Education (AP) .....	156
Feds: New Student Loan Repayment Options Set (AP) .....	156
S.E.C. Weighs Suit Against Netflix Over Improper Disclosure (NYT) .....	157
Stocks Finish Modestly Higher (USAT) .....	157
In Shift Of Jobs, Apple Will Make Some Macs In U.S. (NYT) ..	159
US Reps. Expect Deeper Look At NJ Derailment (AP) .....	160
Jeb Bush To Lead National Constitution Center (AP) .....	162
MSNBC's Chris Hayes Promises More Cuomo Commentary (POLITCO) .....	162

Final Campaign Reports: 2012 Election Nears Record (AP) ....	163
Romney Raised \$86 Million In Closing Weeks (POLITCO) .....	164
Obama Outspent Romney In Final Days (POLITCO) .....	164
Liberal Donors Gave To Priorities USA Action Super PAC At 11th Hour (POLITCO) .....	164
Casino Owner Aided Romney In Late \$10 Million Bet (AP) .....	165
Sheldon Adelson Gave Another \$10 Million To Pro-Romney Super PAC (POLITCO) .....	165
Republican National Committee Finished 2012 Cycle Debt-Free (WP) .....	166
In Private Meeting, RNC, GOP Digital Strategists Look To Improve (ROLLCALL) .....	166
NRSC Spent Big Late In Missouri (POLITCO) .....	167
Fox's Correspondent On Front Lines With Obama (AP) .....	167
With Rove's Face Time Reduced On Fox, Is Sun Setting On Career As Power Broker? (AP) .....	169
Karl Rove Returns To Fox News (POLITCO) .....	170
Allen West Spent \$18 Million In Losing Effort (POLITCO) .....	170
Priebus To Run Again For RNC Chair (POLITCO) .....	170
Black RNC Member Pours Cold Water On J.C. Watts Candidacy (CALLER) .....	171
Priebus Says He's Locked Up Support For Second Term As RNC Chairman (HILL) .....	171
Illinois Lawmaker Released On Weapons Charge (AP) .....	172
Eldest Statesman Has Seen Big Changes (ROLLCALL) .....	172
Michigan GOP Pushes Right To Work Amid Protests (AP) .....	173
Mich. House OKs Right-to-work Law Amid Angry Protests (LSJ) ..	174
G.O.P. Senate Deal: Diversity Takes Back Seat To Power In Albany (NYT) .....	176
Report: Washington Post Likely To Introduce Paywall In 2013 (POLITCO) .....	177
Washington Post Plans A Paywall (WSJ) .....	177
Energy Economics In One Lesson (WSJ) .....	177
Uncovering Secrets About The Jim Graham Probe (WP) .....	178
Assad Seeking Political Asylum In Latin America If Forced To Flee Syria (HAARETZ) .....	178
Al Assad Estudia Pedir Asilo En Cuba, Ecuador O Venezuela (EU) .....	178
Senators: Syria Chemical Weapons Warrant Action (ROLLCALL) .....	179
NATO Moves Toward Deployment On Syria Border (AP) .....	180
U.S. Adopts Fluid Stance On Syria's Chemical Arms (NYT) ....	181
With War Shifting, US, Russia Talk Syria's Future (AP) .....	182
U.N. Envoy Is Seeking A Deal To Oust Assad From Syria (NYT) ..	184
Wider Chaos Feared As Syrian Rebels Clash With Kurds (NYT) ..	185
Turkey Missile Deal Moves Ahead, With Limits (WSJ) .....	187
Russia Joins US, U.N. Envoys In Vow To Seek "Creative" Solution On Syria (WP) .....	187
Morsi Defends Wide Authority As Turmoil Rises In Egypt (NYT) ..	188
Egypt's President Offers Nothing To Defuse Crisis (AP) .....	189
Egypt's Agony (NYT) .....	191
Obama Tells Morsi Violence In Egypt "Unacceptable" (AP) .....	191
Egypt Leader Tries To Calm Opposition (WSJ) .....	192
Lure Of Illegal Profits From Iran Ensnares S.C. Businessman (MCT) .....	192

Exclusive: U.S. Likely To Extend Iran Sanction Waivers - Sources (REU) .....	193	US Warships Relocated To Track Expected Rocket Launch By North Korea (NYT).....	204
US Set To Extend Waivers On Iran Oil Sanctions (AP).....	193	Horrific Fire Revealed A Gap In Safety For Global Brands (NYT)205	
UN Nuclear Chief: Alleged Weapons Testing Site Was Probably Sanitized By Iran (WP) .....	193	Thai Ex-Premier Charged With Murder Over Crackdown In 2010 (NYT) .....	208
King Of Jordan Visits West Bank To Show Support For UN Vote (NYT) .....	194	Hong Kong's Leader Seeks To Ease Concerns About Mainland China's Influence (NYT) .....	208
Netanyahu, In Visit To Germany, Defends Settlement Plans (NYT) .....	195	Latest Hell For Ex-U.S. Marine: Chained To Bed In Mexican Jail (MCT).....	209
Khaled Meshaal's Visit To Gaza Another Sign Of Hamas' Rise (MCT).....	195	Arbitrary Detentions During Protests Against President Enrique Pena Nieto's Inauguration (AP).....	211
The Iron Dome Military Revolution (WSJ).....	196	Feds: Imprisoned Murderer Ran Gang Network (AP).....	212
Paul Softens Opposition On Israel Foreign Aid (ROLLCALL) ..	196	Venezuela's Chavez Won't Be At Summit, Brazilian Official Hints (AP).....	212
Tensions Mount As UN Climate Talks Near End (AP).....	197	News Summary: EU Officials Mull Even Greater Unity (AP) ....	213
Ambassador: US Working 'day And Night' To Keep Internet Rules Out Of UN Treaty (HILL) .....	198	Greek Jobless Rate Up To Record 26 Percent (AP) .....	213
Obama, The UN And The Internet (WSJ) .....	199	EU Seeks To Crack Down On Tax Havens (WSJ) .....	214
Russian Trade, Human Rights Bill Heads To Obama (AP) .....	199	Berlusconi Party Walks Out, Rattling Italian Government (WSJ)214	
Senate Passes Russian Trade Bill, With Conditions (NYT).....	200	Congo Peace Talks Set To Open In Uganda (NYT).....	214
Senate Passes Russia Trade Bill In 92-4 Vote (HILL) .....	201	South Sudan: Journalist Killed (NYT).....	214
OK Of Russian Trade Bill Is Victory For Human Rights Activist (LAT) .....	202	Ghana Election Reflects A New Focus On Issues (WSJ) .....	215
Congress Votes To Repeal Trade Curbs On Russia (WSJ).....	203	Software Firm Founder McAfee Denied Asylum In Guatemala, Then Hospitalized For Chest Pains (WP/AP) .....	215
Strong Earthquake Strikes Off Northeastern Japan (AP) .....	203	Keeping The Pressure On Burma's Dictators (WP).....	216
U.S. Warships Moving To Monitor North Korea's Planned Rocket Launch (REU) .....	204	Paris In The Dark Ages (WSJ) .....	216
Images: Snow May Have Slowed NKorea Launch Prep (AP) ..	204	Romania's Example For How To Address Fiscal Problems (WP)217	

## **ATTORNEY GENERAL, DEPUTY ATTORNEY GENERAL AND DOJ NEWS:**

### **New Orleans U.S. Attorney Resigns Amid Scandal Over Anonymous Online Postings**

By Sari Horwitz

[Washington Post](#), December 6, 2012

The top federal prosecutor in New Orleans, the longest-serving U.S. attorney in the country, resigned Thursday amid an investigation into possible prosecutorial misconduct by two of his top deputies.

Jim Letten, the U.S. attorney for the Eastern District of Louisiana, announced his resignation at a news conference. In an emotional speech, he praised the office and said he would stay on briefly to help with the transition to new leadership.

The resignation comes eight months into a scandal that led to a Justice Department investigation of Letten's top deputy and a second veteran prosecutor in connection with an online criticism scandal.

The two prosecutors, former first assistant U.S. attorney Jan Mann and former assistant U.S. attorney Sal Perricone, acknowledged using aliases to post comments on the Web site of the Times-Picayune that were highly critical of the owner of a local landfill that was under federal investigation, according to court papers. Perricone, a member of Letten's inner circle, resigned and Mann was demoted.

The Justice Department's Office of Professional Responsibility is investigating the episode, but last week a federal judge increased the pressure on Letten by calling for an independent counsel.

The federal judge, Kurt Engelhardt, also called for the department to investigate leaks of grand jury information to the media by prosecutors in the high-profile Danziger Bridge case in which New Orleans police officers shot innocent city residents after Hurricane Katrina and then tried to cover it up.

In a statement on Thursday, Attorney General Eric H. Holder Jr. praised Letten's service and announced the appointment of an interim U.S. attorney, Dana J. Boente, a senior prosecutor in the Eastern District of Virginia. Through a spokeswoman, Holder declined to comment on the scandal.



The online scandal came to light last March when Fred Heebe, the owner of the landfill under investigation, filed a defamation lawsuit. Heebe had been attacked repeatedly by an anonymous critic on the newspaper Web site and he hired a former FBI agent to track down his critic.

It was not just any former agent. He hired James R. Fitzgerald, whose work as a forensic linguist helped lead to the 1996 arrest of “Unabomber” Ted Kaczynski, who had eluded the FBI for 17 years.

And when Fitzgerald analyzed 598 anonymous postings, he found that the writer was not just any blogger. The linguistic trail led to Perricone, who was investigating Heebe’s company.

After Heebe’s suit, Perricone admitted posting the derogatory information and making similar attacks on attorneys, defendants, police officials and judges. He resigned and remains under investigation by the Justice Department.

The landfill owner filed a separate lawsuit this fall against Mann, the second-ranking prosecutor in Letten’s office. The suit accused her of anonymously posting disparaging comments about Heebe on the Times-Picayune Web site, in some cases coordinating her comments with Perricone’s.

Mann was demoted and is under investigation by the Justice Department. Letten acknowledged in a recent court filing that Mann admitted writing the critical comments under the alias “eweman.”

A spokesman for the U.S. Attorney’s Office declined to comment about Mann and referred calls to a spokesman for the Justice Department, who also declined to comment.

Perricone’s attorney, E. John Litchfield, said that Perricone came forward and acknowledged the online postings. He said that his client’s actions did not violate any laws.

The online incidents forced the U.S. Attorney’s Office to recuse itself from the landfill case, which has been taken over by Justice lawyers from Washington.

The Justice Department’s Office of Professional Responsibility, which enforces standards of ethical conduct among U.S. attorneys and department lawyers, found professional misconduct in 11 out of 72 investigations conducted in fiscal year 2011.

Most of the allegations involved “failure to diligently represent the interests of the client” and “lateness/missed deadlines.” The numbers fluctuate each year, but Justice officials made virtually the same number of misconduct findings in fiscal year 2009 — 12 out of 77 investigations. In fiscal year 2010, the numbers were higher with officials finding misconduct in 24 out of 105 investigations.

Federal officials say proving prosecutorial misconduct can be difficult. But papers filed in Heebe’s lawsuit against Perricone showed that Fitzgerald turned up convincing evidence.

From August 2011 until March 2012, an anonymous blogger posted 598 comments, many of which disparaged Heebe. The commenter called himself “Henry L. Mencken1951.” Among his entries was one that read, “Heebe comes from a long line of corruptors.”

According to court papers, Fitzgerald found “highly distinctive” and “eerily similar” language in the online comments and a nine-page legal pleading co-authored by Perricone. Based on punctuation, alliteration and archaic words such as “dubiety” and “redoubt,” Fitzgerald concluded that a comparison of the two documents “strongly indicates” that Perricone and Mencken were the same person, the lawsuit said.

Fitzgerald declined to discuss the New Orleans case, but in an interview he compared his work to the better-known analysis of DNA.

“Like DNA, language is composed of many small individual parts, letters, syllables, words, phrases and clauses, and it’s how they’re strung together and how they’re punctuated that can be very valuable direct evidence linking one person to one communication,” said Fitzgerald.

He used those techniques to analyze a 35,000-word manifesto the Unabomber sent to The Washington Post in 1995. The analysis eventually helped lead to Kaczynski’s arrest and conviction.

In New Orleans, the evidence led Perricone to admit that he used the moniker of the famous Baltimore Sun columnist and muckraker H.L. Mencken to make the posts. The former assistant U.S. attorney was born in 1951.

Julie Tate contributed to this report.

## **Crusading New Orleans Prosecutor To Quit, Facing Staff Misconduct**

By Campbell Robertson

[New York Times](#), December 7, 2012

NEW ORLEANS — Once again, as he has for over a decade, Jim Letten, the chief federal prosecutor here, appeared before reporters, just as he regularly has to announce that some suspiciously well-connected city contractor was facing a lengthy spell behind bars. But this time was different.

In a brief but passionate statement, Mr. Letten, the longest-serving United States attorney in the nation and a popular crusader against the crooked traditions of Louisiana public servants, announced that he would be resigning effective next Tuesday.

He said it was his decision and gave few other details, but everyone knew why this was happening. Beginning last spring, a series of legal motions had revealed that Mr. Letten's senior prosecutors had been making provocative, even pugnacious comments about active criminal matters and other subjects under aliases at nola.com, the Web site of The Times-Picayune newspaper.

For a team of prosecutors once referred to in the news media as the Untouchables, with a chief who had drawn broad enough popularity that he had survived a party change in the White House, the exposures were stunning.

Last month, the revelations of online misconduct reached Mr. Letten's top assistant, Jan Mann. A federal judge, in a scathing 50-page order, broached the possibility of criminal conduct in regard to her online activities, as well as those of another senior prosecutor, Sal Perricone, who resigned in March.

The judge also revealed that another federal prosecutor had expressed suspicions about the comments to his supervisors in 2010.

The exposure of Ms. Mann, months after Mr. Letten's avowals that Mr. Perricone had acted alone, raised doubts about the effectiveness of an internal investigation by the Justice Department. The revelations could also jeopardize hard-fought convictions — including those last year of police officers involved in post-Katrina killings on the Danziger Bridge — as well as continuing inquiries like a bribery investigation that appears to be steadily encircling C. Ray Nagin, the former mayor.

Mr. Letten has maintained that he knew nothing about his subordinates' online activities, and there has so far been no evidence to contradict that. But the problems were beginning to stack up, as he acknowledged on Thursday.

"It is essential that the challenges which we take on, and especially our current challenges, which we're going through right now, never, ever, ever, under any circumstances threaten to divert or distract us from our sacred mission of protecting the freedom, the property, the lives and the quality of lives of all of our people," he said.

In a statement, Senator Mary L. Landrieu commended Mr. Letten's "record of rooting out public corruption" but called the decision "a necessary step."

Attorney General Eric H. Holder Jr. called Mr. Letten a "valued partner, dedicated public servant and a good friend." The Department of Justice announced an interim replacement on Thursday and also named a federal prosecutor from Georgia who will be restarting the investigation into the office's internal problems.

Mr. Letten, who has worked in federal law enforcement for nearly three decades, began in his current office as an interim appointment in 2001. He was already well known, having led the successful prosecution of former Gov. Edwin Edwards on bribery and racketeering charges (Mr. Letten named his dog Rico, after the federal racketeering statute).

The front-runner for the office at the time, a politically connected businessman named Fred Heebe, had been accused of abuse by a former wife, and while Mr. Letten had little in the way of political influence, he was chosen to step in.

He focused on public corruption, a fat target in Louisiana's Eastern District; the F.B.I. office here was one of only two in the country to have three public corruption squads.

"Public corruption was the most significant local problem that we had, and the only resource that we had available to us was prosecution in the U.S. attorney's office," said Louis Reigel, who was the F.B.I. special agent in charge here between 2003 and 2005.

Mr. Letten successfully prosecuted parish presidents for bribery, sheriffs for mail fraud, mayors for tax evasion, housing agency officials for embezzlement and contractors for all kinds of things.

Before his reappointment under the Obama administration, Mr. Letten had been criticized by some as not aggressively pursuing civil rights violations. But once the Justice Department made civil rights investigations a priority, Mr. Letten became the local public face of the raft of federal probes into the New Orleans Police Department.

Local support was crucial for investigations driven largely out of Washington, and the image of a clean and effective law enforcement agency was also crucial in a city where trust in institutions is less than optimal.

"There was sort of that constant feed of information to the public: here's a guy 24-7 ferreting out crime," said Harry Rosenberg, who was the United States attorney in the early 1990s.

Mr. Letten could often be seen standing outside the courthouse after a conviction, flanked by his staff, applauding the public for no longer putting up with Louisiana's reputation for corruption.

If Mr. Letten was seen by many as the good cop, Mr. Perricone and Ms. Mann were seen as the other cops. Both were known and at times criticized for their aggressiveness (Mr. Perricone once shoved a defense lawyer after a losing an argument in a judge's chambers). The now-exposed online commentary of the two — which ripped judges, defendants, fellow prosecutors and politicians, including President Obama — seems to corroborate those reputations.



In the end, it was Mr. Heebe, the one-time candidate for Mr. Letten's office, who brought about his downfall. Mr. Heebe had become a target of an investigation surrounding a landfill he owned. But last March, he filed a suit naming Mr. Perricone as the author of covert nola.com comments.

Mr. Perricone admitted to the allegations and resigned. The landfill inquiry was handed over to lawyers from the Justice Department, which also began an internal investigation. Many in town thought Mr. Letten had weathered the problems and would be appointed yet again, regardless of who won the White House.

But on Nov. 2, Mr. Heebe filed another defamation suit, this time naming Ms. Mann. She was demoted, but given her importance to Mr. Letten, and her silence over the past months as the commenting scandal unfolded, the damage was substantial.

"It really is a shame; he was undermined by his own assistants," said Shaun Clarke, a former federal prosecutor now in private practice. "I really think that he's done extraordinary service for the New Orleans region. But Jim is the head man. And I guess the buck stops with him."

## **Federal Prosecutor In New Orleans Resigns Amid Investigation**

By Michael Muskal

[Los Angeles Times](#), December 6, 2012

Jim Letten, who became the face of probity and incorruptibility in New Orleans, resigned as the federal prosecuting attorney amid a scandal involving top deputies who used the Internet to post anonymous criticisms of judges and cases.

Letten announced his resignation at a news conference on Thursday. He gave no reason for leaving the job but insisted he was not forced out.

"The decision ultimately was mine," he said.

"Make no mistake: I stand here before you ... with enormous, unabashed pride in everything we've accomplished and in the tremendous successes we've forged over the years," Letten said.

Letten is the nation's longest-serving U.S. attorney, appointed in 2001. He survived both GOP and Democratic administrations and earned a reputation for fighting corruption, bad cops and scammers in the freewheeling months after Hurricane Katrina.

Dana Boente, a first assistant U.S. attorney in Virginia, was appointed to hold the office until a permanent replacement is named, the Justice Department announced.

Recently, Letten had been under pressure after two senior prosecutors admitted they had anonymously posted criticism of judges and comments about cases on the Times-Picayune's website.

One of those prosecutors, Sal Perricone, resigned in March. He had described a federal judge in New Orleans as someone who "loves killers," and charged that "Obama and his West Wing band of Bolsheviks have a master design to strangle America's economy."

Last month, Letten demoted his top assistant, Jan Mann, after she confessed to posting anonymous comments on the same site.

The Justice Department's Office of Professional Responsibility is investigating the postings, which defense attorneys have argued were a case of prosecutors improperly trying to influence cases.

On Thursday, Atty. Gen. Eric H. Holder Jr. announced the appointment of John Horn, a first assistant U.S. attorney in Georgia, to investigate the online posts and leaks.

## **U.S. Attorney For New Orleans Resigns**

By Josh Gerstein

[Politico](#), December 7, 2012

The top federal prosecutor in New Orleans, U.S. Attorney Jim Letten, has resigned amidst a controversy over anonymous internet postings by lawyers on his staff.

Letten announced his departure during a Thursday morning press conference.

"The decision ultimately was mine," Letten said, according to the Associated Press.

Attorney General Eric Holder saluted Letten in a statement that noted his long service, but did not refer to the current flap.

"As the longest-serving U.S. Attorney in the country today, U.S. Attorney Jim Letten has demonstrated an unwavering commitment to the people of his district and the nation by working tirelessly to make their communities safer through reducing violent crime, fighting public corruption and protecting their civil rights," Holder said. "More recently, [Letten] and his office were instrumental in the department's efforts in ensuring that those who exploited the tragedy of Hurricane Katrina were held

accountable. He has been a valued partner, dedicated public servant and a good friend, and I am grateful for his service to the department over these many years.”

A prosecutor in Letten’s office, Sal Perricone, resigned in March after acknowledging he made online comments about pending cases under a pseudonym.

Last month, Letten’s top deputy Jan Mann was demoted after it was revealed that she made similar anonymous postings, at least one of which was about a case being prosecuted by Letten’s office.

The Justice Department is investigating the postings.

## **Top Federal Prosecutor In New Orleans Resigns**

By Rick Jervis

[USA Today](#), December 6, 2012

NEW ORLEANS – Jim Letten, U.S. attorney for the Eastern District of Louisiana, announced his resignation Thursday in the wake of scandals involving some of his top deputies.

Letten has been the face of sweeping anticorruption and crime-fighting efforts for more than two decades, ranging from his successful prosecution of former Louisiana governor Ed Edwards to police shootings in the wake of Hurricane Katrina.

At a morning press conference, Letten said his decision to resign, effective Dec. 11, came after discussions with colleagues, Justice Department officials and his family. He didn’t specifically address the Justice Department inquiries into his deputies.

“The decision ultimately was mine,” he said.

The Justice Dept. named Dana Boente as Letten’s interim replacement. Boente currently serves as First Assistant U.S. Attorney for the Eastern District of Virginia. Boente began his career with Justice in 1984.

Last month, a local landfill owner filed a defamation lawsuit against Letten’s office, accusing one of the U.S. Attorney’s Office deputies of posting comments about his company on a local news Web forum under a pseudonym. The landfill company was under investigation by Letten’s office on fraud charges.

Another deputy resigned earlier this year under similar charges of posting online comments under a fake name.

Letten was appointed U.S. attorney in 2001 by President George W. Bush. Following Katrina, he oversaw investigations of storm-related contract fraud and police shootings of civilians in the wake of the storm. He has served for 27 years as a federal prosecutor, according to his office’s website.

Letten’s resignation dismantles a lot of the trust the city had in combating corruption and creates a void for overseeing other law enforcement agencies, such as the New Orleans Police Department, said Peter Scharf, a Tulane University criminologist.

“We had this idea that there was one honest broker in the city,” Scharf said. “It destroys that comforting illusion.”

In a statement, U.S. Attorney General Eric Holder praised Letten.

“As the longest-serving U.S. Attorney in the country today (Letten) has demonstrated an unwavering commitment to the people of his district and the nation by working tirelessly to make their communities safer through reducing violent crime, fighting public corruption and protecting their civil rights,” Holder said.

“More recently, he and his office were instrumental in the department’s efforts in ensuring that those who exploited the tragedy of Hurricane Katrina were held accountable. He has been a valued partner, dedicated public servant and a good friend, and I am grateful for his service to the department over these many years.”

Contributing: Associated Press

## **Virginia Federal Prosecutor Named As Interim Replacement For Letten**

[New Orleans Times-Picayune](#), December 7, 2012

The Department of Justice announced Thursday the interim appointment of Dana J. Boente as U.S. Attorney for the Eastern District of Louisiana, replacing Jim Letten, who resigned after 11 years in the post.

Attorney General Eric Holder also announced that Assistant U.S. Attorney John Horn, a career prosecutor and the First Assistant U.S. Attorney in the U.S. Attorney’s Office for the Northern District of Georgia, has been assigned by the department to ensure compliance with a court’s recent order regarding leaks and other issues within Letten’s office that prompted his resignation.

Horn will report directly to the Office of the Deputy Attorney General in connection with the issues, the Justice Department said. Horn has been a federal prosecutor for over 10 years.

Boente currently serves as First Assistant U.S. Attorney for the Eastern District of Virginia, a position he has held since 2007. He was acting interim U.S. attorney in the office as federal prosecutors made their case against former U.S. Rep. William Jefferson, D-New Orleans. Jefferson was eventually convicted of bribery and public corruption and is serving a 13-year sentence.

He also served as the Acting U.S. Attorney for the Eastern District of Virginia from 2008 to 2009. He previously served as the Principal Deputy Assistant Attorney General for the Justice Department's Tax Division from 2005 to 2007 and from 2000 to 2005, he handled numerous complex fraud prosecutions for the Eastern District of Virginia. Previously, Boente served for 16 years as a trial attorney in the Justice Department's Tax Division where he began his career with the department in 1984.

"Dana Boente is a veteran federal prosecutor with a record over the past 28 years of distinguished service to the Department of Justice," Holder said. "I am confident that he will lead the U.S. Attorney's Office through this time of transition and ensure the office's continued commitment to justice for the people of the Eastern District of Louisiana."

## **Federal Prosecutor In New Orleans Resigns After Two Underlings Are Accused Of Misconduct**

By Michael Kunzelman And Kevin McGill

[Associated Press](#), December 7, 2012

NEW ORLEANS — New Orleans' corruption-busting federal prosecutor resigned Thursday after two top deputies became embroiled in a scandal that threatens to undermine some of his biggest cases and damaged his standing as one of the most popular public officials in a city with a rich history of graft.

U.S. Attorney Jim Letten, whose successful prosecution of a former Louisiana governor and numerous other officials won him bipartisan praise for more than a decade, had been under mounting pressure ever since two veteran prosecutors admitted anonymously posting criticism of judges and comments about cases on a newspaper website.

At a news conference, Letten, 59, gave no reason for his resignation but said the decision "was ultimately mine."

He did not address the allegations against his underlings. But he previously said he had no idea what they were up to until their online activities were revealed in court filings.

Until recently, Letten, a Republican-appointed holdover who has held the post since 2001, appeared to be a lock to keep his job during President Barack Obama's second term. Instead, his departure ends his tenure as the nation's longest-serving U.S. attorney.

Letten won fame as an assistant U.S. attorney when he secured a racketeering conviction of former Gov. Edwin Edwards in 2000. His office also successfully prosecuted corrupt judges, killer police officers, bribe-taking school officials and post-Katrina scam artists.

"The public perception of Jim Letten really transcended the position of United States attorney," said Rafael Goyeneche, director of the Metropolitan Crime Commission of New Orleans, a watchdog group. "In many respects, he is the public face of what the people of Louisiana want to change about the pre-Katrina ways of doing business in Louisiana."

Dana Boente, a first assistant U.S. attorney in Virginia, was appointed to Letten's post in the interim.

Letten's downfall was set in motion when one of his prosecutors, Sal Perricone, resigned in March after acknowledging he criticized judges and politicians and commented on cases in anonymous posts on The Times-Picayune's website.

Among other things, Perricone described a federal judge in New Orleans as someone who "loves killers," and charged that "Obama and his West Wing band of Bolsheviks have a master design to strangle America's economy."

Then, last month, Letten demoted his top assistant, Jan Mann, after she, too, confessed to posting anonymous comments on the site.

The Justice Department's Office of Professional Responsibility is investigating the postings, which defense attorneys have cited as evidence the prosecutors improperly tried to influence cases.

The authors of the posts were unmasked in court filings by attorneys for New Orleans businessman Fred Heebe, whose landfill operations are under federal investigation. Heebe had been nominated by then-President George W. Bush for U.S. attorney in 2001 but withdrew amid allegations he had abused an ex-girlfriend and his ex-wife. He denied the allegations. Letten wound up with the job instead.

Letten is stepping down at a time when his office is ramping up an investigation of former New Orleans Mayor Ray Nagin's administration. The probe has resulted in guilty pleas by two businessmen who said they bribed an unidentified city official.

The misconduct allegations have provided ammunition for defense attorneys to challenge other high-profile prosecutions, including the conviction of five former New Orleans police officers on federal civil rights violations over a deadly shooting on a bridge after Hurricane Katrina in 2005.

Defense attorneys in the so-called Danziger Bridge case have asked for a new trial, arguing that the online posts and other media leaks were part of a campaign to smear the officers and possibly influence potential jurors.

On Thursday, Attorney General Eric Holder announced the appointment of John Horn, a first assistant U.S. attorney in Georgia, to investigate the online posts and leaks.

Edwards, the roguish, wisecracking former governor who was convicted of taking payoffs in return for casino licenses, reacted to Letten's downfall by alluding to the old adage about watching the bodies of one's enemies come floating down the river.

"Sit by the river long enough," he told Baton Rouge TV station WAFB. "I did."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **U.S. Attorney Jim Letten Announces Resignation**

[New Orleans Times-Picayune](#), December 7, 2012

U.S. Attorney Jim Letten announced his resignation Thursday amid a federal probe of alleged misconduct by two top deputies.

The longest-serving U.S. attorney in the nation, Letten has held the office since being appointed by Republican President George W. Bush in 2001. He held on to the seat even after Democratic Barack Obama was elected.

Letten had seemed secure, but recent revelations that his top assistants had improperly posted comments on news stories on the Internet, created questions about his management and raised complications in pending cases.

Letten said it had been "an indescribable privilege to serve under two presidential administrations" and that he was proud of the work his office had done.

He said the work done by his office, which included high-profile prosecutions of political figures, the culture had been changed.

He said that in consultation with Department of Justice he has agreed to stay on with department for period to contribute to the transition.

## **No. 2 Federal Prosecutor From Atlanta Likely To Conduct 'Broader, Deeper' Probe Of Letten's Office**

By Gordon Russell And Laura Maggi

[New Orleans Times-Picayune](#), December 7, 2012

In a stinging Nov. 26 order, a federal judge "strongly" urged the Justice Department to name an independent counsel to reinvestigate allegations of leaks from U.S. Attorney Jim Letten's office and to search again for emails that might shed light on the office's online commenting scandal. The New York Times echoed that call in an editorial Sunday.

The wishes of U.S. District Judge Kurt Engelhardt and the newspaper were granted — at least partially — with the appointment of John Horn, First Assistant U.S. Attorney for the Northern District of Georgia.

In a Dec. 4 letter to Engelhardt, Horn said he's been appointed as a special assistant to the attorney general to "prepare the required responses and to ensure the government's compliance with these instructions."

It's not completely clear how broad Horn's mandate extends. In the letter, Horn said only that he would handle the two main tasks the judge assigned:

- \* Redo a report that Letten's former first assistant, Jan Mann, submitted to Engelhardt on June 27. That report purported to be an investigation into alleged leaks by the office — in particular the advance word of the coming guilty plea of former New Orleans police Lt. Michael Lohman in the Danziger Bridge case.

- \* Submit an "updated response" to an order Engelhardt gave Letten's office on July 9. That order requested all emails dealing with web postings by employees, including those "prohibiting, admonishing, or cautioning" them about posting on nola.com or other websites.

The judge wants all of those emails over a two-year period ending in March.

The initial response by Letten's office to the latter order, like the leak investigation, was completed by Mann. Engelhardt said both of her submissions were unreliable, now that it's clear she too was involved in commenting on stories at NOLA.com.

He chided the office for making no apparent effort to question reporters about leaks or to ask prosecutors about their online activities. Horn presumably will be expected to do more.

His letter to Engelhardt says that he has handled his office's responses "to a number of sensitive inquires," adding: "I am confident that I will accomplish a thorough and objective review of the matters pending in this case."

Engelhardt's order suggested that the Justice Department tap an "independent counsel" to investigate the case, saying it was necessary because of the office's own failings.

Prosecutors termed “independent counsels” were prominent figures throughout the last quarter of the 20th century. The most famous — and infamous, in some quarters — was Kenneth Starr, whose investigation into a failed Arkansas land deal led to a much more sprawling probe and the eventual impeachment of Clinton.

But the law authorizing such independent prosecutors — appointed by a three-judge panel and given broad leeway — expired in 1999.

Since then, the Justice Department has had the ability to appoint special prosecutors, as Engelhardt seemed to be suggesting. While these prosecutors are assigned to a particular case, they still report back to the agency, rather than to a judicial panel.

In this case, the Justice Department indicated that Horn will report to James Cole, the deputy attorney general. Cole was in the city on Friday, but he did not return a phone message from The Times-Picayune. Nor did Horn.

The fact that Horn will report to a Justice Department official rather than a judicial panel may tend to limit his scope somewhat, legal observers said. But several experts agreed that they would be shocked if Horn’s probe was not extremely thorough.

“I think John Horn’s appointment and his reporting line directly to the deputy attorney general, the second-in-command, is very telling,” said former U.S. Attorney Harry Rosenberg. “I think it shows they recognize that they need to conduct an investigation that comports not only with the federal judge’s expectations but also with the public’s expectations, and that the last round was lacking or wanting.”

Rosenberg said he thinks the new probe could be much more aggressive.

“I would expect the efforts will be a lot broader and deeper than Jan Mann’s report to the court,” he said. “I would not be surprised if (Horn) winds up questioning every (prosecutor) as well as every paraprofessional in that office — as well as exploring whether subpoenas should be issued to the media to find out whether they’re willing to say who provided them with information.”

## **New Interim U.S. Attorney Described By Former Colleagues As Fair And Hard Working**

By Bruce Alpert

[New Orleans Times-Picayune](#), December 7, 2012

Washington — The veteran prosecutor chosen to run the New Orleans U.S. Attorney’s office on an interim basis is described by former colleagues as fair, hardworking and not prone to rash decisions. Dana Boente currently serves as First U.S. Attorney for the Eastern District of Virginia, or the office’s No. 2 official.

It’s the same U.S. Attorney’s office that successfully prosecuted former Rep. William Jefferson, D-New Orleans. D-New Orleans on corruption charges. Boente was a supervisor who helped oversee the prosecution team, though he wasn’t involved directly in the day-to-day case that ended with a 2009 guilty verdict and a record 13-year prison sentence for Jefferson. Jefferson is now incarcerated at the federal correctional facility in Beaumont, TX.

“I am confident that he will lead the U.S. Attorney’s Office through this time of transition and ensure the office’s continued commitment to justice for the people of the Eastern District of Louisiana,” Attorney General Eric Holder said in statement announcing Boente’s interim appointment to replace Jim Letten. Letten announced his resignation Thursday.

Chuck Rosenberg, the former U.S. Attorney for the Eastern District of Virginia, said Boente, a 28-year Justice Department veteran, was his first assistant and served effectively.

“Dana is remarkably diligent, thoughtful, and industrious,” Rosenberg said. “Nobody works harder, gets to the office earlier, or stays later. I thought I worked hard until I met him.”

Virginia Federal Magistrate Judge Lawrence Leonard, who also worked with Boente in the Virginia prosecutor’s office, said he has all the qualities required to oversee the high-profile corruption cases now waiting him in New Orleans: “Hard working, very thoughtful, fair, a good communicator and a good sense of humor,” Leonard said.

Boente, an Illinois native, declined to comment Thursday. Friends said he’s busy preparing for an unexpected Christmas holiday move to New Orleans.

According to his biography, he served as interim U.S. Attorney in Virginia between 2008 and 2009. From 2000 to 2005 he handled complex fraud prosecutions for the same Virginia office.

Before his work at the Virginia prosecutors’ office, he served 16 years as a trial attorney in the Justice Department’s Tax Division, where he began his career with the department in 1984.

## **Pot Smokers Enter Legal Limbo In Washington, Colorado**

By Alan Duke

[CNN](#), December 5, 2012



(CNN) — A legal haze descends on Washington state pot smokers Thursday, when possession of up to an ounce of marijuana by adults becomes legal, but growing and selling it remains a crime.

Initiative 502, passed last month by Washington voters, legalized recreational marijuana use starting December 6, but it will take a year before there are rules for growing and selling it.

"It begs the question, if they can't buy it through a medical marijuana shop, which only people with a prescription and medical marijuana license can, how do they get it?" Washington State Liquor Control Board spokesman Brian Smith said Wednesday.

Growing and selling marijuana will still be prosecuted as a felony, King County Prosecutor Dan Satterberg told CNN.

Read more: Marijuana advocates hope to rise from 'prohibition'

"So I'm not sure where you're suppose to get it," Satterberg said. "If you stumble across some on the street or it falls from the sky, then you can have it. Otherwise, you are part of a criminal chain of distribution."

Until the state takes over managing marijuana sales, the black market will thrive as it meets consumer demands, Satterberg said.

Recreational pot smokers in Colorado could gain quicker legal access to marijuana thanks to that state's "sophisticated and pretty elaborate" medical marijuana system already in place, Smith said. Gov. John Hickenlooper has up to a month to sign into law Colorado's pot decriminalization initiative after its passage is certified Thursday.

Trafficking in marijuana is still a federal crime, but the governors of Washington and Colorado have appealed to U.S. Attorney General Eric Holder to clarify how the Justice Department will view recreational pot sales in their states.

"We don't want to go and spend serious resources only to have it stopped by the federal government," Smith said. "It would sure help Washington state if they weighed in and made clear their expectations."

The Justice Department is reviewing the new state laws, the U.S. attorney's office said Wednesday. But it said that the department's responsibility to enforce the Controlled Substances Act has not changed.

"Regardless of any changes in state law, including the change that will go into effect on December 6 in Washington state, growing, selling or possessing any amount of marijuana remains illegal under federal law. Members of the public are also advised to remember that it remains against federal law to bring any amount of marijuana onto federal property, including all federal buildings, national parks and forests, military installations and courthouses."

Twenty Colorado business groups have appealed to Holder to enforce federal pot laws, because of questions about how to deal with workers who are high.

"There is uncertainty about our ability to terminate employees if they come to the job impaired," said Sandra Hagen Solin of the Northern Colorado Legislative Alliance. "There are obligations that we have under the drug-free workplace. There are a lot of questions that have arisen."

Satterberg predicted the Justice Department will intervene with a lawsuit, which could drag on for years. Read more: Is medical marijuana safe for children?

Seattle police offered a guidebook explaining Washington's new law.

People over 21 can possess up to an ounce of marijuana — or 16 ounces of solid, marijuana-infused product, like cookies, or 72 ounces of infused liquid, like oil — for personal use, the guide says.

"Please note that the initiative says it 'is unlawful to open a package containing marijuana... in view of the general public,' so there's that," it adds. "Also, you probably shouldn't bring pot with you to the federal courthouse (or any other federal property)."

"The Seattle Police Department will continue to enforce laws against unlicensed sale or production of marijuana, and regulations against driving under the influence of marijuana, which remains illegal," the book says.

Growing marijuana at home and selling it to friends or family remains against the law, the guide says. But, it adds, "In the future, under state law, you may be able to get a license to grow or sell marijuana."

Smoking pot in public, like having an open beer, "could result in a civil infraction — like a ticket — but not arrest," it says.

"You can certainly use marijuana in the privacy of your own home," the guide says. "Additionally, if smoking a cigarette isn't allowed where you are (say, inside an apartment building or flammable chemical factory), smoking marijuana isn't allowed there either."

What if an officer suspects a motorist is under the influence of pot?

"If an officer believes you're driving under the influence of anything, they will conduct a field sobriety test and may consult with a drug recognition expert," it says. "If officers establish probable cause, they will bring you to a precinct and ask your permission to draw your blood for testing. If officers have reason to believe you're under the influence of something, they can get a warrant for a blood draw from a judge. If you're in a serious accident, then a blood draw will be mandatory."

No longer will the smell of marijuana emanating from a vehicle lead to a search unless the officer has "information that you're trafficking, producing or delivering marijuana in violation of state law," it says.

Seattle does not hire police officers who have used marijuana in the previous three years, but the department is consulting its lawyers "to see if and how that standard may be revised."

Pot use and possession by anyone under 21 is still a violation of state law. "It may be referred to prosecutors, just like if you were a minor in possession of alcohol," the police guide says.

The ban by universities and colleges on smoking pot on campus is not expected to change.

Opinion: U.S. should honor states' new pot laws

## **Poll: Feds Should Back Off When States Legalize Pot**

By Susan Page

[USA Today](#), December 6, 2012

Americans are divided over whether marijuana should be decriminalized — 50% say no, 48% say yes — but they overwhelmingly agree on this: When states vote to legalize pot, the feds should look the other way.

In a USA TODAY/Gallup Poll, those surveyed say by almost 2-1, 63%-34%, that the federal government shouldn't take steps to enforce federal marijuana laws in states that legalize pot.

The question took on some urgency Thursday as Washington became the first state to decriminalize the possession of marijuana for recreational purposes. Just after midnight, hundreds of celebrants lit joints at the base of Seattle's Space Needle.

A similar law is scheduled to take effect January in Colorado, where voters last month also approved a ballot measure legalizing the manufacture, distribution and possession of up to an ounce of marijuana by adults 21 and older.

That puts both states in conflict with federal law, which lists pot in the same Schedule 1 category as heroin and LSD. "The department's responsibility to enforce the Controlled Substances Act remains unchanged," the U.S. Attorney's office in Seattle said in a written statement. "Neither states nor the executive branch can nullify a statute passed by Congress."

Still unclear is precisely how, and how aggressively, federal law enforcement officials plan to proceed.

The poll finds no national groundswell to decriminalize marijuana. Support for legalization has risen dramatically since 1969, when Gallup found Americans opposed the idea by 84%-12%. But levels of support actually have dipped a tad from last year, when 50% supported legalization and 46% opposed it.

The age group most in favor of the feds, well, chilling out, aren't young people but those 50 to 64 years old, members of the Baby Boom generation. Seventy percent say the feds should look the other way, as do 69% of those under 30. Among those between 30 and 49 and seniors 65 and older, 61% oppose enforcement.

The poll of 1,015 Americans, taken Nov. 26-29, has a margin of error of +/- 4 percentage points.

## **Two Laws Are Welcomed After Midnight In Seattle**

By Stacey Solie

[New York Times](#), December 7, 2012

SEATTLE — At 12:01 Thursday morning, the King County administration building here opened its doors to hundreds of couples waiting to apply for marriage licenses, the first day that same-sex couples were able to apply after Washington voters last month approved a ballot measure making it all perfectly legal.

By 5 p.m. Thursday, the office had issued 481 licenses — most of them to same-sex couples — doubling the previous record for licenses issued in a single day, Barnaby Dow, a county spokesman said.

Also around midnight, in another part of town, a different kind of party was taking place under the city's Space Needle, where dozens of people had gathered to celebrate the vote to legalize recreational use of marijuana in the state.

Besides approving same-sex marriage, Washington voters last month also passed ballot measure I-502, legalizing possession of up to an ounce of marijuana for those 21 and older. And even though smoking marijuana in public is still illegal under the new rules, and all marijuana smoking and possession remains illegal under federal law, the city's police department has been told to stand down for now.

The police department's Web site attempts to clarify the new law: "Does this mean you should flagrantly roll up a mega-spliff and light up in the middle of the street? No. If you're smoking pot in public, officers will be giving helpful reminders to folks about the rules and regulations under I-502 (like not smoking pot in public)."

The line at the marriage license bureau at one point snaked down the block and halfway around the building.

The King County executive, Dow Constantine, operating on one hour of sleep, was on his way to the restroom with a toothbrush and a tube of toothpaste. It was Mr. Constantine who made the decision to open the doors at midnight and to get staff to volunteer to work through the wee hours.

"People have waited years for this," he said. "They should not have to wait a minute longer to take advantage of their rights."



As at the Space Needle, the atmosphere was celebratory. There were flowers, people blowing bubbles and supporters who serenaded those in line with “Going to the Chapel.”

“People are brimming with optimism,” Mr. Constantine said.

By midday, the party atmosphere had dissipated a bit, as had the line. The more than 400 licenses handed out, though, handily beat the previous single-day record of 212, Mr. Dow said.

Matt Beebe, 31, and David Mifflin, 38, missed the mad midnight rush, and posed for a photo with their newly signed certificate.

“When I was growing up, I never thought I’d be able to get married, or have my relationship recognized by society,” Mr. Beebe said. “I thought it would have to be secret.”

They exchanged vows at a wedding in July before the marriage was legal. They plan to go to City Hall on Sunday for a civil ceremony. In Washington, couples are required to wait three days after getting their license to be married.

Much of the celebrating of both new laws had happened on election night, when the streets of Capitol Hill filled with revelers.

And not everyone is celebrating. Angel Martos, 45, volunteers at a local marijuana dispensary and smokes to ease pain from treatment for stomach cancer. She said the dispensary has been inundated with calls from people who want to buy marijuana for recreational use, even though it is illegal for the dispensaries to sell it to them. “It is a good thing in theory,” Ms. Martos said, “but the law itself is misleading.”

## **Administration Weighs Legal Action Against States That Legalized Marijuana Use**

By Charlie Savage

[New York Times](#), December 7, 2012

WASHINGTON — Senior White House and Justice Department officials are considering plans for legal action against Colorado and Washington that could undermine voter-approved initiatives to legalize the recreational use of marijuana in those states, according to several people familiar with the deliberations.

Even as marijuana legalization supporters are celebrating their victories in the two states, the Obama administration has been holding high-level meetings since the election to debate the response of federal law enforcement agencies to the decriminalization efforts.

Marijuana use in both states continues to be illegal under the federal Controlled Substances Act. One option is to sue the states on the grounds that any effort to regulate marijuana is pre-empted by federal law. Should the Justice Department prevail, it would raise the possibility of striking down the entire initiatives on the theory that voters would not have approved legalizing the drug without tight regulations and licensing similar to controls on hard alcohol.

Some law enforcement officials, alarmed at the prospect that marijuana users in both states could get used to flouting federal law openly, are said to be pushing for a stern response. But such a response would raise political complications for President Obama because marijuana legalization is popular among liberal Democrats who just turned out to re-elect him.

“It’s a sticky wicket for Obama,” said Bruce Buchanan, a political science professor at the University of Texas at Austin, saying any aggressive move on such a high-profile question would be seen as “a slap in the face to his base right after they’ve just handed him a chance to realize his presidential dreams.”

Federal officials spoke on condition of anonymity because they were not authorized to discuss the matter. Several cautioned that the issue had raised complex legal and policy considerations — including enforcement priorities, litigation strategy and the impact of international antidrug treaties — that remain unresolved, and that no decision was imminent.

The Obama administration declined to comment on the deliberations, but pointed to a statement the Justice Department issued on Wednesday — the day before the initiative took effect in Washington — in the name of the United States attorney in Seattle, Jenny A. Durkan. She warned Washington residents that the drug remained illegal.

“In enacting the Controlled Substances Act, Congress determined that marijuana is a Schedule I controlled substance,” she said. “Regardless of any changes in state law, including the change that will go into effect on December 6 in Washington State, growing, selling or possessing any amount of marijuana remains illegal under federal law.”

Ms. Durkan’s statement also hinted at the deliberations behind closed doors, saying: “The Department of Justice is reviewing the legalization initiatives recently passed in Colorado and Washington State. The department’s responsibility to enforce the Controlled Substances Act remains unchanged.”

Federal officials have relied on their more numerous state and local counterparts to handle smaller marijuana cases. In reviewing how to respond to the new gap, the interagency task force — which includes Justice Department headquarters, the Drug Enforcement Administration, the State Department and the offices of the White House Counsel and the director of National Drug Control Policy — is considering several strategies, officials said.

One option is for federal prosecutors to bring some cases against low-level marijuana users of the sort they until now have rarely bothered with, waiting for a defendant to make a motion to dismiss the case because the drug is now legal in that state. The department could then obtain a court ruling that federal law trumps the state one.

A more aggressive option is for the Justice Department to file lawsuits against the states to prevent them from setting up systems to regulate and tax marijuana, as the initiatives contemplated. If a court agrees that such regulations are pre-empted by federal ones, it will open the door to a broader ruling about whether the regulatory provisions can be “severed” from those eliminating state prohibitions — or whether the entire initiatives must be struck down.

Another potential avenue would be to cut off federal grants to the states unless their legislatures restored antimarijuana laws, said Gregory Katsas, who led the civil division of the Justice Department during the George W. Bush administration.

Mr. Katsas said he was skeptical that a pre-emption lawsuit would succeed. He said he was also skeptical that it was necessary, since the federal government could prosecute marijuana cases in those states regardless of whether the states regulated the drug.

Still, federal resources are limited. Under the Obama administration, the Justice Department issued a policy for handling states that have legalized medical marijuana. It says federal officials should generally not use their limited resources to go after small-time users, but should for large-scale trafficking organizations. The result has been more federal raids on dispensaries than many liberals had expected.

## **One Toke Over The Line In Washington State, Where Pot Is Now Legal**

By Kim Murphy

[Los Angeles Times](#), December 6, 2012

SEATTLE — More than 100 hard-core tokers gathered under the Space Needle at the stroke of midnight Wednesday night to light one up in celebration of Washington state’s new marijuana law, which makes it legal for those 21 and older to possess an ounce or less of pot.

Voters in Washington and Colorado approved the nation’s first recreational marijuana laws in November, and though Colorado’s doesn’t take effect until January, the Washington initiative allows pot possession as of Thursday — though it’s still illegal for the moment to buy, sell or grow marijuana.

And smoking publicly remains against the law. That didn’t stop the bandanna-clad crew puffing on pipes and joints under a chilly night sky early Thursday, and it appeared the Seattle Police Department was not in the mood to arrest anyone on a night most seemed to take as celebratory.

“The Dude abides, and says, ‘Take it inside!’ “ the SPD posted on its police blotter, under a photo of Jeff Bridges as “The Big Lebowski.”

The department issued a bulletin to officers directing them “until further notice” to take no enforcement action, other than a verbal warning, against those violating the new law, known as Initiative 502.

“We had a city ordinance prior to this that said marijuana enforcement was our lowest enforcement priority,” police department spokesman Jeff Kappel told the Los Angeles Times.

The state’s Liquor Control Board, tasked with setting up regulations to carry out the law, will over the next year draft a framework for licensing growers, handlers and retailers that initiative supporters hope will put black market drug dealers out of business.

The state’s existing medical marijuana law remains unchanged.

“I think we have some ability to use our experience in regulating liquor, which is to me a similar public safety kind of product,” the control board’s administrative director, Pat Kohler, said in an interview. “You want to ensure it doesn’t get in the hands of minors, and you want to make sure it doesn’t get in the wrong hands, where it can be used improperly.”

State officials believe the hefty taxation on state-produced marijuana called for under the law could bring in \$2 billion over the next five years.

Still unclear is what move may be next from the federal government, which still considers marijuana possession a felony.

The U.S. attorney’s office in Seattle issued a warning from the U.S. Justice Department on Wednesday that said it was taking its enforcement responsibility seriously.

“The department’s responsibility to enforce the Controlled Substances Act remains unchanged,” the statement said. “Regardless of any changes in state law, including the change that will go into effect on Dec. 6 in Washington state, growing, selling or possessing any amount of marijuana remains illegal under federal law.”

Likewise, it said, bringing pot onto any federal property, including national parks and forests, military installations and courthouses, would continue to be a poor idea.

## Washington's Legalization Of Marijuana — Far More Complicated Than It Might Seem At First Puff

By Gene Johnson

[Associated Press](#), December 7, 2012

SEATTLE — People openly lit joints under the Space Needle and on Seattle's sidewalks — then blew the smoke at TV news cameras. To those looking to “get baked,” the city's police department suggested pizza and a “Lord of the Rings” movie marathon.

What, exactly, is going on in Washington state?

Marijuana possession became legal under state law Thursday, the day a measure approved by voters to regulate marijuana like alcohol took effect. It prompted midnight celebrations from pot activists who say the war on drugs has failed.

But as the dawn of legalization arrives, Washington and Colorado, where a similar law passed last month, now face some genuinely complicated dilemmas: How on Earth do you go about creating a functioning, legal weed market? How do you ensure adults the freedom to use pot responsibly, or not so responsibly, while keeping it away from teenagers?

And perhaps most pressingly, will the Justice Department just stand by while the states issue licenses to the growers, processors and sellers of a substance that, under federal law, remains very much illegal?

“We’re building this from the ground all the way up,” said Brian Smith, spokesman for the Washington Liquor Control Board, which is charged with regulating the drug. “The initiative didn’t just wave a magic wand and make everybody here an expert on marijuana.”

The measures approved Nov. 6 have two main facets. First, they OK the possession of up to an ounce of marijuana by adults over 21. That took effect Thursday in Washington, though it remains illegal — for now — to sell pot, so people have to keep getting it from the marijuana fairy.

In Colorado, where pot fans will also be able to grow their own plants, the law takes effect by Jan. 5.

The other part of the measures, the regulatory schemes, are trickier. Washington's Liquor Control Board, which has been regulating alcohol for 78 years, has a year to adopt rules for the fledgling pot industry: How many growers, processors and stores should there be in each county? Should there be limits on potency? How should the pot be inspected, packaged and labeled?

To help answer those questions, officials will turn to experts in the field — including police, public policy experts and some of the state's many purveyors of medical marijuana. Smith anticipates undercover monitoring operations to make sure the private, state-licensed stores aren't selling to minors.

With legalization, officials need to look at some of the measures that have been shown to reduce teen drinking, said Derek Franklin, president of the Washington Association for Substance Abuse and Violence Prevention. That includes public education about the risks of pot use and driving while stoned, emphasize patrols to look for stoned drivers, and encouraging cities to adopt laws that hold parents accountable if they host parties at which kids are provided marijuana.

“We’re really going to need to get all hands on deck to sort through this,” he said.

The marijuana will be taxed heavily, with revenues possibly reaching hundreds of millions of dollars a year for schools, health care, basic government services and substance abuse prevention.

Unless, of course, the Justice Department has something to say about it.

Few people question the states' ability to simply remove all penalties under their own laws for marijuana. The federal government would remain free to raid state-licensed growers or stores and prosecute those involved in federal court, just as they remain free to shut down medical marijuana dispensaries in states with medical marijuana laws.

Whether a state can regulate an illegal substance is another question. Many constitutional law scholars say the answer is no: Washington and Colorado's regulatory schemes obviously conflict with marijuana's prohibition in the federal Controlled Substances Act, and when state and federal laws conflict, the feds win out, they say.

So the Justice Department could likely sue to block the regulatory schemes. But will it? What's better, from the administration's perspective — an ounce of weed legalized with regulation or an ounce of weed legalized with no oversight?

The department has given no hints about its plans.

While pot fans wait for an answer, they are partying. Though Washington's law prohibits smoking in public, about 200 gathered under the Space Needle for a New Year's Eve-style countdown to midnight. A few dozen gathered on a sidewalk outside the north Seattle headquarters of the annual Hempfest celebration and did the same, offering joints to reporters.

“I feel like a kid in a candy store!” shouted Hempfest volunteer Darby Hageman. “It’s all becoming real now!”

The Seattle Police Department emailed its 1,300 officers, telling them not to write any citations for smoking pot in public until further notice. A voter initiative passed in 2003 made marijuana enforcement the department's lowest priority, and for years officers have looked the other way while thousands light up at Hempfest.

Officers will nevertheless advise people not to smoke in public, police spokesman Jonah Spangenthal-Lee wrote on the SPD Blotter. "The police department believes that, under state law, you may responsibly get baked, order some pizzas and enjoy a 'Lord of the Rings' marathon in the privacy of your own home, if you want to."

He offered a catchy new directive referring to the film "The Big Lebowski," popular with many marijuana fans: "The Dude abides, and says 'take it inside!'"

---

Gene Johnson can be reached at <https://twitter.com/GeneAPseattle>.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Consumer Bureau Signs Data Deal With Justice Department\***

By Carter Dougherty, Bloomberg News

[Bloomberg News](#), December 7, 2012

The U.S. Consumer Financial Protection Bureau and the Department of Justice will share information to streamline enforcement of fair-lending laws, the two agencies announced.

"The Department of Justice welcomes the new tools and resources the CFPB can bring to the fight against lending discrimination," Thomas E. Perez, assistant attorney general for the department's civil rights division, said in an e-mailed statement.

Both the consumer bureau, which was created by the Dodd-Frank law of 2010, and the department have authority to fight discrimination in lending under the Equal Credit Opportunity Act. The act bars discrimination in lending on the basis of race, religion, national origin and other protected categories.

Under the accord, the two agencies will share information and take steps to keep it confidential, according to the statement. They will also notify each other of enforcement work to avoid unnecessary duplication, according to the statement.

To contact the reporter on this story: Carter Dougherty in Washington at [cdougherty6@bloomberg.net](mailto:cdougherty6@bloomberg.net)

To contact the editor responsible for this story: Maura Reynolds at [mreynolds34@bloomberg.net](mailto:mreynolds34@bloomberg.net)

## **US Prosecutors In Illinois Collect Millions In Fiscal Year 2012**

[Associated Press](#), December 6, 2012

CHICAGO (AP) — U.S. Attorney's offices in Illinois have announced they've collected millions of dollars in the fiscal year 2012 through criminal and civil actions.

The office for the Northern District of Illinois includes Chicago and is one of the nation's busiest. It collected more than \$31 million. That's just under its annual budget of nearly \$35 million.

The Southern District of Illinois with offices in East St. Louis and Benton brought in nearly \$9 million. And the Central District of Illinois based in Springfield collected over \$4.5 million.

Nationwide, federal prosecutors' offices collected a total of \$13 billion. That doubles the \$6.5 billion collected in fiscal year 2011.

The \$13 billion is also six times the appropriated budgets of the 94 offices combined.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Federal Prosecutors Take In \$10M In Local Fines**

By Chris Bagley

[Triangle Business Journal](#), December 6, 2012

Federal prosecutors said their local cases in the most recent fiscal year yielded \$10.2 million in fines, restitution and other repayments.

The total included \$8.1 million resulting from criminal prosecutions in the Eastern District of North Carolina and \$2.1 million from civil lawsuits filed by various federal agencies, U.S. Attorney Thomas Walker said.

The annual total was down from \$15.6 million in the 2011 fiscal year and \$10.8 million in the 2010 fiscal year.

Fines in many criminal cases are used in part to fund restitution for victims who have suffered financial losses or physical injuries. The civil lawsuits include cases filed under the False Claims Act, which allows the government to recoup inappropriate charges from contractors. Chris Bagley covers the legal-services industry, transportation and utilities. Follow him on Twitter @TriBizLaw



## **SUPREME COURT:**

### **Generic Drug Accords Face Review By U.S. Supreme Court**

By Greg Stohr

[Bloomberg News](#), December 7, 2012

A multibillion-dollar fight between the drug industry and antitrust enforcers is poised to get U.S. Supreme Court review in a case that may determine how quickly low-price generic medicines reach the market.

The justices will say as early as today whether they'll scrutinize "pay for delay" agreements that the Federal Trade Commission says cost customers \$3.5 billion each year. Under the accords, brand-name drugmakers pay other companies to hold off selling generic versions. The pharmaceutical industry says the accords are legitimate settlements of patent disputes.

Companies have struck more than 100 such deals since 2005. Medicines made by Bayer AG (BAYN), Merck & Co. (MRK), Bristol-Myers Squibb Co. (BMY), Watson Pharmaceuticals Inc. (WPI) and Teva Pharmaceutical Industries Ltd. (TEVA) have been the focus of court cases, as FTC Chairman Jon Leibowitz seeks to crack down on the practice.

"This case could determine how an entire industry does business because it would dramatically affect the economics of each decision to introduce a generic drug," said Ralph Neas, president and chief executive officer of the Generic Pharmaceutical Association, a Washington-based trade group.

With federal appeals courts divided on the propriety of the settlements, also known as reverse payments, drug companies and antitrust enforcers alike are urging the Supreme Court to set a nationwide standard. The court often intervenes when lower courts are split on a legal issue. A decision to take up the issue would mean a ruling by June.

The FTC, backed by the Justice Department, is appealing a ruling that rejected its suit against Solvay Pharmaceuticals Inc., now owned by Abbott Laboratories (ABT), and three generic-drug manufacturers over Androgel, a treatment for low testosterone in men.

The FTC says the price for the drug was poised to fall at least 75 percent in 2007, after the Food and Drug Administration had given its approval to generic versions. Faced with the prospect of losing \$125 million in annual profits, Solvay instead paid the three generic-drug producers, including Watson, as much as \$42 million a year to delay their competing versions until 2015, the FTC says.

"The agreements made economic sense only as a mechanism for Solvay to pay its nascent generic competitors to delay competing with it," the FTC said in court papers.

The companies say FDA approval was no guarantee of imminent generic competition because Solvay had a patent that, if backed by the courts, would have protected the drug until 2020. Solvay says it gave up the last five years of that patent protection as part of the agreement.

"Solvay agreed to less exclusion than it lawfully and realistically might have obtained in the exercise of its constitutionally protected right to assert its patent reasonably," the Abbott unit argued in court papers.

The companies say the payments were compensation for services to be provided by the generic-drug manufacturers, including Watson's marketing of Androgel to urologists.

The high court is also weighing drug company appeals in a similar clash over K-Dur, Merck's treatment for potassium deficiency. In that case, a federal appeals court ruled that drug purchasers could press ahead with claims that Schering-Plough, now part of Merck, violated federal antitrust laws in 1997 by paying Upsher-Smith Laboratories Inc. \$60 million to delay introduction of a generic version of K-Dur.

Supreme Court review would test the intersection of antitrust principles, which encourage competition, and patent law, which gives innovators a monopoly over their products. That tension is complicated in the drug context because of a federal law that aims to bring generic versions to market quickly.

Under the Hatch-Waxman Act, the company that files the first FDA application to sell a generic drug gets the right to market it exclusively for six months if it is approved. The FDA filing typically triggers a lawsuit by the brand-name company claiming its patent is being infringed.

The FTC and its allies, including 31 states, say those infringement claims are often baseless, making the settlements similarly dubious. The agency says generic-drug makers have won about 75 percent of the patent suits that have been litigated to final judgment.

The FTC says it has less concern about settlements that set a date for generic entry without involving a payment, accords the agency says may simply reflect the prospects of success in the infringement case. A reverse payment, by contrast, "is most naturally understood as consideration for the generic manufacturer's agreement to delay market entry," the FTC said.

Prices for generics typically are 20 percent to 30 percent less than the name-brand counterparts, and in some cases are as much as 90 percent cheaper, according to the FTC.

Drug companies say the settlements enhance competition and encourage innovation. The Pharmaceutical Research and Manufacturers of America, which represents brand-name drugmakers, told the justices that companies spend an average of \$1.3 billion to create a drug, counting the cost of failed products.

Without strong patent protection — and broad power to settle cases — companies would be less willing to make that investment, the trade group said in court papers criticizing the ruling in the Merck case by the Philadelphia-based 3rd U.S. Circuit Court of Appeals.

“By restricting the ability of innovator companies to manage risk and avoid the costs and uncertainty of litigation, the 3rd Circuit’s rule dramatically diminishes incentives for innovation and product development,” the Washington-based trade group argued.

In letting the suit against Merck go forward, the 3rd Circuit said courts should start with the presumption that reverse payments are anticompetitive. Accords are permissible only if manufacturers can show the payments serve a purpose other than delayed entry or offer some pro-competitive benefit, the appeals court said.

Three other federal appeals courts have taken a less skeptical approach toward reverse payments. In the Androgel case, the Atlanta-based 11th Circuit ruled that, unless the patent litigation is a sham, reverse payment agreements are immune from antitrust attack so long as they stay “within the scope of the exclusionary power of the patent.”

The Supreme Court refused to hear an FTC appeal in a reverse payment case involving K-Dur in 2006. At the time, the Justice Department under President George W. Bush was at odds with the FTC on the issue and urged the Supreme Court not to hear the appeal. The Justice Department switched its stance on the issue after President Barack Obama was elected.

Reverse payment accords have been a signature issue for Leibowitz as FTC chairman. He has pursued a two-pronged strategy, pressing cases in court while urging Congress to pass a law that would limit the deals.

A victory at the Supreme Court “would be very good for reduced pharma prices,” said Herb Hovenkamp, a professor at the University of Iowa College of Law who supports Leibowitz’s efforts. Should the FTC lose, “that might be a way of getting Congress into the game.”

The cases are Federal Trade Commission v. Watson Pharmaceuticals, 12-416; Merck v. Louisiana Wholesale Drug, 12-245; and Upsher-Smith Laboratories v. Louisiana Wholesale Drug, 12-265.

To contact the reporter on this story: Greg Stohr in Washington at [gstohr@bloomberg.net](mailto:gstohr@bloomberg.net)

To contact the editor responsible for this story: Steven Komarow at [skomarow1@bloomberg.net](mailto:skomarow1@bloomberg.net)

## **TERRORISM NEWS:**

### **Man Pleads Guilty To Plotting Attack On Seattle Military Complex With Machine Guns, Grenades**

By Manuel Valdes

[Associated Press](#), December 7, 2012

SEATTLE — A man pleaded guilty Thursday to plotting an attack on a Seattle military complex with machine guns and grenades.

Abu Khalid Abdul-Latif, 35, agreed to a prison sentence between 17 and 19 years, the U.S. attorney’s office in Seattle said. He pleaded guilty to conspiracy to murder U.S. officers and conspiracy to use weapons of mass destruction and is scheduled to be sentenced in March.

Abdul-Latif was arrested June 22, 2011, along with an acquaintance from Los Angeles, when authorities said they arrived at a Seattle warehouse garage to pick up machine guns and grenades to use in the attack. Investigators had set up the buy after a confidential informant alerted authorities of the men’s plan.

In conversations the FBI recorded with the help of the informant, Abdul-Latif and his co-defendant, Walli Mujahidh, discussed how they wanted to gun down people in the Military Entrance Processing Station in south Seattle as revenge for atrocities by U.S. soldiers in Afghanistan, prosecutors said. The military complex houses a federal daycare center.

Mujahidh, 33, pleaded guilty in the case in December 2011.

“This defendant plotted to kill American servicemen and women, and other innocent people in furtherance of his extremist views,” U.S. Attorney Jenny A. Durkan said of Abdul-Latif in a statement. “The continued vigilance of the community and the work of law enforcement ensured that we were able to successfully disrupt his deadly plan and bring Mr. Abdul-Latif to justice.”

Emails to Abdul-Latif’s defense attorneys were not immediately returned.

In June, the defense lawyers filed motions seeking to get some of the prosecution's evidence thrown out, saying the government should not have been able to obtain a secret warrant because there was no indication Abdul-Latif was involved in international terrorism. That motion was denied by a federal judge, who said investigators followed proper procedures.

That filing also showed that Abdul-Latif was being monitored by the FBI long before an acquaintance was recruited to take part in the plot reported it to investigators. In late January 2011, an agent ran a records search on Abdul-Latif and his wife, and by the following month, agents were watching Abdul-Latif while he worked as a janitor and while he attended a mosque with his wife and son.

The FBI monitoring occurred just a few months after Abdul-Latif began posting YouTube videos in which he expressed support for Islamist fighters.

Federal authorities and Seattle police have credited the informant with bringing the plot to light. The informant, a repeat felon and convicted sex offender, was paid \$90,400 for his cooperation.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Man At Center Of Seattle Terror Plot Admits Guilt**

By Levi Pulkkinen

[Seattle Post-Intelligencer](#), December 7, 2012

The lead defendant in a plot to kill soldiers and government workers at a Seattle Department of Defense facility has pleaded guilty.

Abu Khalid Abdul-Latif pleaded guilty Thursday to related charges in a plea deal that will spare him a life sentence while ensuring he spends nearly two decades in prison. Abdul-Latif and another man were charged with terrorism-related counts in U.S. District Court after a Seattle Police-FBI sting operation saw them nabbed; both have now pleaded guilty.

Jailed since June 2011, Abdul-Latif was preparing to attack the Military Entrance Processing Station on East Marginal Way South. He had been charged with conspiracy to murder government employees and conspiracy to use weapons of mass destruction, and pleaded guilty to those counts Thursday.

According to prosecutors, Abdul-Latif, a 35-year-old SeaTac resident, and Los Angeles resident Walli Mujahidh planned to storm the center alongside the informant. Once inside, the three were to open fire with automatic weapons and grenades.

The unlikely hero in the federal prosecution was a Seattle rapist who went to police after Abdul-Latif approached him about the attack. The man ultimately spent weeks working with police and recording conversations with the conspirators, and was paid about \$90,000 for potentially dangerous work.

Having pleaded guilty, Abdul-Latif faces 17 to 19 years in federal prison. He is slated to be sentenced in March.

Thursday's plea comes as prosecutors and defense were preparing to square off regarding a Seattle Police detective's deletion of hundreds of text messages the detective exchanged with the informant. Attorneys for Abdul-Latif had suggested the text messages would have bolstered their claims that their client was entrapped by investigators; two assistant U.S. attorneys on the case took the unusual step of being interviewed by the defense about those text messages.

As it turned out, the legal wrangling over that issue and secret evidence gathered by the FBI on Abdul-Latif was all for naught. Abdul-Latif's plea ended the prosecution.

"This defendant plotted to kill American servicemen and women, and other innocent people in furtherance of his extremist views," U.S. Attorney Jenny A. Durkan said in a statement Thursday. "The continued vigilance of the community and the work of law enforcement ensured that we were able to successfully disrupt his deadly plan and bring Mr. Abdul-Latif to justice.

"My thanks go again to the many leaders of the Muslim community who have worked tirelessly with my office to make clear that acts of a few extremists cannot and should not be used to condemn the faith of the many."

Abdul-Latif and Mujahidh were arrested June 22, 2011, three weeks after the informant went to Seattle police and claimed Abdul-Latif was scheming to kill Western Washington soldiers. Weeks before, a child molester and rapist went to police after Abdul-Latif came to him with a plan to attack Joint Base Lewis-McChord.

The informant contacted Seattle detectives on June 3, 2011, and said he'd met with Abdul-Latif four days prior. He then began to divulge details of the purported plot.

On May 30, 2011, the informant dined with Abdul-Latif and his family. The informant told police Abdul-Latif first proposed an attack on Joint Base Lewis-McChord during that dinner.

The men first met several years before. Like Abdul-Latif, a failed janitor and ex-con, the informant adopted a Muslim name in recent years; it is currently listed as an alias on his sex offender registration.

According to charging documents, though, the informant did not share Abdul-Latif's views or desire to turn to violence.



"Abdul-Latif said that 'jihad' in America should be a 'physical jihad,' and not just 'media jihad,' expressing his view that it was necessary to take action rather than just talk," an FBI agent told the court. "Abdul-Latif referred to the 2009 Fort Hood massacre, when a single gunman killed 13 people ... (and) said that if one person could kill so many people, three attackers could kill many more."

The man worked with Seattle detectives and ultimately the FBI to record several meetings with Abdul-Latif, during which the attack plan shifted to the South Seattle military induction center. Acting under police direction, the man arranged to sell several guns to Abdul-Latif prior to Abdul-Latif's arrest.

Writing the court, the FBI agent said Abdul-Latif was recorded expressing his anger about United States activities in Afghanistan, Iraq and Yemen, saying that he believed killing American soldiers was justified.

Following that meeting, the man called a friend who was working for the Seattle Police Department and reported Abdul-Latif's proposal. That conversation led to a meeting with Seattle detectives and, ultimately, the informant's induction into the department's rolls of confidential sources.

Police instructed the newly minted informant not to record his conversations with Abdul-Latif, but the man apparently did anyway. At the same time, his handlers at Seattle Police continued to guide his efforts.

"If it goes as planned, this will be very beneficial to you and us," one detective told the informant by text message. "We will make (it) very worth it to you. Thanks dude."

In early June, Abdul-Latif and Mujahidh spoke with the informant, offering details on the planned attack. They met outside the recruiting station and conducted reconnaissance inside the center.

Despite a short stint in the Navy, Abdul-Latif knew little about firearms but believed the informant could assist him in acquiring automatic weapons.

"Abdul-Latif told the source that he wanted to acquire, for use in the attack, AK-47 assault rifles, a rocket-propelled grenade, grenades, and bulletproof vests," the FBI agent told the court. Abdul-Latif told Mujahidh and the informant their objective was to "take out anybody wearing green or a badge."

Law enforcement provided the informant with disabled weapons – a Heckler & Koch submachine gun, an M-16-style rifle and a fragmentation grenade – prior to a June 14 meeting.

In the days that followed, Abdul-Latif provided the informant with money to buy the weapons, the FBI agent continued. Mujahidh arrived in Seattle two days before his arrest.

Planning continued through the evening of June 22, when the guns were delivered and the plotters were arrested at a Seattle warehouse, the FBI agent alleged. Mujahidh pleaded guilty in December and may testify against Abdul-Latif if the case goes to trial.

Court documents also indicate Abdul-Latif caught the FBI's attention months before the informant came forward.

Abdul-Latif appears to have been the target of a wiretap warrant obtained through a secret federal court operating under the Federal Intelligence Surveillance Act, better known as FISA.

The defense has asked U.S. District Judge James Robart to bar the informant from testifying against their client at trial. They also asked that Robart tell any future jury to assume the destroyed text messages favored the defense version of events.

With Thursday's guilty plea, though, all that's left is for the two men to be sentenced. Robart is scheduled to sentence both early next year.

Seattle's FBI Special Agent-in Charge Laura M. Laughlin praised the region's Muslim community for assisting in the investigation of Abdul-Latif, an apparent convert to the faith born Joseph A. Davis. Laughlin described combatting terrorism as the FBI's "highest priority," and said the investigation's success hinged on the work of the bureau's Joint Terrorism Task Force, Seattle Police and the U.S. Attorney's Office.

Seattle Police Chief John Diaz struck a similar note, saying the prosecution "showcases the excellent working relationship we have with our federal partners and sends a strong signal to society's enemies that we will continue to combine our efforts in both enforcement and prosecution to bring them to justice and hold them accountable."

Abdul-Latif and Mujahidh both remain jailed at the Federal Detention Center in SeaTac.

Check the Seattle 911 crime blog for more Seattle crime news. Visit [seattlepi.com](http://seattlepi.com)'s home page for more Seattle news.

Levi Pulkkinen can be reached at 206-448-8348 or [levipulkkinen@seattlepi.com](mailto:levipulkkinen@seattlepi.com). Follow Levi on Twitter at [twitter.com/levipulk](https://twitter.com/levipulk).

## **Plea Deal Reached In Plot To Attack Seattle Military Station**

By Mike Carter

[Seattle Times](#), December 7, 2012

A Seattle man accused of planning to attack a U.S. military processing station pleaded guilty Thursday to conspiring to kill government employees in a plea deal that spares him a potential life sentence and rescues federal prosecutors from a case that hinged on an informant whose credibility was under fire by the defense and under scrutiny by the court.

The plea agreement will guarantee that the 35-year-old Abu Khalid Abdul-Latif, also known as Joseph Anthony Davis, will serve 17 to 19 years in prison for his plan to attack the Military Entrance Processing Station (MEPS) on East Marginal Way in Seattle with small-arms and grenades in the summer of 2011.

He and a co-defendant, Walli Mujahidh, had arranged to purchase the weapons through a confidential informant who had brought the conspiracy to the attention of a Seattle police detective, according to the charges.

Mujahidh already pleaded guilty to the conspiracy charges and an additional count of unlawful possession of a firearm. Mujahidh, also known as Frederick Dominique, is to be sentenced in January.

U.S. District Judge James Robart set sentencing of Abdul-Latif for March 25.

"This defendant plotted to kill American servicemen and women, and other innocent people in furtherance of his extremist views," said U.S. Attorney Jenny Durkan in a prepared statement. "The continued vigilance of the community and the work of law enforcement ensured that we were able to successfully disrupt this deadly plan."

Abdul-Latif, a prison convert to Islam, was recorded by the confidential informant as saying his motivation for the attack was his opposition to the U.S. military presence in Muslim countries and he hoped it would inspire other radical Muslims in America to rise up, according to the indictment.

The charges allege that Abdul-Latif, Mujahidh and the informant met several times and planned the attack around the July 4, 2011, holiday. They were arrested just days before the planned attack in a warehouse when the weapons — which had been deactivated by federal agents — changed hands.

A charge of conspiracy to use weapons of mass destruction stems from their plans to use grenades in the attack.

The government's case relied heavily on the informant, who has never been identified by name.

According to defense documents, the informant is a convicted child molester and two-time rapist who has twice failed to register as a sex offender. He has been paid more than \$90,000 by the government for his services so far.

As recently as April 2012, he was found in violation for failing to report contact with children to his community custody officer, the documents say.

As the case approached a scheduled trial this spring, Abdul-Latif's attorneys learned that the informant had deleted more than 400 text messages and recordings from his phone during the investigation, despite explicit instructions from federal prosecutors and FBI agents to save the material, some of which included conversations with Abdul-Latif.

After a hearing two weeks ago, Judge Robart left open the possibility that both federal prosecutors in the case might have to step down from the case to testify for the defense about those instructions.

The informant has said he wiped his phone's memory and deleted hundreds of messages to hide evidence that he was in violation of community release as a registered sex offender, according to the documents. The defense has argued that the court will never know what was deleted, and that some of it may have been helpful to Abdul-Latif's defense. The court was considering a motion to dismiss the indictment.

The informant secretly recorded hundreds of hours of conversations with Abdul-Latif and Mujahidh in which they planned to use assault rifles and grenades to storm the MEPS, hoping to inspire other attacks by Muslims living in the United States. They had gone so far as to learn the layout of the MEPS, which contained a cafeteria, and had talked about killing an armed guard when they burst into the building.

"We're not only trying to kill people," Abdul-Latif is quoted as saying during one conversation. "We're trying to get something that's going to be on CNN and all over the world."

Abdul-Latif also had posted a number of inflammatory sermons and speeches on YouTube and elsewhere. He recruited Mujahidh, a mentally disturbed felon from Los Angeles, to help in the attack.

"Imagine how fearful America will be, and they'll know they can't push the Muslims around," he told the informant.

Mike Carter: 206-464-3706 or [mcarter@seattletimes.com](mailto:mcarter@seattletimes.com)

## **New York Man Arrested By FBI For Alleged Export Violation**

By Patricia Hurtado

[Bloomberg News](#), December 7, 2012

A New York man was arrested and charged with exporting goods restricted by the U.S. government the day after prosecutors announced charges against three other people for illegally sending carbon fiber to Iran and China.

Mark Henry, 49, was arrested today without incident at his home in Queens, New York, by agents of the Federal Bureau of Investigation and the U.S. Commerce Department, according to Peter Donald, an FBI spokesman.

He is accused of shipping to Taiwan materials that can be used as protective coating for rocket nozzles without required U.S. State Department permission. He also allegedly tried to send microwave amplifier equipment to China that could have military applications while lacking a Commerce Department license.

Henry's initial court appearance is scheduled for today, according to the office of New York U.S. Attorney Preet Bharara. He is also to be arraigned tomorrow before U.S. District Judge Jesse M. Furman. Henry faces as long as 20 years in prison if he's found guilty of violating either the Arms Export Control Act or the International Emergency Economic Powers Act, according to the prosecutor's office.

The U.S. yesterday announced charges against three men for illegally exporting carbon fiber, which can be used for uranium enrichment. A fourth man was accused of trying to send helicopter parts to Iran.

Among those whose charges were announced yesterday is Peter Gromacki, 48, of Orange County, New York. Arrested yesterday and accused of using his business to ship more than 6,000 pounds of carbon fiber to China via Belgium in June 2007 and of lying on a customs declaration, he faces federal charges of violating the International Emergency Economic Powers Act, conspiring to breach that law and making false statements.

"The law prohibits the exportation of goods to Iran and certain goods to China," George Venizelos, assistant director of the FBI, said in a statement yesterday. "Whether motivated by greed or otherwise, these defendants allegedly violated the law."

Gromacki, a U.S. citizen, pleaded not guilty and was released on bond yesterday, according to Bharara's office.

Hamid Reza Hashemi, 52, a dual U.S.-Iranian citizen, is accused of working with co-defendant Murat Taskiran of Turkey, to have carbon fiber sent to his company in Tehran in 2008. Hashemi faces two counts of violating the IEEPA and one count of conspiracy.

Hashemi, who was arrested Dec. 1 at John F. Kennedy International Airport, pleaded not guilty Dec. 4 and is being held without bail. Taskiran isn't in custody, Bharara's office said.

Iranian Amir Abbas Tamimi, 40, was accused of trying to export helicopter parts from the U.S. to Iran through South Korea last year. He was arrested at JFK Airport as he tried to enter the country in October and arraigned at that time in Manhattan. He pleaded not guilty and is being held without bail, according to the U.S. Attorney's Office.

The cases include U.S. v. Henry, 12cr902, U.S. District Court, Southern District of New York (Manhattan). U.S. v. Gromacki, 12-cr-302, and U.S. v. Hashemi, 12-cr-804, U.S. District Court, Southern District of New York (White Plains) and U.S. v. Tamimi, 12-cr-615, U.S. District Court, Southern District of New York (Manhattan).

To contact the reporters on this story: Patricia Hurtado in New York at [pathurtado@bloomberg.net](mailto:pathurtado@bloomberg.net)

To contact the editor responsible for this story: Michael Hytha at [mhytha@bloomberg.net](mailto:mhytha@bloomberg.net)

## **Five Charged In US Over Iran, China Exports**

[AFP](#), December 7, 2012

NEW YORK — Five people have been charged in New York in two separate alleged schemes to export illegal shipments of military grade technology to China and Iran, US officials said.

On Thursday, federal law enforcement officials announced the arrest of Mark Henry, 49, for allegedly exporting dual-use goods to China and Taiwan between 2009 and this September.

Henry was accused of selling materials that can be used in rocket nozzles and also trying to export microwave amplifiers, which are likewise considered to have dual military-civilian use.

"Preventing the illegal export of sensitive US origin commodities that enhance the military capabilities of foreign nations is our top priority," said Sidney Simon, a special agent with the US commerce department.

"We are constantly striving to maintain the technological advantage of US fighting forces."

On Wednesday, federal prosecutors in Manhattan announced charges against four people for allegedly exporting restricted goods, including carbon fiber, to Iran and China.

The carbon fiber can be used in gas centrifuges that enrich uranium, as well as in military grade aircraft and missiles.

Two of the four were Iranian citizens, one was Turkish, and one American. Only the Turkish citizen was not in custody, the prosecutor's office said.

"The law prohibits the exportation of goods to Iran and certain goods to China. Whether motivated by greed or otherwise, these defendants allegedly violated the law, including by arranging for the export of carbon fiber that can be used in uranium enrichment," FBI Assistant Director George Venizelos said in a statement.

## **Former Sailor Arrested After Allegedly Attempting To Pass Secrets To Russia**

[Christian Science Monitor](#), December 6, 2012

A former cryptologic technician in the US Navy was arrested Thursday on attempted espionage charges after he allegedly tried to provide individuals he believed to be Russian intelligence officers with secret information about how to track US submarines. Skip to next paragraph

Robert Patrick Hoffman II was taken into custody by federal agents in Norfolk, Va., on charges that he tried to pass a secret document to a foreign government not authorized to receive it.

According to the federal indictment, the secret document revealed "methods to track US submarines, including the technology and procedures required [to do so]."

Mr. Hoffman had served 20 years in the Navy and retired in November 2011 as a petty officer, first class. He had access to the highest levels of classified military secrets.

The indictment, returned by a federal grand jury in Norfolk on Wednesday, says that Hoffman delivered the secret document on Oct. 21, 2012. He acted "with intent and reason to believe that such information was to be used to the injury of the United States and to the advantage of a foreign nation, namely, the Russian Federation," the indictment says.

It continues: "In fact, the defendant delivered the classified information to the Federal Bureau of Investigation, which was conducting an undercover operation."

There is no allegation in the indictment that Russia or a Russian official committed any offense in the case.

If convicted, Hoffman faces up to life in prison. The indictment also seeks forfeiture of undisclosed assets.

Court records do not indicate how much undercover agents paid or offered to pay Hoffman in exchange for the secret information.

The case was investigated by the FBI and the Naval Criminal Investigative Service (NCIS).

## **Ex-sailor In Va. Beach Arrested In Espionage Sting**

By Tim McGlone

[Norfolk \(VA\) Virginian-Pilot](#), December 7, 2012

NORFOLK

A retired Navy cryptologist from Virginia Beach was arrested Thursday on a charge of trying to pass secret information to Russian agents.

Robert Patrick Hoffman II, a 20-year veteran who retired last year as a petty officer first class, was jailed pending a bond hearing Tuesday.

The charge of espionage or attempted espionage carries a maximum penalty of death, but the U.S. Attorney's Office said the government would not seek it. The maximum otherwise is life in prison.

Hoffman, 39, made an initial appearance in federal court Thursday afternoon. U.S. Magistrate Judge Tommy E. Miller told him he would be appointed two attorneys.

The FBI conducted a sting operation that snagged Hoffman, according to an indictment handed up Wednesday and unsealed Thursday.

Hoffman is accused of believing he was passing secret information to Russians "pertaining to methods to track submarines, including the technology and procedures required," the indictment says.

But in truth, Hoffman passed the information to an unidentified undercover FBI operative posing as a Russian, the indictment says. It

goes on to say Hoffman should have known that the information passed would have been used to injure the United States.

The indictment provides no further details of the undercover operation. It

describes the information passed as "secret," one level below "top secret," and says the unauthorized release of such information "could reasonably result in serious damage to the national security."

Hoffman, a native of Buffalo, N.Y., joined the Navy in 1991 and held a top-secret clearance by the time he retired a year ago. Three times throughout his career, he signed nondisclosure agreements.

Few other details are known about Hoffman. There was no answer at his home address in the 700 block of Holladay Court in the Aragona neighborhood. One neighbor said she did not know him.

Of his 117 Facebook friends, four are from Belarus.

When he arrived in court Thursday, he was wearing a green T-shirt that read "Bred to Fight" on the back and had a colorful print of a rooster. He answered the judge with "yes" and "no" replies but said little else.

When he left the courthouse, he grinned at news photographers.

Assistant U.S. attorneys Robert J. Krask and Alan M. Salsbury declined to answer questions after the proceeding. A spokesman for U.S. Attorney Neil M. MacBride said the office would have no comment.



While there have been relatively few spy cases here, the Hoffman case bears striking similarities to the region's most notorious spy ring — the John A. Walker Jr. case. Walker and his family members were convicted of, among other things, passing secrets about American submarines to the Russians.

Walker, however, spied for the Soviet Union for 18 years before he was caught in 1985. He is serving a life sentence but will be up for parole in 2014.

Sarah Hutchins contributed to this report.

Tim McGlone, 757-446-2343, tim.mcglone@pilotonline.com [1]

## **Retired Navy Sailor From Virginia Beach Accused Of Espionage**

[Hampton Roads \(VA\) Daily Press](#), December 6, 2012

NORFOLK — A retired Navy sailor from Virginia Beach has been charged with attempted espionage, federal authorities announced Thursday.

Robert Patrick Hoffman II, 39, a native of Buffalo, N.Y., allegedly attempted to pass classified information pertaining to tracking U.S. submarines to what he thought were representatives of the Russian Federation, according to a federal indictment.

However, Hoffman delivered the information to an undercover FBI agent instead, the indictment alleges.

Hoffman served in the Navy for 20 years and achieved the rank of Petty Officer First Class. He was trained as a cryptologic technician and retired from the Navy in November 2011. While serving, he held a top secret security clearance.

The indictment does not say where the passing of information allegedly occurred, other than in the Eastern District of Virginia. It also does not allege that the Russian Federation committed any offense under U.S. laws in this case.

He was arrested Thursday morning without incident. The charges were announced by U.S. Attorney Neil MacBride. The investigation also involved the FBI's Norfolk field office and the Naval Criminal Investigative Service (NCIS).

## **Ex-sailor Arrested, Accused Of Attempting To Hand Over Sub Secrets**

By Carol Cratty

[CNN](#), December 6, 2012

A former U.S. Navy submarine warfare specialist has been arrested and charged with trying to give classified information about how to track U.S. submarines to people he thought were representatives of the Russian Federation — but who were actually FBI undercover agents, according to federal authorities.

Robert Patrick Hoffman II of Virginia Beach, Virginia, was arrested Thursday morning on an attempted espionage charge.

He appeared in federal court in Norfolk Thursday afternoon for an initial appearance, and the judge granted Hoffman's request for a court-appointed attorney, according to the U.S. Attorney's Office office for the Eastern District of Virginia.

Hoffman will remain in jail pending a detention hearing next Tuesday, the U.S. Attorney's Office said.

According to the indictment, on October 21 Hoffman tried to hand over national defense information to people he thought were representatives of the Russian government, including classified information "that revealed and pertained to methods to track U.S. submarines, including the technology and procedures required."

The government alleges Hoffman intended to harm the United States and give an advantage to the Russian Federation. The court documents do not state whether Hoffman sought any money for the materials.

A law enforcement official told CNN that Hoffman also was seeking money, but the official would not say how much.

The information was given to FBI agents who were conducting an undercover operation. The indictment does not charge the Russian government with wrongdoing.

Hoffman, 39, is described as a 20-year veteran of the U.S. Navy who was trained in cryptology and reached the rank of petty officer first class. He retired from active duty in November 2011. According to his biography released by the military, he served as a submarine warfare specialist.

Hoffman held security clearances, and prosecutors say he signed several documents during his tenure in the Navy promising not to divulge sensitive information.

A U.S. official said Hoffman's home in Virginia Beach was searched, as was a local storage facility he was renting. The official said there was nothing to indicate that Hoffman passed classified information to "actual Russians" any time in the past, but authorities still have to examine items taken from his home and storage locker.

If convicted, Hoffman could be sentenced to life in prison.

Chris Lawrence and Barbara Starr contributed to this report.

## **Retired Navy Sailor Charged In Spy Case**

By Devlin Barrett

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Former Sailor Charged With Attempted Espionage**

[Associated Press](#), December 7, 2012

NORFOLK, Va. — An ex-sailor has been charged with attempted espionage, accused of passing classified documents to individuals he believed represented the Russian government.

Robert Patrick Hoffman, 39, of Virginia Beach, Va. made an initial appearance in federal court on Thursday. He did not have an attorney present.

According to the indictment, Hoffman attempted to hand over secret documents on Oct. 21 that detailed how to track U.S. submarines. The indictment says Hoffman actually delivered the information to the FBI, which was conducting an undercover operation.

It doesn't specify whether Hoffman was going to be paid for the information, but the indictment says he did so with "intent and reason to believe that such information was to be used to the injury of the United States and to the advantage of a foreign nation, namely the Russian Federation."

The indictment does not allege that the Russian Federation committed any offense under U.S. laws in this case.

Hoffman was a cryptologic technician in the Navy who held top secret clearance and retired in November 2011. The indictment does not specify where Hoffman served in the Navy, but Norfolk serves as the headquarters for the U.S. submarine force as well as numerous other Navy commands.

Hoffman, originally from Buffalo, N.Y., served in the Navy for 20 years, and retired with the rank of petty officer first class. In 1992, 2001 and 2009, Hoffman signed classified information non-disclosure agreements with the U.S. government, according to the indictment

If convicted, Hoffman could face up to life in prison. A detention hearing is scheduled for Tuesday.

Brock Vergakis can be reached at [www.twitter.com/BrockVergakis](http://www.twitter.com/BrockVergakis)

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **FBI: Retired Sailor Faces Spy Charges**

By Kevin Lilley

[Military Times](#), December 7, 2012

A retired cryptologic technician allegedly attempted to deliver sub-tracking secrets to the Russians, but ended up caught in an FBI sting instead.

A federal grand jury charged retired Cryptologic Technician 1st Class (SS) Robert Patrick Hoffman II on Wednesday with attempted espionage, according to an FBI release. The former sailor earned a top secret security clearance while in the Navy, according to the release, and allegedly offered secret information to the Russians in October.

The "Russians" were actually part of an undercover FBI operation, according to the release. Hoffman, 39, was arrested Thursday morning "without incident" and is scheduled to be in federal court in Norfolk, Va., on Thursday afternoon.

Hoffman, who retired from the Navy in 2011, could face life in prison if convicted, according to the FBI. The Virginia Beach resident entered service in 1991, Navy personnel records show, and earned the Joint Service Commendation Medal and three Navy/Marine Corps Commendation Medals, among other decorations — including six awards for good conduct.

He retired Oct. 31, 2011, about a year before his alleged espionage.

## **Former Navy Sailor Charged With Attempted Espionage**

[ABC News](#), December 7, 2012

A former Navy sailor has been arrested and charged with attempting to pass classified information about U.S. submarines to Russian spies.

Robert Patrick Hoffman II was arrested by agents from the FBI and the Naval Criminal Investigative Service (NCIS) this morning at his home in Virginia Beach.

According to the indictment returned by a federal grand jury in Norfolk, Va., Hoffman served in the Navy for 22 years and achieved the rank of petty officer first class. Hoffman worked as a cryptological technician where he had access to classified information about codes and signals intelligence. Hoffman, who served as a submarine warfare specialist, retired from active duty on Nov. 1, 2011.

The indictment alleges that on Oct. 21, 2012 Hoffman attempted to pass information “relating to the national defense of the United States, including information classified as SECRET that revealed and pertained to methods to track U.S. submarines, including the technology and procedures required.”

Hoffman believed he was meeting with representatives from the Russian government but in actuality they were undercover FBI agents.

“The indictment does not allege that the Russian Federation committed any offense under U.S. laws in this case,” the Justice Department noted in the press release announcing the case.

Justice Department and FBI officials declined to elaborate how Hoffman was first identified as wanting to allegedly pass on national defense secrets.

According to the indictment Hoffman had a top secret/ sensitive compartmented information security clearance. Along with this high level of security clearance Hoffman also had authorization to “Special Access Programs,” a higher level of security clearance to limit the number of people authorized to review highly sensitive materials.

No attorney could be identified for Hoffman at this time based on a review of the court docket. SHOWS: World News

## **Buffalo Native Who Served In Navy Accused Of Attempted Espionage**

[Buffalo \(NY\) News](#), December 6, 2012

WASHINGTON – A Buffalo native who spent 20 years in the U.S. Navy found himself in federal court in Norfolk, Va., Thursday facing an indictment that accuses him of wanting to spill secrets to spies from Russia.

A federal grand jury indicted Robert Patrick Hoffman II, 39, on a charge of attempted espionage. Authorities said he tried to pass classified information to people who he thought were Russian agents – but who turned out to be FBI agents on a sting operation.

Hoffman, who retired from the Navy in November of 2011 as a petty officer first class with the rank of E-6, was trained as a “cryptologic technician-technical.” That means he gathered and analyzed electronic intelligence.

“While serving in the Navy, Hoffman held security clearances that granted him access to classified and national defense information relating to programs and operations in which he participated, and he repeatedly signed agreements to not disclose that sensitive information,” the U.S. Attorney’s Office for the Eastern District of Virginia said in announcing his arrest.

But on Oct. 21, authorities said, Hoffman tried to give some of that classified information to the Russian Federation.

The information Hoffman gave out “revealed and pertained to methods to track U.S. submarines, including the technology and procedures required,” prosecutors said in the indictment they filed Thursday.

Hoffman handed over documents “with intent and reason to believe that such information was to be used to the injury of the United States and to the advantage of a foreign nation, namely, the Russian Federation,” prosecutors added.

The information was classified as “secret,” meaning its unauthorized disclosure could result in “serious” damage to national security, the indictment said. That’s one grade below the “top secret” classification, which goes to information that, if released, could cause “exceptionally grave” damage to national security.

The indictment did not say how much money the undercover agents gave Hoffman in return for the information – but it said he must forfeit whatever he received as a result of his violation of federal law.

Hoffman, who now lives in Virginia Beach, Va., was arrested Thursday morning without incident, authorities said.

He made his first court appearance Thursday afternoon in Norfolk before U.S. Magistrate Judge Tommy Miller.

The Norfolk Virginian Pilot newspaper published pictures of Hoffman on its website that showed him smirking and grinning as he left the courthouse.

Hoffman, who remains in the custody of U.S. marshals, is due back in court for a detention hearing Tuesday. He faces a sentence of up to life in prison if convicted.

Few other details about Hoffman were available, although a search of his available addresses shows that he kept an address on Ridgewood Road in South Buffalo from February of 1996 through October of 2010, a period in which he was stationed in Pensacola, Fla.; Honolulu; and the Norfolk area.

Neither the indictment nor the Department of Justice news release on the case reveals any additional details about the sting operation that snagged Hoffman, or about why authorities suspected he might be interested in sharing government secrets with the Russians. However, the news release said: “The indictment does not allege that the Russian Federation committed any offense under U.S. laws in this case.”

email: [jzremski@buffnews.com](mailto:jzremski@buffnews.com).

## **Senators To Vote On Probe Of CIA Interrogation Program**

By Mark Hosenball



[Reuters](#), December 6, 2012

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

## **The Daily Caller » FBI Has Access To Emails Of Everybody In The Country, Says NSA Whistleblower » Print**

[Daily Caller](#), December 6, 2012

A formerly high-ranking member of the National Security Agency says the FBI's investigation into former CIA director David Petraeus is proof that digital privacy is nonexistent in America.

"What I've been basically saying for quite some time, is that the FBI has access to the data collected, which is basically the emails of virtually everybody in the country," NSA whistleblower William Binney said in a recent interview with the Kremlin-funded news outlet RT. "And the FBI has access to it."

Binney is one of several former NSA officials who have recently offered testimony in a lawsuit against the NSA that looks to end the agency's post-9/11 domestic surveillance effort.

According to his testimony, Binney quit the agency after he came to believe that the NSA's powers were unconstitutional. Binney says that, through a technology known as "Naris", the agency is able indiscriminately collect emails and other digital data without having to request the data from providers themselves. According to Binney, if a person is targeted by the agency, the government can then sift through the collected data for clues.

"All the congressional members are on the surveillance too, no one is excluded," said Binney.

"They are all included," he said, "So, yes, this can happen to anyone. If they become a target for whatever reason – they are targeted by the government, the government can go in, or the FBI, or other agencies of the government, they can go into their database, pull all that data collected on them over the years, and we analyze it all."

"So, we have to actively analyze everything they've done for the last 10 years at least," said Binney.

Supreme Court justices John Roberts, Sonia Sotomayor and Samuel Alito recently criticized the government's domestic surveillance efforts, which are still officially secret.

The debate over whether law enforcement should require a warrant to access a person's online communications has already hit the boiling point in the Senate, with the Senate Judiciary Committee voting in favor of increasing consumer email privacy.

The FBI did not immediately return The Daily Caller's request for comment.

## **'Everyone In US Under Virtual Surveillance'**

[RT \(RUS\)](#), December 7, 2012

The FBI records the emails of nearly all US citizens, including members of congress, according to NSA whistleblower William Binney. In an interview with RT, he warned that the government can use this information against anyone.

Binney, one of the best mathematicians and code breakers in the history of the National Security Agency, resigned in 2001. He claimed he no longer wanted to be associated with alleged violations of the Constitution, such as how the FBI engages in widespread and pervasive surveillance through powerful devices called 'Naris.'

This year, Binney received the Callaway award, an annual prize that recognizes those who champion constitutional rights and American values at great risk to their personal or professional lives.

RT: In light of the Petraeus/Allen scandal while the public is so focused on the details of their family drama, one may argue that the real scandal in this whole story is the power, the reach of the surveillance state. I mean if we take General Allen – thousands of his personal e-mails have been sifted through private correspondence. It's not like any of those men was planning an attack on America. Does the scandal prove the notion that there is no such thing as privacy in a surveillance state?

William Binney: Yes, that's what I've been basically saying for quite some time, is that the FBI has access to the data collected, which is basically the emails of virtually everybody in the country. And the FBI has access to it. All the congressional members are on the surveillance too, no one is excluded. They are all included. So, yes, this can happen to anyone. If they become a target for whatever reason – they are targeted by the government, the government can go in, or the FBI, or other agencies of the government, they can go into their database, pull all that data collected on them over the years, and we analyze it all. So, we have to actively analyze everything they've done for the last 10 years at least.

RT: And it's not just about those, who could be planning, who could be a threat to national security, but also those, who could be just...

WB: It's everybody. The Naris device, if it takes in the entire line, so it takes in all the data. In fact they advertised they can process the lines at session rates, which means 10-gigabit lines. I forgot the name of the device (it's not the Naris) – the other

one does it at 10 gigabits. That's why they're building Bluffdale [database facility], because they have to have more storage, because they can't figure out what's important, so they are just storing everything there. So, emails are going to be stored there in the future, but right now stored in different places around the country. But it is being collected – and the FBI has access to it.

RT: You mean it's being collected in bulk without even requesting providers?

WB: Yes.

RT: Then what about Google, you know, releasing this biannual transparency report and saying that the government's demands for personal data is at an all-time high and for all of those requesting the US, Google says they complied with the government's demands 90 percent of the time. But they are still saying that they are making the request, it's not like it's all being funneled into that storage. What do you say to that?

WB: I would assume that it's just simply another source for the same data they are already collecting. My line is in declarations in a court about the 18-T facility in San Francisco, that documented the NSA room inside that AST&T facility, where they had Naris devices to collect data off the fiber optic lines inside the United States. So, that's kind of a powerful device, that would collect everything it was being sent. It could collect on the order over of 100 billion 1,000-character emails a day. One device.

RT: You say they sift through billions of e-mails. I wonder how do they prioritize? How do they filter it?

WB: I don't think they are filtering it. They are just storing it. I think it's just a matter of selecting when they want it. So, if they want to target you, they would take your attributes, go into that database and pull out all your data.

RT: Were you on the target list?

WB: Oh, sure! I believe I've been on it for quite a few years. So I keep telling them everything I think of them in my email. So that when they want to read it they'll understand what I think of them.

RT: Do you think we all should leave messages for the NSA mail box?

WB: Sure!

RT: You blew the whistle on the agency when George W. Bush was the president. With President Obama in office, in your opinion, has anything changed at the agency, in the surveillance program? In what direction is this administration moving?

WB: The change is it's getting worse. They are doing more. He is supporting the building of the Bluffdale facility, which is over two billion dollars they are spending on storage room for data. That means that they are collecting a lot more now and need more storage for it. That facility by my calculations that I submitted to the court for the Electronic Frontiers Foundation against NSA would hold on the order of 5 zettabytes of data. Just that current storage capacity is being advertised on the web that you can buy. And that's not talking about what they have in the near future.

RT: What are they going to do with all of that? Ok, they are storing something. Why should anybody be concerned?

WB: If you ever get on the enemies list, like Petraeus did or... for whatever reason, then you can be drained into that surveillance.

RT: Do you think they would... General Petraeus, who was idolized by the same administration? Or General Allen?

WB: There are certainly some questions, that have to be asked, like why would they target it to begin with? What law were they breaking?

RT: In case of General Petraeus one would argue that there could have been security breaches. Something like that. But with General Allen – I don't quite understand, because when they were looking into his private emails to this woman.

WB: That's the whole point. I am not sure what the internal politics is... That's part of the program. This government doesn't want things in the public. It's not a transparent government. Whatever the reason or the motivation was, I don't really know, but I certainly think that there was something going on in the background that made them target those fellows. Otherwise why would they be doing it? There is no crime there.

RT: It seems that the public is divided between those, who think that the government surveillance program violates their civil liberties, and those who say, 'I've nothing to hide. So, why should I care?' What do you say to those who think that it shouldn't concern them.

WB: The problem is if they think they are not doing anything that's wrong, they don't get to define that. The central government does, the central government defines what is right and wrong and whether or not they target you. So, it's not up to the individuals. Even if they think they aren't doing something wrong, if their position on something is against what the administration has, then they could easily become a target.

RT: Tell me about the most outrageous thing that you came across during your work at the NSA.

WB: The violations of the constitution and any number of laws that existed at the time. That was the part that I could not be associated with. That's why I left. They were building social networks on who is communicating and with whom inside this country. So that the entire social network of everybody, of every US citizen was being compiled overtime. So, they are taking

from one company alone roughly 320 million records a day. That's probably accumulated probably close to 20 trillion over the years.

The original program that we put together to handle this to be able to identify terrorists anywhere in the world and alert anyone that they were in jeopardy. We would have been able to do that by encrypting everybody's communications except those who were targets. So, in essence you would protect their identities and the information about them until you could develop probable cause, and once you showed your probable cause, then you could do a decrypt and target them. And we could do that and isolate those people all alone. It wasn't a problem at all. There was no difficulty in that.

RT: It sounds very difficult and very complicated. Easier to take everything in and...

WB: No. It's easier to use the graphing techniques, if you will, for the relationships for the world to filter out data, so that you don't have to handle all that data. And it doesn't burden you with a lot more information to look at, than you really need to solve the problem.

RT: Do you think that the agency doesn't have the filters now?

WB: No.

RT: You have received the Callaway award for civic courage. Congratulations! On the website and in the press release it says: "It is awarded to those, who stand out for constitutional rights and American values at great risk to their personal or professional lives." Under the code of spy ethics – I don't know if there is such a thing – your former colleagues, they probably look upon you as a traitor. How do you look back at them?

WB: That's pretty easy. They are violating the foundation of this entire country. Why this entire government was formed? It's founded with the Constitution and the rights were given to the people in the country under that Constitution. They are in violation of that. And under executive order 13526, section 1.7 – you can not classify information to just cover up a crime, which this is, and that was signed by President Obama. Also President Bush signed it earlier as an executive order, a very similar one. If any of this comes into Supreme Court and they rule it unconstitutional, then the entire house of cards of the government falls.

RT: What are the chances of that? What are the odds?

WB: The government is doing the best they can to try to keep it out of court. And, of course, we are trying to do the best we can to get into court. So, we decided it deserves a ruling from the Supreme Court. Ultimately the court is supposed to protect the Constitution. All these people in the government take an oath to defend the Constitution. And they are not living up to the oath of office.

## **Visit To Kismayo, Somalia, Shows Al Shabab Militants Still Roam Countryside**

By Mohammed Yusuf And Alan Boswell

[McClatchy](#), December 7, 2012

On the four-mile stretch of paved road between the Kenyan army's main base and the southern Somali city of Kismayo, a man leading a donkey cart whispered a short warning in the local Somali language as a fleet of Kenyan troops and allied Somali militiamen rolled past.

"Watch out," the man, who gave only his first name, Adan, in the brief encounter, told a McClatchy correspondent. "There might be bombs on the road ahead."

When told of the exchange minutes later, a Kenyan soldier growled. "These people work with al Shabab," said the officer, who never gave his name. "They know where bombs have been planted, but they won't tell us. Don't trust them."

In Kenya, the news that its army has captured Kismayo, the longtime stronghold of the al-Qaida-affiliated rebel group al Shabab, had been trumpeted as a resounding victory against a defeated Islamist militant network.

But, on the ground, the truth is much muddier. It's clear that al Shabab had been weakened, but also that it is far from vanquished and that it is regrouping for a long-term guerrilla insurgency.

When Kenya crossed into Somalia in October 2011, Kismayo was the goal – the financial nerve center for a rebel administration that covered most of southern and central Somalia. Since its capture in late September, however, Kenya has boasted of its conquest but blocked access to the city for foreign reporters.

A visit to Kismayo this week reveals perhaps part of the reason why: Kenyan soldiers rarely venture into the city's center and remain holed up instead in bases at the seaport and at airstrips north and south of the city. With al Shabab fighters able to melt in and out of civilian life with relative ease, Kenyan soldiers struggle to identify friend from foe.

Outside the city, the war is far from over. Al Shabab still controls much of the countryside, and at night, the pop and thump of firefights rage until dawn. The Kenyan military says al Shabab frequently carries out hit-and-run attacks at night. The fighting seemed especially concentrated toward Anjeel, a village a few miles from Kismayo that was supposedly wrested from al Shabab control.

At the southern airstrip, troops fan out on foot to secure a three-mile radius before incoming aircraft land, leery of unseen enemies in the bush.

"You must have a defensive line around the airport so that we can avoid attacks from all directions," said Kenyan Maj. Nicholas Adongo.

To the north of the city, a Kenyan commander pointed further north toward the town of Jilib, which al Shabab still holds and from which it often launches attacks, most recently a mortar barrage on Nov. 25.

"We are waiting for commanders to tell us to move forward," said Lt. Col. William Lenterakwai Ole Kamoiro.

In Kismayo, people are slowly returning to their homes, and businesses are reopening. In place of al Shabab, Kenya's Somali allies, the Ras Kamboni militia under warlord Ahmed Madobe, now rule the city under a form of martial law.

Speaking freely is still dangerous. After seeing a McClatchy correspondent interviewing a civilian without a translator, a Ras Kamboni port supervisor broke up the interview and tried to confiscate the correspondent's notebook and recorder. A Kenyan military escort asked the correspondent to return to the armored personnel carrier for his own safety.

At a village just south of Kismayo, village chief Hassan Abdi said that, at this point, he and his neighbors were too focused on survival to care much anymore which men with guns were now in charge.

"We work with everyone who controls the city. I worked with al Shabab, and this is no different. We have no choice," he said.

## **Mali Gambles On Warlord As Peacemaker**

**Winning Over Key Regional Commander Stands as an Attractive Way to Make Inroads in the Fight Against al Qaeda**

By Drew Hinshaw

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Terror Fight Shifts To Africa**

By Julian E. Barnes And Evan Perez

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Special Operations Command Leads Propaganda Fight**

By Tom Vanden Brook

[USA Today](#), December 6, 2012

WASHINGTON — The military's Special Operations Command has become an emerging player in the Pentagon's propaganda efforts to confront violent extremists around the world, according to documents and a new report from a non-partisan think tank.

Special Operations Command, based in Tampa, directs the military's elite commando units — the Navy's SEALs and Army's Delta Force — in counterterrorism missions. SOCOM, as it is known, conducted the operation to kill Osama bin Laden and dealt bloody blows to insurgent groups in Iraq and Afghanistan.

Key to its propaganda efforts is a collection of websites known as the Trans Regional Web Initiative aimed at foreign audiences. USA TODAY first reported on its existence in 2008, and it appears to have expanded.

MORE: USA TODAY's 2008 story on Pentagon launching foreign news websites

Some of those websites and blogs are classified programs and appear without attribution, according to a report released to USA TODAY, titled "The Pentagon as Pitchman: Perception and Reality of Public Diplomacy." The report, by the non-partisan Stimson Center, examines the military's growing role in shaping perceptions about the United States around the world.

SOCOM has bolstered its propaganda campaign in cyberspace with trained teams of psychological operations troops. As of March, according to SOCOM's commander, Adm. William McRaven, it had deployed 22 "Military Information Support Operations" teams around the world at the request of military leaders and ambassadors. MISO teams, formerly known as "psychological operations" troops, help "combat VEOs (violent extremist organizations) and resist the spread of their associated ideologies," according to SOCOM. Once deployed, they serve for local commanders.

Also advising SOCOM is longtime public affairs and propaganda contractor John Rendon, whose Rendon Group was instrumental in influencing public opinion before the start of the Iraq War. Rendon has two full-time employees working at SOCOM and has visited the command's headquarters at MacDill Air Force Base 12 times since Feb. 1, said Col. Tim Nye, a SOCOM spokesman.

Rendon was paid \$24,000 for its work on SOCOM's Sovereign Challenge exercise with foreign governments and is a subcontractor on a \$1.2 million contract run by Scientific Research at MacDill.

The military revoked a Rendon contract in Afghanistan when it was revealed in 2009 that it had profiled reporters seeking to embed with troops and weeded out those whose coverage was deemed negative. In all, Rendon, a marketing expert, has been paid more than \$100 million for providing the military with communication advice.

Unlike other regional combatant commands such as the Central Command in the Middle East, SOCOM is not bound by geography. Its mission to combat extremism extends around the globe.

Overall, funding for information operations, which include the military's propaganda efforts abroad, has fallen from its peak of \$580 million in 2009 during the toughest fighting in Iraq and Afghanistan to \$202 million last year. Most of the money is spent on propaganda programs in war zones, often broadcasts and leaflets aimed at bolstering support for the Afghan government. A USA TODAY investigation found that the military has had trouble accounting for the funds spent and measuring the effects of its campaigns.

Many of these information operations appear to be consolidating under SOCOM, according to Russell Rumbaugh, one of the Stimson report's authors. In 2013, SOCOM seeks \$58.9 million for its information operations, according to the Stimson analysis, while Central Command wants \$29.4 million.

"SOCOM's role in U.S. foreign policy has been changing, and public diplomacy is one of the more interesting areas we see that in," Rumbaugh says. "By centralizing them, SOCOM seems to be playing a bigger role than before. Our analysis found where more traditional parts of (the Department of Defense) have shied away from this mission, SOCOM has been willing to embrace it. The truth is SOCOM as such a big player in foreign policy is new, and we really don't know what all the implications of that are."

SOCOM's Trans Regional Web Initiative includes websites that offer news, cultural reports, sports and other programming to "target audiences," according to a Senate Armed Services Committee report cited by the Stimson Center. The websites, according to the report, "have the strong appearance of civilian journalism" and seek "to express the United States and its operations in a positive light."

The sites started in 1999 during the U.S. mission in Kosovo, military records show. The first site, Balkan Information Exchange, was started by the Rendon Group. It has evolved into Southeast Europe Times, which is run by General Dynamics Information Technology, records show.

Pentagon contract records show that General Dynamics has been paid more than \$80 million for the sites since September 2009, when they were first announced as a \$10 million contract. SOCOM spending on the sites has increased each year, from \$10 million in 2009 to a \$26 million payment on July 31, records show.

SOCOM is increasingly the go-to organization in the military for fighting terrorism, and its budgets have grown over the past 10 years, said Peter Singer, director of the 21st Century Defense Initiative at the Brookings Institution.

"How much of it is because SOCOM is becoming the de facto go-to organization for everything vs. how much is because less questions are asked about SOCOM funding?" Singer said. "It's likely both, but the funding issue is definitely a driver."

Websites run by Special Operations Command:

Southeast Europe Times

SES Turkey

Magharebia

Mawtani al-Shorfa

Central Asia Online

## **National Network For First Responders Is Years Away\***

By Edward Wyatt, New York (NY) Times

[New York Times](#), December 7, 2012

During Hurricane Sandy, New York police commanders could talk by radio with fire department supervisors across the city, to officials battling power failures in nearby counties and with authorities shutting down airports in New York and New Jersey.

As routine as that sounds, it represented great strides in emergency communications. And it addressed one of the tragic problems of Sept. 11, 2001 — that police and fire officials at the World Trade Center site could not reach one another by radio.

The recent positive developments still do not fulfill the post-Sept. 11 plans for a nationwide communications system for first responders. Emergency officials who showed up from other cities to help clean up after Sandy could not talk to New York officials with the radios they brought from home. The fourth-generation cellular-phone technology on which the system is based does not allow, for the foreseeable future, emergency workers in one location to immediately contact each other directly. Rather than push



a button on a device, walkie-talkie style, they have to dial a phone number, like any cellphone user, and worry about dropped calls.

Congress took years to set aside a special section of airwaves to accommodate a new emergency system, but it allocated only \$2 billion for initial work. Communications experts say the system will require up to \$10 billion more. While another \$5 billion of potential financing could come from the Federal Communications Commission's auction of newly cleared airwaves, that effort depends on the cooperation of so-far reluctant television broadcasters and government agencies.

Hurricane Sandy also exposed a significant flaw in the initial design of the emergency system. It would rely greatly on commercial cellphone networks, the same networks that failed during the storm when cell towers blew down, power equipment failed and backup batteries or generators were flooded. "To think that you can build a network that can withstand anything and everything that Mother Nature throws at it is a bit unrealistic," said Bill Smith, president of AT&T Network Operations. "It's not impossible, but it would be incredibly expensive."

New York's interagency system worked well both this year and last year during Hurricane Irene. It began operations within the city a few years after Sept. 11 and expanded to the surrounding suburbs two years ago, with the help of federal money.

That system transmits audio on normal radio waves, however, not over the wireless broadband network planned for the new nationwide broadband system. A broadband network already would allow first responders to exchange pictures, video and data like maps and building plans, but adding a push-to-talk audio link is five to 10 years away, officials say.

The hurricane made clear that relying on the networks of companies like Verizon, AT&T, T-Mobile and Sprint had limits. "These networks failed when we would have needed them most," said Charles F. Dowd, a deputy chief who oversees the New York Police Department's communications division. "The idea of using commercial networks is a real concern for public safety."

Mr. Dowd serves on the board of First Responder Network Authority, or FirstNet, the new independent federal agency set up this year by Congress to design and build the new emergency system.

Several other members of that board visited New York after the hurricane to see the city's interagency network. "They clearly saw the difference between the performance of commercial and public safety networks," Mr. Dowd said. "They knew the new system cannot be built to commercial standards. It has to be at a higher level of redundancy and survivability."

In addition to making the technology work, the most pressing issue faced by FirstNet is cost. Congress set aside \$2 billion for the FirstNet board to get the system into place.

An additional \$5 billion in construction costs would be financed with the proceeds of the Federal Communications Commission's auctions of additional wireless airwaves, a priority of the F.C.C. chairman, Julius Genachowski, who has also pushed the public safety network up the agenda. But that will go only part of the way, most telecommunications experts contend.

The F.C.C. hopes to begin those auctions in 2014, but so far it has faced resistance from television broadcasters and government agencies, which hold the airwave licenses the commission wants to take back and sell.

FirstNet said it believed it would reach its ultimate goal of building a network that could be used by any public safety official in the United States, using a standard device that operates on the same frequencies as those of all other departments.

"We have the spectrum resources and the financial resources available to achieve that," said F. Craig Farrill, a longtime wireless communications executive and member of the FirstNet board who is overseeing the architecture of the network. "We're very optimistic." He noted that Congress had approved and set aside money for the project only in February, and that the board was only a couple of months old.

Current emergency systems do not provide the desired interagency connectivity because each city or county department designs radios to work on airwaves that are best suited to its own location. When rescue workers from the Midwest showed up in New Orleans to pitch in after Hurricane Katrina, for example, they found their radios would not allow them to connect with those used by local officials.

In 2010, the Commerce Department allocated \$382 million in grants to seven public safety agencies to work on their own local communications systems. But in May, with more than \$40 million already spent on plans and equipment, the Commerce Department suspended that work. It said it was afraid that those systems would not work seamlessly with the nationwide network it envisioned.

"It was a shocking waste of money to have invested in all that and then shut it down," said retired Rear Adm. James A. Barnett Jr., who until April headed the F.C.C.'s public safety division and is now an official at the Potomac Institute for Policy Studies, a science and technology study group here.

The shutdown caused problems for Oakland, San Francisco, San Jose and 10 Northern California counties that had received a \$50 million grant from the Commerce Department to build a regional network. Now, after six months of idleness, some are losing patience.

"You can't expect local governments to just sit there and not use resources for several months while the federal government tries to make a decision on how to proceed," said Barry Fraser, interim general manager for the Bay Area Regional Interoperable Communications Systems Authority. "I don't know how much longer we can keep all of them on board."

## **End The War On Terror And Save Billions**

By Fareed Zakaria

[Washington Post](#), December 7, 2012

As we debate whether the two parties can ever come together and get things done, here's something President Obama could probably do by himself that would be a signal accomplishment of his presidency: End the war on terror. Or, more realistically, start planning and preparing the country for phasing it out.

For 11 years, the United States has been operating under emergency wartime powers granted under the 2001 "Authorization for Use of Military Force." That is a longer period than the country spent fighting the Civil War, World War I and World War II combined. It grants the president and the federal government extraordinary authorities at home and abroad, effectively suspends civil liberties for anyone the government deems an enemy and keeps us on a permanent war footing in all kinds of ways.

Now, for the first time since Sept. 11, 2001, an administration official has sketched a possible endpoint.

In a thoughtful speech at the Oxford Union last week, Jeh Johnson, the outgoing general counsel for the Pentagon, recognized that "we cannot and should not expect al-Qaeda and its associated forces to all surrender, all lay down their weapons in an open field, or to sign a peace treaty with us. They are terrorist organizations. Nor can we capture or kill every last terrorist who claims an affiliation with al-Qaeda."

But, he argued, "There will come a tipping point . . . at which so many of the leaders and operatives of al-Qaeda and its affiliates have been killed or captured, and the group is no longer able to attempt or launch a strategic attack against the United States, such that al-Qaeda as we know it, the organization that our Congress authorized the military to pursue in 2001, has been effectively destroyed." At that point, "our efforts should no longer be considered an armed conflict."

Phasing out or modifying these emergency powers should be something that would appeal to both left and right. James Madison, father of the Constitution, was clear on the topic. "Of all the enemies to public liberty," he wrote, "war is, perhaps, the most to be dreaded, because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes. . . . No nation could preserve its freedom in the midst of continual warfare."

If you want to know why we're in such a deep budgetary hole, one large piece of it is that we have spent around \$2 trillion on foreign wars in the past decade. Not coincidentally, we have had the largest expansion of the federal government since World War II. The Post's Dana Priest and William Arkin have described how the U.S. government has built 33 new complexes for the intelligence bureaucracies alone. The Department of Homeland Security employs 230,000 people.

A new Global Terrorism Index this week showed that terrorism went up from 2002 to 2007 – largely because of the conflicts in Afghanistan/Pakistan and Iraq — but has declined ever since. And the part of the world with the fewest incidents is North America. It could be our vigilance that is keeping terror attacks at bay. But it is also worth noting, as we observe the vast apparatus of searches and screening, that the Transportation Security Administration's assistant administrator for global strategies has admitted that those expensive and cumbersome whole-body scanners have not resulted in the arrest of a single suspected terrorist. Not one.

Of course there are real threats out there, from sources including new branches of al-Qaeda and other such groups. And of course they will have to be battled, and those terrorists should be captured or killed. But we have done this before, and we can do so in the future under more normal circumstances. It will mean that the administration will have to be more careful — and perhaps have more congressional involvement — for certain actions, such as drone strikes. It might mean it will have to charge some of the people held at Guantanamo and try them in military or civilian courts.

In any event, it is a good idea that the United States find a way to conduct its anti-terrorism campaigns within a more normal legal framework, rather than rely on blanket wartime authority granted in a panic after Sept. 11.

No president wants to give up power. But this one is uniquely positioned to begin a serious conversation about a path out of permanent war.

## **Appeals Court Sides With Bush Wiretapping**

[Wired](#), December 7, 2012

A federal appeals court is refusing to reconsider its August ruling in which it said the federal government may spy on Americans' communications without warrants and without fear of being sued.



The original decision by a three-judge panel of the 9th U.S. Circuit Court of Appeals this summer reversed the first and only case that successfully challenged President George W. Bush's once-secret Terrorist Surveillance Program.

Without comment, the San Francisco-based appeals court announced Wednesday that it would not rehear (.pdf) the case again with a larger panel of 11 judges, effectively setting the stage for a Supreme Court showdown. The appeals court Wednesday also made some minor amendments (.pdf) to its August ruling, but the thrust of it was the same as before.

The case concerned a lower court decision in which two American attorneys — who were working with the now-defunct al-Haramain Islamic Foundation — were awarded more than \$20,000 each in damages and their lawyers \$2.5 million in legal fees after a tortured legal battle where they proved they were spied on without warrants.

They sued under domestic spying laws Congress adopted in the wake of President Richard M. Nixon's Watergate scandal. The government appealed their victory, and the appeals court has dismissed the suit and reversed the damages.

The San Francisco-based appeals court had ruled that when Congress wrote the law regulating eavesdropping on Americans and spies, it never waived sovereign immunity in the section prohibiting targeting Americans without warrants. That means Congress did not allow for aggrieved Americans to sue the government, even if their constitutional rights were violated by the United States breaching its own wiretapping laws.

Congress authorized Bush's spy program in 2008, five years after the illegal wiretapping involved in this case.

The Bush spy program was first disclosed by The New York Times in December 2005, and the government subsequently admitted that the National Security Agency was eavesdropping on Americans' telephone calls without warrants if the government believed the person on the other end was overseas and associated with terrorism. The government also secretly enlisted the help of major U.S. telecoms, including AT&T, to spy on Americans' phone and internet communications without getting warrants as required by the 1978 Foreign Intelligence Surveillance Act, the law at the center of the al-Haramain dispute.

A lower court judge found in 2010 that two American lawyers' telephone conversations with their clients in Saudi Arabia were siphoned to the National Security Agency without warrants. The allegations were initially based on a classified document the government accidentally mailed to the former al-Haramain Islamic Foundation lawyers Wendell Belew and Asim Ghafoor.

The document was later declared a state secret, removed from the long-running lawsuit and has never been made public. With that document ruled out as evidence, the lawyers instead cited a bevy of circumstantial evidence that a trial judge concluded showed the government illegally wiretapped the lawyers as they spoke on U.S. soil to Saudi Arabia.

## **HOMELAND RESPONSE:**

### **U.S. Spy Agencies To Detail Cyber Attacks From Abroad**

**A National Intelligence Estimate will report on cyber attacks from abroad, including financial losses blamed on hackers in China.**

By Ken Dilanian

[Los Angeles Times](#), December 7, 2012

WASHINGTON — The U.S. intelligence community is nearing completion of its first detailed review of cyber spying against American targets from abroad, including an attempt to calculate U.S. financial losses from hacker attacks based in China, officials said.

The National Intelligence Estimate, the first involving cyber espionage, also will seek to determine how large a role the Chinese government plays in directing or coordinating digital attacks aimed at stealing U.S. intellectual property, according to officials who spoke on the condition of anonymity to discuss a classified undertaking.

The Pentagon requested the estimate more than a year ago, and it sparked a broad review of evidence and analysis from the 17 U.S. intelligence agencies. The document has been submitted to the National Intelligence Council, which coordinates such efforts, but it was unclear whether the council had reached or approved final conclusions. The study is expected to be given to policymakers early next year.

U.S. intelligence agencies monitor daily digital assaults from hackers based in China who seek to steal intellectual property from American and other Western companies, current and former intelligence officials said. Intelligence analysts disagree over the extent to which the intrusions are organized by Chinese authorities, but the CIA and National Security Agency have traced cyber attacks and thefts to Chinese military and intelligence agencies.

"We know much more about who is doing this than we did even two years ago," one official involved in the effort said. "We have traced attacks back to a desk in a [People's Liberation Army] office building."

Some analysts believe the Chinese government has a broad policy of encouraging theft of intellectual property through cyber attacks, but that it leaves the details to intelligence services, state-owned companies and freelancers. As a result, at least some of the attacks appear poorly orchestrated.

U.S. officials have raised concerns about cyber espionage with Chinese officials. Beijing has denied any involvement.

Obama administration officials have publicly warned in recent months about threats to national security from cyber attacks, but they have tiptoed around the issue of who is to blame. "It's no secret that Russia and China have advanced cyber capabilities," Defense Secretary Leon E. Panetta said in a speech on Oct. 11 in New York.

Russia engages in cyber espionage against government targets, as does China, the United States, Israel, France and other nations. But Russia does not systematically steal corporate secrets from U.S. companies to aid its own national companies, U.S. intelligence officials say.

Last week, the congressionally sponsored U.S.-China Economic and Security Review Commission alleged that China has "an elaborate strategy for obtaining America's advanced technology by subterfuge, either stealing it outright or by requiring U.S. companies to turn over technology to Chinese business partners as a condition for investment and market access in China."

Part of that strategy relies on computer attacks, the commission said.

"In 2012, Chinese state-sponsored actors continued to exploit U.S. government, military, industrial and nongovernmental computer systems," the report said. "The volume of exploitation attempts yielded enough successful breaches to make China the most threatening actor in cyberspace."

Losses from the theft of U.S. intellectual property through cyber attacks and theft are difficult to quantify but are believed to be in the billions of dollars a year.

In one recent case, Brian Milburn, who runs Solid Oak Software Inc. in Santa Barbara, sued the Chinese government and nine companies for \$2.2 billion in January 2010 in federal court in Santa Ana, alleging that his Cybersitter child-monitoring software had been pirated and illegally sold to 57 million users in China. The lawsuit was settled for an undisclosed amount in April, though the Chinese government did not participate in the settlement.

As the lawsuit unfolded, Milburn was targeted for harassment by Chinese hackers thought to have been tracked by U.S. intelligence, according to his Los Angeles lawyer, Gregory Fayer. He said the hackers blocked orders on the Cybersitter website, costing Milburn tens of thousands of dollars in lost sales.

"The guys they put on us were the virtual Chinese A-Team of hackers," Milburn said in a phone interview Thursday. "They were the most patient people I've ever seen. They basically used the same techniques against me that they would use for cyber espionage."

ken.dilanian@latimes.com

## **Feds Expand Polygraph Screening, Often Seeking Intimate Facts**

By Marisa Taylor, McClatchy Newspapers

[McClatchy](#), December 6, 2012

She was one of the brightest students at a leading university when the Central Intelligence Agency offered her a job as a counter-terrorism analyst. But first, the 19-year-old was warned, she had to undergo a polygraph test to determine whether she could be trusted.

Instead of scrutinizing her ability to guard government secrets, polygraphers asked about her reported rape and miscarriage, the woman recalled. Over at least eight hours in three separate sessions, polygraphers repeatedly demanded to know her innermost thoughts, even after she started sobbing in shame.

"At one point, one of the polygraphers said to me, 'Turn on the light inside so I can see,' " said the woman, who asked that her name be withheld. "I was amazed at how creepy and invasive the whole process was."

Last year, more than 73,000 Americans across the country submitted to polygraph tests to get or keep jobs with the federal government, although such screening is mostly banned in the private sector and widely denounced by scientists. Many of the screenings probably aren't as harsh as the CIA applicant described, but polygraphers at a growing number of U.S. agencies are asking employees and applicants questions about their personal lives and private thoughts in the name of protecting the country from spies, terrorists or corrupt law enforcement officers.

The federal government describes polygraph testing as an imperfect but effective way of preventing its secrets from being leaked at a time when almost 5 million people have been approved to access classified information. Many people who undergo polygraph tests describe them as one of the most emotional, terrifying and shameful experiences in their lives. Polygraphers routinely coax people into revealing secrets or experiences they haven't told their friends, relatives or therapists. The polygraphers record the sessions and keep details of the results, sharing them across the government when someone applies to different agencies.

Scientists, however, don't know whether polygraph machines can tell whether someone is lying or even withholding information. Some independent studies have concluded that polygraph testing is no more accurate than a coin toss.

Despite such doubts about the tests, Congress and the courts no longer aggressively scrutinize the usually secretive federal polygraph programs. People who undergo the tests often can't get access to information about their interrogations, and most are barred from filing complaints in federal court.

The National Academies urged federal agencies in 2003 to stop using the tests as a screening technique. The organization, which advises the U.S. government on scientific matters, examined thousands of polygraph studies and concluded that the risk of innocent people failing the test, and spies passing it, was too high.

Since then, 15 agencies – from the National Security Agency to the FBI to the Postal Inspection Service – either have continued or expanded their polygraph screenings, McClatchy found. Many of the agencies now target a growing number of private contractors as well. Only the Department of Energy dramatically scaled back on screening after its own scientists protested.

"The federal government obviously has ignored the scientific consensus," Stephen Fienberg, the chair of the National Academies' polygraph panel, told McClatchy. "What we showed, without equivocation, is that the polygraph machine is too blunt an instrument to be relied on for screening."

The federal government itself hasn't reached a consensus on the best approach, or even the ethical limits, of screening more than 70 years after adopting the practice. McClatchy interviewed dozens of polygraphers, national security experts and people who've been screened and found vast differences in how the tests are conducted.

Six agencies, including the Department of Energy, try to stick to national security questions, such as whether someone has leaked classified information or has inappropriate relationships with foreigners, McClatchy found. These polygraphers are supposed to avoid delving into other personal matters, such as sexual conduct and psychological issues.

Bruce Held, the director of intelligence and counterintelligence for the Department of Energy, said he wanted to avoid relying on draconian security measures that might unintentionally encourage spying by alienating his employees.

"What we're looking for is whether you are a spy, terrorist or saboteur, not whether you have some peccadillo in your life," said Held, a retired CIA officer.

The nine other agencies that still use polygraph screening, however, see it as crucial in rooting out applicants or employees who are hiding crimes or deviant or unstable behavior that should bar them from certain jobs. These agencies delve into personal conduct such as past drug use, sexual perversions, undisclosed crimes and financial problems.

The Naval Criminal Investigative Service once asked only national security questions but recently decided to start asking its special agent applicants more personal questions. David Bogue, the head of the service's polygraph program, said polygraph screening helped the agency root out "potential insider threats" and hire people who were "trustworthy and suitable."

Details about how the U.S. government conducts polygraph screening are rarely discussed publicly, because many polygraphers cite the need to protect national security and many people who've been screened fear being identified. Many federal agencies, including the CIA and FBI, declined to grant McClatchy interviews or respond to basic questions, such as how many people they polygraph.

To prevent abuses in such a secretive culture, inspectors from the government-run National Center for Credibility Assessment routinely scrutinize polygraph programs. William Norris, the director of the center, said inspectors interviewed top officials and reviewed a sampling of test results to ensure that "ethical, professional and technical standards" were being met. Federal polygraphers also receive more than three months of training at the center.

A McClatchy reporter, however, spoke to veteran polygraphers from a wide array of agencies who described how they often rely on their own instincts and experiences to determine the relevance of a topic, comparable to a skillful police interrogation of a criminal suspect. Some polygraphers, for instance, think that asking someone about being raped could be legitimate in certain circumstances. Others disagreed.

"Where is the line? That depends on the polygrapher and the agency," said John Sullivan, a retired CIA polygrapher of more than three decades. "It can be a slippery slope. At a certain point, the government can justify almost anything."

One Defense Intelligence Agency employee accused a polygrapher last year of jumping to the wrong conclusions during her screening because she's a U.S. citizen of Pakistani origin, according to a copy of her complaint. The polygrapher accused her of trying to deceive him when she countered that she was telling him the truth.

The woman, an intelligence officer, previously worked with polygraphers who told her that even truthful people can be seen as having deceptive responses because they second-guess themselves. As a result, she said in the complaint, she concentrated on providing honest responses. However, the polygrapher said he thought she was using what are known as "countermeasures" to prevent him from reading her test results.

The woman no longer works for the Defense Intelligence Agency but she asked not to be named because she still works for the federal government. When she appealed and asked the Defense Intelligence Agency to view the tape, the agency restored her national security clearance.

"Polygraphers aren't trained scientists," said Fienberg, who's a nationally respected statistician. "They haven't a clue what impact an interrogation has on people's likely responses."

One computer systems analyst said she'd failed the National Security Agency's polygraph screening four times because she was seen as deceptive when she was asked about drug use. The 57-year-old said she'd never tried drugs – even in her 20s in the 1970s.

"I've never been a crowd follower," she said. "When everyone else might have been smoking pot, I was playing the oboe."

In the effort to pass, the woman said, she offered up habits such as drinking wine every day and responded to questions about whether cheating had led to her two divorces. It had not. One reason she doesn't want to be named is that she's held a security clearance for more than a decade with Defense Department agencies that didn't ask applicants about past drug use during polygraph screening.

The woman speculates that she may be reacting to the drug question because her adoptive sister is a longtime drug addict with whom she'd had to cut off contact.

"But I have no idea," she said. "Sometimes I feel like I'm not really thinking about anything at all other than the fact that I'm being polygraphed."

Based on a National Academies statistical model, thousands of people screened last year could have been labeled as failing the test when they were telling the truth. Most courts won't accept polygraph results as evidence in criminal cases. Even polygraphers acknowledge that their calls could be wrong at times.

"I would say there are people who may flunk the polygraph test because they're extremely nervous," said Kevin Boyle, a veteran federal polygrapher who's overseen more than 1,600 polygraph tests. "As a polygrapher, you have to be aware that it's never going to be 100 percent accurate."

For many people – even polygraphers who undergo the screening themselves – the technique has undeniable psychological power. Customs and Border Protection applicants have admitted to cooperating with drug cartels. Counterintelligence officials reveal that they've spilled government secrets. One of the more serious criminal confessions is downloading child pornography.

"We have received admissions from people who have had sex with a dog," said Boyle, who's a polygrapher with the Postal Inspection Service. "You would be amazed what people admit to. What the research doesn't show is that it really does work."

U.S. intelligence agencies nonetheless decline to identify spies who've been uncovered during polygraph tests. The CIA is said to have detected spying by at least two employees, including former CIA officer Harold Nicholson, who was convicted in the late 1990s of selling the names of covert officers to Russia.

Others seem to be able to get through the screenings without problems. CIA officer and Soviet spy Aldrich Ames cleared one. Polygraphers then came up with ways to catch people who try to beat the test. Despite their efforts, Bruce Ivins got through an FBI polygraph before being identified as the 2001 anthrax killer.

"Anybody who has been suspended from high school is not going to be intimidated by a polygrapher," said Rob Caruso, a security consultant and cryptographer who was polygraphed.

Caruso, one of the rare applicants who allowed McClatchy to publish his name, said he was amused by his polygraph screening for the Naval Network Warfare Command because he saw it as such a crude way of detecting security risks.

During the test, Caruso said, the polygrapher seemed intent on getting him to confess to something, so he admitted getting caught spray-painting a drainage ditch as a teenager, "to give them something." However, he didn't admit to drug use although he'd experimented when he was younger. He passed.

"They were real squares," Caruso said. "They were asking questions like I'm going to cop to things."

Polygraphers said they weren't trying to be intrusive when they asked about such matters. Many people initially show as reacting to questions even though they may not be lying. They may be thinking of something irrelevant or embarrassing that they don't want to reveal. The polygraph machine, however, measures their blood pressure, sweat activity, respiration and heart rates as possibly indicating deception. To determine what's making them react, polygraphers talk people into telling them what's on their minds.

Boyle said he thought that polygraphers should "lightly probe" sensitive areas such as someone who professed to be the victim of a crime.

"I believe we should leave it up to the applicant to share the information," he said.

Other polygraphers may not be as gentle, he acknowledged. "Everyone's interrogation style is different."

Once the troubling thought or behavior is revealed, the test is redone and many people pass.

Others don't. The CIA applicant who says she was asked in 2005 about her rape recalled being pressed to reveal everything because the test showed that she was hiding something. At one point, she revealed she was bothered by a claim by another polygrapher that the agency hires alcoholics but not homosexuals. The polygrapher leaned in and asked, "Why? Are you a homosexual?" She said she wasn't.

McClatchy was able to confirm the CIA's interest in her reported rape and miscarriage by reviewing her heavily redacted security-clearance records, which were released under open records laws. The records show that she revealed before the polygraph that she'd smoked pot three times to deal with the pain of her miscarriage, records show. She also told them the miscarriage was the result of a rape.

The applicant wonders whether her state of mind at the time made her seem as if she were lying when she had nothing to hide. As the agency itself notes in records McClatchy obtained, the woman had been preliminarily diagnosed with post-traumatic stress disorder.

Her security-clearance request was rejected because of "personal conduct." McClatchy couldn't determine what the agency was most concerned about because of the redactions in the documents. Like most agencies, the CIA refused to give the applicant a copy of her recorded polygraph screening, citing policy.

The woman offered to sign a privacy waiver allowing the CIA to discuss her case but the agency said it couldn't discuss individual cases. In a general statement about its program, the agency defended its polygraphers as "highly trained . . . among the best in their profession."

Polygraphers who work at several agencies said asking someone about being sexually assaulted or raped could be legitimate in some cases, especially if the person brought up the topic and it seemed to be triggering a deceptive reading.

"A false rape report is a felony," said one polygrapher, who wasn't authorized to speak by name. "Would you want someone who files a false report of a crime to hold a sensitive government position?"

Sullivan agreed that polygraphers have a duty to follow up if someone implies that he or she has leveled any false criminal accusation. However, he said that pursuing details about someone's rape "clearly crosses the line."

"I can't see how you can get anyone who is a victim of a rape to get through a polygraph once the emotional response is triggered," he said. "I would question whether this is something that they really need to know about in the first place."

Tish Wells contributed to this article.

## **U.S. Polygraphers Questioned Accuracy Of Tests On Detainees Overseas**

By Marisa Taylor, McClatchy Newspapers

[McClatchy](#), December 6, 2012

The U.S. military conducted hundreds of polygraph tests on detainees in Iraq and Afghanistan despite doubts about whether innocent civilians could be accurately separated from accused terrorists, documents obtained by McClatchy show.

The Air Force alone tested more than 1,000 detainees in Iraq to determine whether they were involved in terrorist attacks on U.S. military personnel or whether they should be released. As the screening was under way, polygraphers voiced concerns about the results, in part because they were posing questions through interpreters in a war-torn country.

"I have serious questions as to the accuracy of exams done in this environment," wrote one polygrapher who was involved in 240 of the tests over two deployments. "I think the decision was made to contribute to the war effort . . . with little regard to the problems associated with doing these."

The polygraphers' observations from 2004 to 2008 offer yet another example of the U.S. military's controversial detainee-interrogation policies overseas in the wake of 9/11. Their experiences also raise broader questions about the growing use of polygraph abroad – often with the encouragement of the U.S. government.

The U.S., for instance, has agreed to pay for polygraph machines to boost the Mexican government's crackdown on drug cartels. U.S. military officials have urged the Afghan and Iraqi governments to use polygraph screening to root out corrupt officials and terrorists despite concerns that the tests aren't reliable.

The American Polygraph Association announced this month that its membership grew significantly this year, in part because more foreign polygraphers are signing up. The professional organization said that almost one-quarter of its membership was now foreign, indicating "the expanding use of polygraph testing around the world."

The Air Force's polygraph testing in several Iraq military prisons dates at least to 2004, only months after revelations of abuses by American prison guards at Abu Ghraib. By then, the Bush administration also had authorized harsh interrogation methods on detainees at Guantanamo.

The Air Force polygraphers often worked at the behest of military interrogators, who determined which detainees would be tested and what questions would be asked. In the documents, the polygraphers didn't mention the earlier controversies over detainee interrogations or the abuses by guards at Abu Ghraib, nor did they accuse the interrogators of abuses. However, they



described the interrogators as prone to rely on the polygraph tests to support their own conclusions about detainees' guilt or innocence.

At times, several polygraphers said, important information was unearthed, including about attacks that killed troops. One wrote that the tests "saved lives and contributed to the deaths and captures of many insurgent leaders and operators."

But others said they doubted their own conclusions about detainees. "It was frustrating at times because I felt as if the results of my work did not amount to anything that really contributed to the war on terror or our efforts in Iraq," wrote one who tested 90 detainees. "I can't remember which test was the least important because there were honestly so many exams that just didn't seem to have impact."

Despite such misgivings about wartime polygraph testing, the U.S. government also authorized the use of handheld devices in Iraq and Afghanistan that were considered even less reliable than the traditional machines were. The documents don't say what type of equipment the Air Force used, and the government had redacted portions of the documents. Katelyn Sack, a University of Virginia polygraph researcher who provided the documents to McClatchy, said the Air Force appeared to have used traditional machines.

One of the polygraphers worried that military personnel were falsely implicating people. In one case, interrogators claimed that a detainee was arrested with a "large cache of weapons." It turned out that the man lived in a neighborhood where several people were rounded up.

"The 'weapons cache' was either an accumulation of weapons found in all the homes, or was found in one of the homes but attributed to each of the individuals detained at the same time," the polygrapher wrote. "The interrogator told me that these ambiguous reports are not unusual. . . . He told me that it could very well be that this particular detainee didn't have any weapons at all in his home."

One polygrapher – who screened 110 detainees in 2005 and 2006, including at Abu Ghraib – said the polygraph test results had no impact on detainees at Abu Ghraib because interrogators "already knew" from other evidence that the detainees were guilty.

"Interrogators wanted to use the failed polygraph (what they suspected would be a failed polygraph) as a 'hammer,' " the polygrapher wrote.

Another polygrapher said a test " 'cleared' an old man . . . wrongly 'fingering' by a jealous neighbor."

"Despite the results he was sent to Abu Ghraib prison," the polygrapher said.

In an internal memo, the Air Force said 46 percent of the detainees were deemed to have been lying. Yet 90 percent of the tests were based on "extremely generic, anonymous and perishable reporting," according to the memo.

One polygrapher said the interrogators sometimes told the detainees they'd failed when they had not.

But the Air Force pressed ahead and temporarily authorized a controversial technique that intelligence agencies use during polygraph testing. The Air Force said in the memo that the technique, known as the relevant/irrelevant test, was used with "great success" in Afghanistan. But some Air Force polygraphers in Iraq raised questions about it.

The technique, which the National Security Agency uses, often shows people as being deceptive, known as "DI," according to one polygrapher. The NSA also sent polygraphers to Iraq, the documents show.

"I felt as if I were unfairly administering a 'DI' test to an individual who might actually" not be lying, an Air Force polygrapher wrote. Unlike the Air Force results, the National Security Agency tests on detainees in Iraq "are not reviewed by anyone, are not sent forward to their headquarters and are not filed in any database," another polygrapher wrote.

## **Federal Polygraph Programs Are Secret Even To Researchers**

By Marisa Taylor, McClatchy Newspapers

[McClatchy](#), December 6, 2012

It's one of the best-kept secrets in the federal government.

Information about polygraph screening is so guarded by the agencies that use it that job applicants who are tested are urged not to tell anyone. The news media are denied basic information, such as how many government employees are screened, because it's "sensitive" and could jeopardize national security.

Researchers are told they can't get studies about how it works. Even the National Academies, the organization set up to advise the federal government on scientific matters, faced stiff resistance when it reviewed polygraph testing. As a result, the academies compared the polygraph profession to the "priesthood keeping its secrets in order to keep its power."

"It's a siege mentality," acknowledged Gordon Barland, a retired federal polygraph researcher who supports polygraph screening but also pushed for greater transparency on some of the data.

Many of the 15 agencies that rely on polygraph testing for job applicants and employees say they're protecting screening methods from spies or terrorists who might figure out how to infiltrate the government. An unknown number of government

polygraph studies remain classified because of this fear. But critics and even some supporters say the federal government should be more open about its programs given the growing use of polygraph screening and the continued scientific controversy over it.

Barland, one of the most prolific government polygraph researchers, asked government officials to publish several classified studies on polygraph screening that he participated in. They declined.

Other government researchers who've pushed for publishing such studies also have been turned down, Barland said. Some have left the government in frustration. Researchers and academics generally think it's essential for studies to be published and peer reviewed. Barland said the government would have benefited from publicizing several of the studies because they demonstrated that polygraph screening worked, but he blames labor unions and civil libertarians for making polygraphers gun-shy.

"They don't want to give critics any more ammunition," he said.

Job applicants and employees also are denied the recordings of their polygraph screenings and the charts that polygraphers relied on to determine whether they're lying. If they want any other records about sessions, they have to file open records requests. Nonetheless, documents often are withheld or redacted for national security reasons. The information is so guarded that people who are polygraphed are urged to "maintain confidentiality" and not to tell co-workers, relatives or friends, documents obtained by McClatchy show.

Polygraphers say they need to keep their methods secret because of attempts to beat the tests. Known as countermeasures, the methods are said to have been used by the deceased scientist who later was identified as the 2001 anthrax killer and by CIA officer and Soviet spy Aldrich Ames. But others, including independent researchers and security experts, think the secrecy is designed to give the technique more psychological power than it deserves. Many of the details – such as how many people are screened or what questions are asked – aren't classified, yet aren't divulged. As a result of the secrecy, people feel compelled to tell the truth even though scientists widely criticize polygraph screening as unreliable, critics said. McClatchy recently obtained copies of unpublished government assessments of polygraph screening that questioned the effectiveness of some methods. One study, researched by Barland, concluded that the results were "disturbing" because polygraphers identified people during mock tests as lying when they were not. Another said, "It may be premature to estimate the accuracy of counterintelligence screening examinations based on the evidence presently available."

Katelyn Sack, a University of Virginia researcher who's studying whether factors including polygraphers' personal biases influence testing, provided the copies to McClatchy. Sack had to hire a lawyer and file open-records lawsuits to get data about U.S. polygraph programs even though the federal government has claimed to be supportive of such research.

She said she thought she'd encountered suspicion from polygraphers because she was an independent researcher not tied to the industry. So far, her research isn't showing racial bias in polygraph testing outside the federal government. Sack would like to assess whether the same is true of federal programs, but she's still fighting for more data.

"The polygraph profession is actually its own worst enemy," she said.

## **Why We Don't Need Another Law Against Intelligence Leaks**

By Leonard Downie Jr.

[Washington Post](#), December 7, 2012

Leonard Downie Jr., vice president at large of The Washington Post, served as the newspaper's executive editor from 1991 to 2008. He also is a professor at Arizona State University's Walter Cronkite School of Journalism and Mass Communication.

The decade-long clandestine U.S. "war on terror" has spawned a parallel, escalating campaign to stop leaks of information about intelligence activities to the news media. During the first four years of the Obama administration, investigations of spy agency employees have proliferated. Six current or former officials have been prosecuted for unauthorized disclosures of information, more than in all previous administrations combined.

The pressure to keep quiet is intensifying. The director of national intelligence has expanded the use of lie-detector interrogations in leak investigations. His office is studying how all 16 U.S. civilian and military intelligence agencies handle "non-incidentals contacts" with the news media, presumably interviews and background briefings. Pentagon officials have been ordered to monitor news media for disclosures of classified information.

Now the Senate is considering legislation that would go even further. The 2013 Intelligence Authorization Act would make it a crime for career intelligence officers to provide almost any type of information to the news media, whether the information is classified or not. The bill specifically prohibits a career official from participating in "background or off-the-record" sessions with reporters.

This is a classic example of overkill. The legislation would end contacts that often benefit both the government and the public by allowing the exchange of accurate information about vital national security issues and intelligence activities, including

abuses requiring attention. As executive editor of The Washington Post for 17 years, I know firsthand that such conversations also help the news media avoid publishing information that, inadvertently, might harm national security.

The legislation is pending before the Senate, following its approval by the Senate Intelligence Committee over the summer. The only committee member to vote against the bill, Sen. Ron Wyden (D-Ore.), has placed a hold on it to prevent passage in its current form. "Without transparent and informed public debate on foreign policy and national security topics, American voters would be ill-equipped to elect the policymakers who make important decisions in these areas," Wyden said in announcing his hold.

The government must keep some secrets, but excessive secrecy can erode credibility and breed excesses. How can the government build public support for aggressive counterterrorism measures if it operates primarily in the shadows?

"There is no perfect solution to this problem," said Harvard law professor Jack Goldsmith, who served in the George W. Bush administration's Office of Legal Counsel, part of the Justice Department. His recent book, "Power and Constraint: The Accountable Presidency After 9/11," explores the tension between protecting necessary secrets and telling citizens what they should know, too much of which Goldsmith believes is classified as secret.

"Leaks can serve a really important role," he told me, "in helping to correct government malfeasance, to encourage government to be careful about what it does in secret and to preserve democratic processes."

The 2001 terrorist attacks on New York and the Pentagon fundamentally reshaped American attitudes about national security. With Congress's approval, the Bush administration launched a series of extraordinary counterterrorism measures, many of which have continued under President Obama. To carry out their mandated mission, intelligence agencies created an expensive, sprawling network of government bureaucracies and private companies engaged in countless top-secret activities at hundreds of locations throughout the country. The CIA detained and coercively interrogated terrorism suspects in "black site" prisons in foreign countries. The National Security Agency wiretapped and monitored phone calls and other communications without warrants. The CIA has used armed drone aircraft to kill terrorist leaders in several countries. And U.S. intelligence has mounted cyberattacks on Iran.

Americans know much of this because of news media reports, pieced together through contacts with multiple government sources, some of whom were worried about the legality and accountability of these covert activities. Editors joined the discussions before deciding what to publish and what to withhold. Sometimes, other government officials were interviewed to establish whether publication could harm American lives or national security.

These are just the sorts of contacts that the pending legislation would rule out. That would be a mistake. A specific case may help explain why.

In 2005, Post reporter Dana Priest wrote a story that described how the CIA was "hiding and interrogating" terrorism suspects in "a covert prison system set up by the CIA nearly four years ago that at various times has included sites in eight countries, including . . . several democracies in Eastern Europe." Priest reported an ongoing debate within the agency "about the legality, morality and practicality" of the black-site program. Her story led to the closing of secret prisons and played a role in subsequent congressional and judicial actions that exposed and curbed the inhumane treatment and interrogation of terrorism suspects.

It was the culmination of many months of reporting by Priest, including earlier incremental stories, based on conversations with intelligence officials and other sources. She also discovered details of other counterterrorism efforts with Eastern European countries hosting CIA black sites. Through contact with her sources, she kept her editors informed about government concerns that publication of certain information might cause damage to national security. Our discussions centered on whether the damage seemed real and whether it outweighed the public's interest in learning those specific details.

Post editors agreed to meet with the directors of national intelligence and the CIA, and then later with Bush and Vice President Dick Cheney, to listen to their concerns. As executive editor, I decided to publish the secret-prisons story, but without the names of the Eastern European countries because, as the story stated, "the disclosure might disrupt counterterrorism efforts in those countries and elsewhere and could make them targets of terrorist retaliation."

Except for the meetings with top intelligence officials at CIA headquarters, and with the president and vice president in the White House, Priest's conversations with government officials over many months may not have occurred under the restrictions in the pending Senate legislation.

The most troubling provision in the bill would prohibit all contact with the news media or "any person affiliated with the media" by any intelligence officials other than an agency's director, deputy director or "specifically designated" public affairs officers — all of whom are political appointees. That could limit the flow of intelligence information to what political appointees decide to tell reporters, in "authorized leaks," for political purposes. Reporters could be cut off from more knowledgeable and impartial career analysts, such as those who disclosed, in the run-up to the Iraq war, their doubts about Bush administration claims of Iraqi weapons of mass destruction.

This prohibition “would make everyday reporting about everyday intelligence activities practically impossible,” Jack Goldsmith told me. “It would promote opportunistic spinning by the executive branch, which is already a problem.”

Another provision in the bill would pressure the Justice Department to be more aggressive in approving subpoenas of reporters to compel them to cooperate in leak investigations. Since the 1970s, the department has had a policy of approving subpoenas of reporters in federal investigations only if “all reasonable attempts” have been made to obtain the information elsewhere and if the attorney general signs off after negotiations with the news organization.

“Because freedom of the press can be no broader than the freedom of reporters to investigate and report the news,” the policy states, “the prosecutorial power of the government should not be used in a way that it impairs a reporter’s responsibility to cover as broadly as possible controversial public issues.”

The Senate Intelligence Committee cited no evidence that this policy is no longer workable, even in national security investigations. In fact, the executive branch already has abundant legal tools, which the Obama administration has used aggressively, to investigate sources of national security leaks.

One of those tools, the Intelligence Identities Protection Act (IIPA), was recently used to prosecute a former CIA counterterrorism operative, John Kiriakou, who pleaded guilty to disclosing the name of a covert intelligence agent to a reporter investigating coercive interrogations of terrorism suspects. Earlier, Kiriakou gave an interview to ABC News in which he said the interrogation technique called waterboarding is torture.

In an Oct. 23 statement to CIA employees, then-Director David H. Petraeus made clear the message sent by Kiriakou’s conviction. “This case yielded the first IIPA successful prosecution in 27 years, and it marks an important victory for our Agency, for our Intelligence Community, and for our country,” Petraeus told them. “Oaths do matter, and there are indeed consequences for those who believe they are above the laws that protect our fellow officers and enable American intelligence agencies to operate with the requisite degree of secrecy.”

In this digital age, information about U.S. intelligence activities can come from myriad, often unreliable sources — including Congress itself. Those sources aren’t covered by the Senate legislation. Without access to knowledgeable career officials, it would be much more difficult for the news media to determine the accuracy of information or whether its publication or broadcast could truly harm national security.

Especially in times of war, declared or undeclared, it is important to maintain the right balance between accountability and national security. The Senate legislation could tip that balance dangerously.

Leonard Downie Jr., vice president at large of The Washington Post, served as the newspaper’s executive editor from 1991 to 2008. He also is a professor at Arizona State University’s Walter Cronkite School of Journalism and Mass Communication.

## **Marine Brig Officials Grilled About GI’s Jailing**

By David Dishneau

[Associated Press](#), December 6, 2012

FORT MEADE, Md. (AP) — A former Marine Corps. brig commander testified Thursday that a vague rule meant he could keep Pfc. Bradley Manning on suicide watch even after a psychiatrist determined that wasn’t necessary, as lawyers for the soldier at the center of the WikiLeaks case chipped away at inconsistencies in the military’s rationale for how it jailed Manning.

Manning has argued in the pretrial hearing that the conditions of his confinement at the Marine base at Quantico, Va., were so harsh that the charges against the Army private — including aiding the enemy by giving classified information to WikiLeaks, the anti-secrecy website — should be dropped.

Regardless of whether the argument ultimately prevails, Manning and his legal team have managed to use the hearing to portray the 24-year-old as a victim of captors who went out of their way to punish him even though he has yet to be tried.

On the eighth day of a pretrial hearing for Manning at Fort Meade, Chief Warrant Officer 4 James Averhart was called to the stand by prosecutors — their 10th witness in the last five days. Defense attorney David Coombs spent about five hours on cross-examination aimed at undercutting government arguments that brig commanders believed Manning’s treatment was justified to prevent self-injury.

The Marine Corps’ chief of corrections testified Wednesday that Averhart wrongly kept Manning on suicide watch for at least seven days of his nine months’ confinement. A former brig supervisor denied making light of Manning’s homosexuality when he referred to the soldier’s underwear as “panties” in a staff memo sparked by Manning standing naked at attention one morning. Manning claims he was ordered to do so.

The defense claims his confinement amounted to illegal pretrial punishment, and that all charges against Manning should be dropped or he should at least get extra credit at sentencing.

Manning, charged with providing classified information to the WikiLeaks website, was held at Quantico in maximum custody from July 2010 to April 2011, when he was moved to medium-security confinement at Fort Leavenworth, Kansas. While

at Quantico, Manning was on either suicide watch or injury-prevention status, both involving additional security measures. Averhart and his successor rejected psychiatrists' nearly weekly recommendations to ease the restrictions that kept Manning in an 8-by-6-foot cell at least 23 hours a day.

Coombs and Averhart sparred Thursday over the meaning of the word "shall" in this military corrections regulation: "When prisoners are no longer considered to be suicide risks by a medical officer, they shall be returned to appropriate quarters."

Coombs asked why Averhart didn't act immediately after receiving the psychiatric report. Averhart said the regulation meant the prisoner should be removed from suicide watch "at a particular time to be determined."

"'Shall' does not mean, the way I perceive it, 'immediately', or 'right now'," he said.

Coombs tried to pin him down: "Does that have a time limitation?"

Averhart said the regulation allowed him to decide when the restrictions should be eased.

"Although the order is vague — it does say 'shall,' it does not say 'right now' or 'immediately,' sir — it still gives me the opportunity to evaluate," he said.

Averhart said he didn't act immediately partly because of Manning's history of anxiety, depression and suicidal gestures, including knotting a bedsheet into a noose in his cell in Kuwait before he was moved to Quantico. At Quantico, Manning was uncommunicative — another suicide risk indicator, Averhart testified.

The Marine Corps chief of corrections, Chief Warrant Officer 5 Abel Galaviz, testified Wednesday that Averhart violated the regulation twice — once in August 2010 for five days and once in January 2011 for two days — after psychiatrists recommended that Manning's handling instructions be relaxed from "suicide risk" to "prevention of injury."

Prisoners on suicide risk are allowed little if any clothing at night and denied even basic overnight amenities, including toilet paper and soap. Manning had to ask a guard for those items.

Averhart also testified on cross-examination that he "misarticulated" a written instruction to a senior brig staff member in late December 2010, directing that Manning remain in maximum custody and on injury-prevention status until the conclusion of his so-called "sanity board." A sanity board is a routine military pretrial proceeding to assess a defendant's mental health. Manning's sanity board issued its final report April 22, 2011, two days after he was moved to Fort Leavenworth.

Averhart said the directive wasn't an order, but Galaviz testified Wednesday that it sounded like one. Galaviz said the directive could have prejudiced the brig staff members on an in-house board that made confinement recommendations to Averhart.

Averhart testified that when he wrote the memo, he thought Manning's sanity board would convene within weeks. He said he meant to convey that Manning's status would be reviewed after the hearing.

"I misarticulated what that statement should have said," Averhart said. "If I could go back in time and change it, I would."

Averhart testified that he put Manning on suicide watch Jan. 18, 2011, after Manning punched himself in the head during a heated discussion about his restrictions. Averhart had gone to Manning's cell after hearing the soldier had suffered what the defense has characterized as an anxiety attack.

"All I wanted to ensure was that this young man did not hurt himself," Averhart said. "I saw the look in detainee Manning's face. I saw him strike himself in the manner that I did and I wanted to review him."

The government must prove by a preponderance of evidence that brig officials justifiably believed the strict conditions were needed to keep Manning from hurting or killing himself. The hearing is scheduled to run through Dec. 12.

Manning, a 24-year-old native of Crescent, Okla., is charged with 22 offenses, including aiding the enemy, which carries a maximum penalty of life in prison. He's accused of leaking hundreds of thousands of classified Iraq and Afghanistan war logs and more than 250,000 diplomatic cables while working as an intelligence analyst in Baghdad in 2009 and 2010. He's also charged with leaking a 2007 video clip of a U.S. helicopter crew gunning down 11 men later found to have included a Reuters news photographer and his driver. The Pentagon concluded the troops acted appropriately, having mistaken the camera equipment for weapons.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Border Patrol, Airport Security Might See Budget Cutbacks**

By Franco Ordonez

[McClatchy](#), December 7, 2012

The U.S. border might become harder to protect should lawmakers fail to avert the so-called fiscal cliff at the end of the year.

Among the many agencies that would be affected by the automatic spending cuts scheduled for early January are those that guard the borders with Mexico and Canada, inspect ports of entry and monitor airport security. Officials and policy analysts



have warned that drug smugglers and human traffickers might be able to exploit a weaker border as patrol agents would be fired by the thousands and tens of millions of dollars for the border fence would be cut.

The \$1.2 trillion in spending reductions also would mean fewer customs agents to operate X-ray machines and fewer security guards at airports, leading to longer waits at checkpoints, according to a congressional analysis of the prospective cuts.

That's only part of the picture being painted by federal officials, lawmakers and policy wonks if Congress and President Barack Obama can't reach a compromise in the next four weeks on the appropriate amount of tax increases and spending cuts to reduce federal budget deficits.

Others argue that reductions of any size would be paltry compared with the unprecedented growth that Customs and Border Protection has experienced over the past two decades. Congressional appropriations for the border patrol have increased 750 percent since 1989, according to the Congressional Research Service, a public-policy research arm for Congress.

Meanwhile, Immigration and Customs Enforcement is deporting nearly 400,000 people a year and the size of the illegal immigrant population has remained roughly unchanged since 2006, said Alex Nowrasteh, the immigration policy analyst at the Cato Institute, a libertarian research center in Washington.

"The notion that a small cut in the budgets of ICE or CBP will result in a flood of unauthorized immigration is ludicrous," Nowrasteh said.

Department of Homeland Security Secretary Janet Napolitano told senators in March that failing to agree on a deficit-reduction plan would require more than \$3 billion in budget cuts that would "entail rolling back significant progress" in securing the border.

"This cut would equate to, say, all of CBP's trade and customs operations at our land ports of entry or ICE's enforcement and removal operations in their entirety or nearly half of our nation's critical disaster-relief funding," she told the senators.

The White House Office of Management and Budget has released few details about how such reductions would be made, but it issued a report in September that identified some of the cuts to key agencies.

Customs and Border Protection would see a reduction of \$955 million, including at least \$823 million in border protection enforcement, according to the OMB. Border security fencing, infrastructure and technology would lose \$33 million.

Immigration and Customs Enforcement would see a cut of \$478 million. The Transportation Security Administration would lose more than \$640 million.

"One of the things that bothers me is all these containers that are coming in," said Scott Lilly, a senior fellow at the Center for American Progress, a liberal research center in Washington, who formerly served as staff director of the House of Representatives Appropriations Committee. He was referring to the containers of goods transported by tractor-trailers and ships. "Are we going to have the same level of screening to keep the bad stuff out, including radioactive materials and chemical and biological weapons and everything else that we've gotten better and better at finding at border stations?"

A recent report by the ranking Democratic member of the House Appropriations Committee, Rep. Norm Dicks, D-Wash., took a closer look at how such reductions might be implemented.

The Department of Homeland Security might have to cut an estimated 24,500 jobs, according to the report. The Border Patrol might lose 3,400 agents. Another 3,400 customs officer jobs might be eliminated, "significantly increasing wait times" at ports of entry. More than 930 Immigration and Customs Enforcement special agents might lose their jobs. The TSA might cut 7,240 security officers.

"Clearly, any thoughtful, deliberate agreement will be an improvement over the mechanical and indiscriminate nature of sequestration cuts," Dicks wrote in his report.

The TSA already has been developing contingency plans, according to chief John Pistole. He said at a briefing Nov. 13 that the agency would make cuts in other areas in order to protect "front-line operations."

"The bottom line is to keep the front-line security operations in full force, to keep the movement of people and goods moving smoothly," he said, according to a transcript.

A Border Patrol agent was killed and another was wounded in a shooting in October near a Border Patrol station in Naco, Ariz. Janice Kephart, a former counsel to the 9/11 Commission, said a further depletion of resources might lead to more dead agents.

"We're seeing exquisite examples of Border Patrol agents – not only their effectiveness, but their safety – being hampered by policy," said Kephart, who's the director of national security policy at the Center for Immigration Studies, which favors limits on immigration.

"You see a reduction in the number of agents," she said. "They've already been held at bay on their pay, on working overtime. The morale is extremely bad in Border Patrol anyway. And then you see them worried about who is going to have to go."

## **Metro: Obama 2013 Inauguration Projected To Be 50 Percent Smaller**

By Byron Tau

[Politico](#), December 7, 2012

Washington D.C.'s public transit system is moving forward with plans for a January inauguration with about 50 percent of the ridership of President Obama's historic 2009 swearing-in ceremony.

According to a report released Thursday to the board of directors of the Washington Metropolitan Area Transit Authority (WMATA), the agency expects between 500,000 and 800,000 attendees to use the rail and bus system on the day of Obama's swearing-in for his second term. The agency first made those initial ridership projections in October — and warns that they are weather and temperature-dependent.

That's down significantly from the record-shattering 1.5 million riders the agency carried into downtown Washington D.C. in 2009. The District of Columbia estimated that 1.8 million people attended the 2009 swearing-in — meaning that most of them rode public transit to the National Mall.

The agency announced plans Thursday to run a similar service pattern in 2013 — expecting hundreds of thousands of visitors and packed trains and buses.

"Metro is planning the same level of transit service it provided during the 2009 Inauguration, although attendance is not expected to reach the historic levels of four years ago," the report says.

WMATA expects to start service at 4 AM on inauguration day, before their normal weekday opening time. The agency also expects to continue operating trains until 2 AM the next day — much later than their normal Monday closing time. The agency plans to run on a peak rush-hour service schedule for 17 straight hours.

The agency has also ordered more than 100,000 special Obama fare-cards that they will sell for the special price of \$15 each. WMATA has also launched a special Twitter account @Metrolnaug to communicate updates about the swearing-in ceremony.

## **Metro Will Tag Inauguration Tourists**

By Emily Cahn

[Roll Call](#), December 7, 2012

If the upcoming inauguration is anything like the last, a mass of excited — and inevitably lost — tourists will descend upon the District.

But don't fret. The Washington Metropolitan Area Transit Authority has an idea to keep those pesky lost travelers at bay and make travel on Inauguration Day easier: tagging tourists.

Metrorail riders will receive wristbands, similar to those you receive when you're admitted to the hospital or pay the cover at a nightclub, to remind riders of the station they originated at.

The wristband reminder is an effort to prevent lost riders from slowing down the flow of travel on Inauguration Day.

According to Metro spokesman Dan Stessel, the idea was sparked by the large number of confused tourists at the 2009 inauguration who had traveled by tour bus to the area, taken the Metro to the National Mall and then forgot where they came from after the festivities were over and it was time to head home. Doh!

The idea was announced at a WMATA board of directors meeting Thursday, at which it also reported that 100,000 commemorative farecards emblazoned with President Barack Obama's likeness will be available for the low, low price of \$15.

## **Security Plans Developing For Smaller Inauguration**

By Tom Howell Jr., The Washington Times

[Washington Times](#), December 7, 2012

President Obama's second inauguration is expected to draw less than half the number of visitors who descended on the Mall for his historic oath-taking in 2009, the top D.C. security official said Thursday.

While predicting crowds for Inauguration Day is "imprecise," the city is planning for 600,000 to 800,000 visitors at the high-profile event on Jan. 21 — well shy of the roughly 1.8 million who attended Mr. Obama's welcome to the White House in January 2009, said Chris T. Geldart, director of the D.C. Homeland Security and Emergency Management Agency.

Mr. Geldart laid out the figures in assuring a D.C. Council committee that local and federal officials are working together to iron out logistics and security strategies ahead of the big day.

"There's not a specific threat that's been articulated to this point," Mr. Geldart said after the hearing, with the caveat there are "always folks that want to do harm."

Mr. Obama will be sworn in at a private ceremony on the appointed date of Jan. 20, which this year falls on a Sunday. His public swearing at the 57th Presidential Inauguration will occur at noon the next day, before a 2 p.m. parade from the Capitol to the White House.

While officials of all stripes have gathered steering committees to plan for the event, this year's rendition is not expected to draw the shoulder-to-shoulder hordes that turned out four years ago to see the nation's first black president place his hand on the Bible and raise his right hand. Based on early hotel reservations and other signals, it appears the bulk of inauguration attendees will come in from neighboring Maryland and Virginia instead of far-flung parts of the country, according to Mr. Geldart.

Officials have been coordinating their plans for months, and the construction of reviewing stands at the White House and in front of city hall began in mid-November.

"There wasn't anything particularly dramatic here and that's exactly the way it should be," D.C. Council Chairman Phil Mendelson, a Democrat, said after the hearing. "They're doing their planning and they're foreseeing all kinds of possible things that could go wrong."

Every four years, the inauguration is a tightly orchestrated event for city and federal security agencies alike. More than 3,000 law enforcement officers, including about 2,000 brought in from other cities and states, are expected to be on hand to secure the event, according to Mr. Geldart's preliminary figures.

"It's a partnership," Mr. Geldart said, referring to the dual hierarchy of command. "From the federal perspective, the Secret Service is in charge. From the District perspective, the chief of police is in charge of security."

Leaning on lessons from 2009, Mr. Geldart said he does not want any pedestrians to walk through the Third Street Tunnel to get to the other side of the crowded Mall, an unsafe situation that also caused some ticket holders holding purple passes to miss many of the festivities.

"Suffice it to say, I made the request to the Secret Service to disband the color purple altogether for tickets," he said.

Mr. Geldart also said he would like to see more signs around the Mall so out-of-towners can find their way around.

Metro will open its rail service at 4 a.m. and close at 2 a.m., including rush-hour service until 9 p.m. at peak fares. The Smithsonian and Archives-Navy Memorial stations will be closed at the request of the Secret Service because both sites are close to the event's secure staging area and parade route.

Mr. Mendelson said Metro should find a way to keep motorists moving along at parking garages outside its suburban stations. Last time around, cars backed up as payments were processed at the gate.

On a lighter note, Metro is offering an Inauguration Day keepsake — a \$15 commemorative SmarTrip card that is loaded with a one-day pass for unlimited rail travel and features Mr. Obama smiling in front of the American flag.

## **D.C. Prepping For Crowd Of 800k At Inauguration**

[Washington Examiner](#), December 7, 2012

The District's homeland security director said Thursday that emergency planners expect up to 800,000 people — many of them locals — to attend President Obama's January inauguration ceremony, a crowd less than half the size of that at his first swearing in four years ago.

"I can tell you that as we're looking at hotel reservations and things like that ... we're seeing more local folks," said Christopher Geldart, director of the D.C. Homeland Security and Emergency Management Agency.

Although the Secret Service will oversee security for the inauguration, District officials have staged more than 40 formal meetings in recent months to coordinate the city's plans.

Earlier this week, the District held a "tabletop exercise" to go through its plans, and at least four more drills and rehearsals are scheduled ahead of the Jan. 21 public inauguration ceremony.

Although Inauguration Day traditionally falls on Jan. 20, the public festivities were delayed because that date in 2013 falls on a Sunday. Obama will take the oath in a private ceremony on Jan. 20, however, to comply with the Constitution's requirements.

Geldart said other inaugural events include a National Day of Service, which is planned for Jan. 19, the parade along Constitution and Pennsylvania avenues and up to five official inaugural balls.

About 2,000 police officers from beyond Washington will help to provide security, Geldart said, and the federal government will help to reimburse those out-of-state departments.

Obama included \$25 million in his budget for the District's security costs, but local officials have said for months they anticipate asking for more. In 2009, the city spent \$49 million, including \$15 million in overtime for D.C. police officers.

The District is also seeking to improve on its 2009 performance, including a notorious episode in which thousands of revelers missed the ceremony because they were stuck in the Third Street Tunnel.

"It was an unsafe area. It got backed up because of [metal detector] and overcrowding issues," Geldart said. "But we've dealt with that."

Geldart said the District also has improved its signage to help visitors navigate the downtown area, especially near the parade route.

Vendors also are hoping for fewer headaches this time after dozens of licensed vendors were forced to abandon their usual locations on Inauguration Day — and after plenty of unlicensed merchants moved to fill the void.

"It was just done, and it wasn't explained to us as to the reason why," vendor Theodore Walker told lawmakers. "We shouldn't be told to go home so others can come in and turn the whole city into a flea market."

Examiner Staff Writer Kytja Weir contributed reporting.  
ablinder@washingtonexaminer.com

## Heat Map: Terrorism Around The World (the U.S. Is Among The Least Affected)

By Max Fisher

[Washington Post](#), December 6, 2012

[Click to enlarge.](#) (Institute for Economics and Peace)

The Institute for Economics and Peace has released its annual Global Terrorism Index, which gauges the impact of terrorism around the world in 2011. The findings are mapped above, with redder countries more affected by terrorism and green countries the least touched.

Here are five immediate takeaways:

1. Iraq is still first, but South Asia is overall the most terrorized region. The top-ranked countries by the frequency and severity of terrorist attacks are Iraq, which has still not recovered from the terrorism that exploded there after the U.S.-led 2003 invasion, Pakistan, Afghanistan and India. East Asia's worst-affected country is Thailand, Europe's is Russia, and Africa's is Somalia followed by Nigeria.

2. Terrorism is leveling off globally, but it's still high. The further back in time you go, the worse it looks. Here are two charts showing the trend, both emphasizing Iraq's enormous share. The first, from the Global Terrorism Index study, shows the how high this "new normal" has become since 2007. The second, from the Center for Systemic Peace, charts only high-casualty terrorist bombings. That's a more limiting metric, though one that tells a more pointed story: a global decline in such incidents, which perhaps augurs a larger trend in terrorism.

(Global Terrorism Index)

(Center for Systemic Peace)

3. Yes, terrorism is predominantly by religious groups. The study identified which groups were responsible for which attacks, and then divided those groups by ideology: religious, political or nationalist/separatist. That's never a perfect division, and some of the nastiest groups tend to encompass all three ideologies, hence widening their appeal and support base. Still, however rough a metric, it's interesting to see both the long predominance of religious groups and the apparent rise of political groups.

(Institute for Economics and Peace)

3. Terrorism's greatest decline was in the United States. The study found that North America was the region least likely to suffer from terrorism from 2002 to 2011. For all the threats made against the U.S., it suffered only 23 terrorism deaths on U.S. soil in those 10 years. The three most frequent perpetrators: the Earth Liberation Front, Animal Liberation Front and anti-abortion activists. The scariest groups — al-Qaeda and affiliates, the Taliban and affiliates, the KKK and affiliates — made up less than 3 percent of attacks in the past decade. Even with this high bar on safety, the study on terrorism impact found that the greatest improvement in any country from 2010 to 2011 was in the U.S.

4. Much of Africa is quite safe from terrorism. This is a point you'll see me repeat, but sub-Saharan Africa is often unfairly perceived as synonymous with its conflict spots. Those conflicts are serious and not few: Somalia's fighting has raged for years, Nigeria's Christian-Muslim violence may be worsening, and neither Mali nor Congo show many signs of improving. But wide stretches of the continent, particularly in its west and south, are doing relatively well.

5. Conflicts do end and violence isn't forever. This might seem obvious, but it's worth pointing out that some of the countries that suffered from the worst and most frequent terrorist attacks only a few decades ago are now much more peaceful. This is especially true in such Central American countries as Nicaragua, El Salvador and Guatemala. It's easy to believe that some places are just naturally more violent than others — particularly given how long violence has marked the Middle East and in South Asia — but there's nothing about these conflicts, any more than those of the 1960s and '70s, that makes them necessarily permanent.

## **CRIMINAL LAW:**

### **Businessman "Felt The Threat" From Kilpatrick, Bobby Ferguson**

By Heather Catallo

[WXYZ-TV Detroit](#), December 7, 2012

(WXYZ) — Prominent businessman Tony Soave was on the witness stand once again Wednesday in the Kilpatrick corruption case, and he stuck to his story — that the former mayor told him he had to hire Bobby Ferguson.

Defense lawyers questioned how the head of the Soave Enterprises — a multi-billion dollar company — could feel intimidated by either Kwame Kilpatrick or Ferguson.

On Wednesday, Soave told the jury in the Kilpatrick Corruption Case that he didn't want to get on the wrong side of Detroit's former mayor — which is why he gave him more than \$389,000 in private jet flights, paid for an expensive stay for Kilpatrick's family at the Ritz-Carlton in Naples, FL, and took him on shopping trips in New York City.

Kilpatrick, his father Bernard Kilpatrick and his friend Ferguson are on trial, accused of running a criminal enterprise through extortion and racketeering.

Soave says when Kilpatrick first took office in 2002, he met with the mayor because he had been told Kilpatrick was holding up a \$50 million dollar sewer-lining contract. Soave said Kilpatrick told him he had the wrong subcontractor on the deal — and when Soave asked who the right one was, Kilpatrick told him: Bobby Ferguson.

"The documents show and the facts show the contract was never held up. That's already been testified to by a couple of other witnesses," said Ferguson attorney Mike Rataj. Rataj did get Soave to admit that he had no personal knowledge of Kilpatrick doing anything to delay his contract.

But Soave stood by what he told the jury Wednesday — that after he brought Ferguson into the water department deal at the mayor's request, Soave's employees felt threatened when Ferguson flaunted his friendship with the mayor.

"I don't think Mr. Soave is intimidated by anybody. And I think he admitted that," said Rataj.

"He was pretty adamant though, that Kwame Kilpatrick said he needed Bobby Ferguson. What's your reaction to that? He said that over and over again on the stand today," asked 7 Action News Investigator Heather Catallo.

"Curiously he couldn't remember much else other than that, right? And the fact is, it was never posed as a way if you don't do this, you're not going to get any work, and we know for a fact they got tons of work," said Rataj.

"The government's perspective is that an individual in the former mayor's position is never going to be so direct and so blunt as to say, unless you pay me 'x,' you're not going to get 'y.' But that message can be communicated in more subtle ways and certainly that's the government's view that the message was communicated to Tony Soave," said Channel 7 Legal Analyst Tom Cranmer.

Soave also testified today that even though he thinks it's important to be friends with the mayor in whatever city you're doing business with, former Detroit Mayor Dennis Archer didn't ask for private plane rides or fancy hotel stays.

Soave also had the jury and courtroom laughing during his dynamic testimony Thursday.

While defense attorneys tried to portray the CEO as a tough guy who can't be intimidated by politicians — Soave described himself instead as "loveable."

And it appeared the jury was loving this government witness.

When Kilpatrick defense lawyer Harold Gurewitz questioned why Soave wasn't remembering all the details of the meeting he had with the former mayor about Ferguson and the sewer-lining contract — Soave quipped,

"Well I don't have dementia, if that's what your saying."

The entire courtroom erupted with laughter — including the jurors. Earlier this week, defense teams questioned former Cobo Center contractor Karl Kado extensively about his memory, after Kado had confided to FBI agents he thought he had dementia.

When Rataj suggested the head of a multi-billion dollar business empire isn't easily pushed around by anyone — Soave mostly agreed with him — with the exception of his grandkids... and Mr. Rataj.

"I wouldn't say that. I don't think Mr. Soave can get rattled, do you," said Rataj.

At times the judge had to scold Rataj — as he tried to question Soave about what he knew about the contracting process in Detroit.

"We're not trying to entertain. We're trying to get the truth. But Mr. Soave is a colorful individual, and he's got his way about him, and I got my way about me, and so we had a little fun up there together," said Rataj.

"No matter what side you're on, either the prosecution or the defense, when you're putting up a witness that you want the jury to believe — you want the jury to like that person. Because chances are, if they like the person, it's more likely they're actually going to believe their testimony," said Cranmer.



Defense lawyers will continue cross-examining Soave on Friday.

## **Kwame Kilpatrick Can't Fly Home This Weekend Because Of Late Payment**

By Robert Snell

[Detroit News](#), December 6, 2012

Detroit — Kwame Kilpatrick's parole agent won't let the former Detroit mayor fly home and see his family this weekend in Texas because he failed to pay his \$500 restitution on time.

That's according to state prison records obtained by The Detroit News on Thursday, two days after the mayor apparently violated terms of his parole.

Kilpatrick's parole agent Charles Wright told the ex-mayor Wednesday about the punishment, according to the prison records.

The records also reveal why Kilpatrick was five days late with the \$500 monthly payment.

Kilpatrick told his agent it "slipped his mind" and that he was concerned about earning money to provide for his family, according to documents obtained by The News.

The parole agent gave Kilpatrick until 5 p.m. Wednesday to make the payment.

He complied.

Kilpatrick apologized and addressed the parole violation.

"Do what you have to do," Kilpatrick told his parole agent. "I'm tired."

Wright said he would cite Kilpatrick for violating a special parole condition imposed in March amid concerns the ex-mayor was living beyond his means and hiding assets that could be used toward the restitution.

The records also reveal Kilpatrick's reaction to Wayne County Circuit Judge David Groner ordering Kilpatrick to appear in court next week and address missing proceeds from his autobiography.

In an email to his parole agent, Kilpatrick wrote that he was "dumbfounded."

"I just want to know what's going on," Kilpatrick wrote in the email Wednesday.

His parole agent told Kilpatrick to call his lawyers.

Proceeds from Kilpatrick's book are supposed to be deposited into an escrow account and applied to the restitution.

So far, the escrow account is empty.

Kilpatrick owes \$855,562.60, according to the Wayne County Prosecutor's Office.

The parole agent also demanded that Kilpatrick prove he performed community service last month at churches in Detroit and Texas.

Kilpatrick called back Wednesday and had a three-way conversation with his parole agent and a church deacon who vouched for the ex-mayor.

The records also reveal Kilpatrick received a verbal warning in late November after reuniting with a former inmate outside federal court.

Kilpatrick ran into a fellow inmate whom he initially met while serving a prison sentence last year in Michigan.

"Agent gave the subject a verbal warning to have no contact with any" felons, Kilpatrick's agent wrote in the ex-mayor's file.

rsnell@detnews.com

(313) 222-2028

## **Kilpatrick Trial: Soave Too Rich To Be Intimidated By Kwame, Entourage**

[WDIV-TV Detroit](#), December 7, 2012

DETROIT — Defense counsel in the Kwame Kilpatrick federal corruption trial did its best Thursday to paint local businessman Tony Soave as a magnate of such immeasurable wealth and power that he could never have been intimidated by former Detroit mayor Kwame Kilpatrick into hiring contractor Bobby Ferguson against his will.

Soave's performance on the witness stand this morning made it clear it's not just former mayors who don't intimidate him.

Vacillating between impatience and witty humor, Soave brimmed with confidence as he fielded defense questions.

Read Thursday's trial blog: Previous mayors didn't hold up contracts.

Mike Rataj, lawyer for Ferguson, began his cross-examination of the witness by laying out for the jury the magnitude of the tycoon's wealth. In 2009, Forbes magazine ranked the businessman's holding company as the 216th largest privately held company in the United States. Forbes also listed the company, which holds four separate portfolios under its umbrella, as having revenues of \$2.5 billion dollars.

Impressive for a guy who started his business with nothing more than a "truck and a bulldozer" said Rataj.

"It's a lot of muchachos, yeah," concurred Soave to the sound of laughter erupting in the courtroom. "But it's a lot less glamorous than it sounds."

Soave firmly stood his ground when Rataj asked if Charlie Williams was nothing but a minority front because his company did not have employees and equipment. Williams was the initial sub-contractor for Soave's Inland Waters' Detroit Water and Sewerage Department (DWSD) contract 1368 who was allegedly ousted at Kilpatrick's bidding to make way for Ferguson.

"That is not true," said Soave.

Read: Soave testifies he gave Kilpatrick lavish gifts, trips on private jet.

Under questioning by Rataj, Soave admitted that he never had any direct contact with Ferguson and that what he heard about him being "a pain in the butt" came from his employees. Rataj tried to get to Soave to relate to Ferguson by pointing out that to become such a successful businessman he must have rubbed some people the wrong way during the course of his career.

Though Soave conceded "there are different kinds of burrs beneath the saddle" and "it's a rough and tumble business", he also told an amused courtroom "I'm a lovable guy."

Soave told the court that his main problem with Ferguson was that he seemed to want to get paid for work that he didn't do. The businessman did agree with Rataj, however, that ultimately Ferguson did get the job done.

~Bobby Ferguson outside court~

"But we weren't going to pay him for not working. We made him do the work," said Soave

He also agreed that despite feeling threatened by Ferguson occasionally saying about contract 1368 "you realize you're here because of me", he never felt threatened enough to pick up the phone to ask either Ferguson or Kilpatrick to put an end to the threats.

Harold Gurewitz followed Rataj in questioning the witness. It was the first stab at cross-examination in this trial for Gurewitz, one of Kwame Kilpatrick's defense lawyers.

Gurewitz took aim at Soave's exact recollection of what was said in the April 2002 meeting where Kilpatrick was alleged to have told Soave that contract 1368 was being held up because he had "the wrong contractor."

Watch: Kilpatrick ordered back to court over missed restitution.

In an interesting move for the defense, Gurewitz introduced into evidence an internal memorandum between Soave and his in-house counsel Susan Johnson from March 2002, the month before the witness met with Kilpatrick to discuss contract 1368. The memo clearly indicated that Johnson had heard from various sources that the contract was being held up by the Mayor's office on account of Charlie Williams and "other supposedly more deserving contractors." In particular, Bobby Ferguson and Frank Torrey were mentioned as more deserving contractors.

Obviously Gurewitz was trying to show that most of what Soave heard about the contract being held up was coming from indirect sources. The memo, however, seemed rather supportive of prosecution claims that it was the Mayor's office that was holding up the contract.

Gurewitz took aim at Soave's exact memory of what was said in the conversation that took place between the former mayor and Soave more than a decade ago.

"I don't have dementia," said an irritated Soave in obvious reference to earlier government witness Karl Kado.

## **'Lovable' Tycoon Contends He Was Strong-armed By Kilpatrick, Doesn't Have Dementia**

By By Tresa Baldas And Jim Schaefer, Detroit Free Press Staff Writers

[Detroit Free Press](#), December 7, 2012

Business tycoon Anthony Soave is so rich and powerful, there's no way he could have been intimidated by ex-Detroit Mayor Kwame Kilpatrick and his friend Bobby Ferguson, defense lawyers argued today in the federal public corruption trial.

Soave conceded he's tough.

But rich or not, Soave said, one thing is for sure: He once hired Ferguson after the ex-mayor made it clear that's what Soave had to do to get a deal rolling.

"You keep on not understanding me," Soave said on cross-examination. "He said, 'Use Bobby Ferguson.' You don't want to hear it, but I keep on telling you that's the way it went."

Soave, whose bravado and wisecracks had the jury laughing numerous times, also wanted to make another point clear.

"I don't have dementia," Soave said, triggering an outburst of laughter in the courtroom.

Soave's testimony followed that of contractor Karl Kado, who testified last week that Kilpatrick and two others extorted him, but came under scrutiny after disclosing that he had concerns about memory problems.

Soave assured the jurors that his memory is clear, especially about a meeting he allegedly had with Kilpatrick in 2002 about a \$50-million contract that was being held up.

Soave told the jury Wednesday that he met with Kilpatrick in the mayor's office to find out why the sewer lining contract wasn't moving forward. Kilpatrick told him he had the wrong subcontractor lined up, and that the right one was Ferguson, he testified.

After that meeting, Soave said, he dumped his subcontractor, hired Ferguson and the deal went through.

Kilpatrick's lawyer Harold Gurewitz grilled Soave about that alleged meeting, and asked him to recall whether Kilpatrick "explicitly said" that he had to hire Ferguson, or whether that was just Soave's interpretation of the message.

In his 2010 grand jury testimony, which was read in court, Soave said that it was implied.

In court today, Soave said repeatedly that Kilpatrick made it clear.

"When I left there, I knew what I had to do. ... I had to change contractors, and that's what I did," Soave said.

Ferguson lawyer Michael Rataj didn't buy it.

In an effort to discredit Soave's story, Rataj pointed out Soave's massive wealth to the jury, noting his holding company Soave Enterprises made \$2.5 billion in 2008, and was ranked as the 216th largest privately held company by Forbes magazine in 2009.

Soave, who lives in a sprawling brick mansion in Grosse Pointe Shores, conceded he makes a lot of money.

"That's a lot of muchachos — yeah," Soave said to numerous laughs in the courtroom, adding: "It sounds a lot more glamorous than it is."

Rataj also asked Soave to concede he's not the kind of person who can be "intimidated easily" or pushed around, and admit that he has "rubbed some people the wrong way" during his lifetime.

"I'm a lovable guy," answered Soave, drawing yet more laughs. He eventually conceded he's not easily intimidated.

"No. OK," said Soave, adding the only people he's intimidated by are his grandkids "and you," he told Rataj.

Rataj laughed. So did most everyone else in the courtroom.

Rataj also challenged Soave's testimony that Ferguson threw his weight around while working with Soave's firm, allegedly reminding Soave's associates that the only reason they had work was because of Ferguson.

Soave said he considered that behavior threatening.

Rataj argued that was unbelievable.

"Here you are. Mr. Tony Soave. ... You never took that perceived threat very seriously," Rataj argued.

"I did take it seriously," answered Soave, who said that he believed upsetting Ferguson could have repercussions.

Rataj argued there were none.

But there could have been if he didn't hire him to begin with, Soave had testified earlier, telling the jury that protecting his contracts meant keeping Kilpatrick happy, which meant keeping Ferguson happy.

Soave also was peppered with questions about why he lavished Kilpatrick with gifts, such as 20 free round-trips on his private jet, a shopping spree in New York City and a pair of \$10,000 NBA finals tickets.

On Wednesday, Soave told jurors that he helped bankroll Kilpatrick's lifestyle because his contracts relied on keeping the ex-mayor happy.

Gurewitz suggested that Soave did this because he was generous, and because he and Kilpatrick were friends.

"That's just how you are," Gurewitz said.

Soave said: "We were friendly. ... I liked him."

Kilpatrick; his father, Bernard Kilpatrick, and Ferguson are on trial on charges they ran a criminal enterprise through the mayor's office to enrich themselves. They are accused of rigging bids and shaking down contractors.

Soave returns to the stand Friday morning for more cross-examination. He is the fourth contractor to testify that he was extorted by the Kilpatricks, and that he went along with it to protect his contracts.

## **Witness Insists He Was Extorted By Kilpatrick, Ferguson**

By Robert Snell

[Detroit News](#), December 7, 2012

Detroit — Key government witness Tony Soave, under fierce questioning from defense attorneys Thursday, never wavered from claims Kwame Kilpatrick strong-armed him into hiring the ex-mayor's pal and bankrolling a millionaire lifestyle.

The Grosse Pointe Farms businessman withstood almost four hours of cross-examination — a rarity in a case that has seen other witnesses crumble after claiming they were extorted by Kilpatrick, his father Bernard Kilpatrick or contractor Bobby Ferguson.

Soave, 72, calmly answered questions about his business empire, deflected questions about his tough reputation and cracked jokes about his mental state during a quip-filled stint on the witness stand.

"I don't have dementia if that's what you're saying," Soave at one point told Kilpatrick lawyer Harold Gurewitz, an apparent reference to allegations about the mental state of Karl Kado, another government witness.

Soave is seen as an important government witness who allegedly was forced to provide more than \$385,000 worth of free jet flights for Kilpatrick, pay for the ex-mayor's shopping trips and other perks.

Soave is set to return to the stand at 9 a.m. today for more defense questions in the ongoing racketeering trial.

He oversees a diverse business empire with interests in car dealerships, aviation, residential construction and the scrap industry and sold his garbage-hauling company for \$750 million.

Ferguson lawyer Michael Rataj suggested Soave is so rich and powerful that it is inconceivable he could be extorted by Kilpatrick.

Rataj cited a Forbes article listing Soave Enterprises as one of the country's largest private companies and asked if he was worth \$2.5 billion.

"I don't know where you got that," Soave said.

"You're a tough guy, aren't you?" Rataj asked.

"No," Soave said, "I'm a lovable guy."

"You're not the kind of person someone can intimidate or threaten easily, isn't that true?" Rataj asked.

"By certain people, I can get pushed around," Soave said.

Rataj reminded jurors that Soave allegedly told Ferguson — whose reputation for toughness includes a conviction for pistol-whipping a man — to "f— himself."

"I have been pushed around before," Soave said.

Rataj suggested no one can intimidate Soave.

Soave disagreed.

"My grandkids, and you," Soave told the lawyer.

Rataj appeared poised early Thursday to ask Soave about his past, which includes contacts with reputed mobsters and a 1971 arrest and indictment in a Metro Detroit gambling-ring roundup. The charges were later dropped and Soave's arrest record was expunged in 1990.

During Rataj's cross-examination, prosecutors objected when Rataj appeared to broach Soave's past and U.S. District Judge Nancy Edmunds ordered a sidebar conversation.

Rataj never brought up Soave's past when questioning resumed.

Prosecutors called Soave to testify because he claims Kilpatrick held onto a \$50 million contract to fix aging sewers until the businessman dumped a minority subcontractor and hired Ferguson.

Kilpatrick's lawyer insisted Soave told a different story to a federal grand jury years ago. Any threat, if there was one, was implied, the lawyer, Gurewitz, insisted.

"You keep on not understanding me," Soave told Gurewitz. "He said 'use Bobby Ferguson.' You don't want to hear it, but I keep on telling you that's the way it went."

Soave also was questioned about claims Kilpatrick forced him to buy \$10,000 worth of courtside tickets to a Detroit Pistons playoff game in 2004.

Rataj suggested Soave attended the game alongside Kilpatrick.

Not so, said Soave.

"I couldn't afford any more tickets," he said.

rsnell@detnews.com

(313) 222-2028

## **US Marine Pleads Guilty To Taking \$150,000 In Bribes From Contractors In Iraq**

[Associated Press](#), December 7, 2012

SAN DIEGO — Federal prosecutors in San Diego say a U.S. Marine has pleaded guilty to accepting \$150,000 in bribes from contractors while stationed in Iraq.

The U.S. attorney's office says 36-year-old Staff Sgt. Gilbert Mendez pleaded guilty Thursday to conspiring to defraud the United States.

Mendez worked as a contracting officer at Camp Fallujah, Iraq, in 2006 and 2007.

Prosecutors say he abused the position, accepting at least \$150,000 in bribes from three foreign-owned companies that subsequently received contracts worth millions of dollars.

The statement did not name the companies or say whether they would also face charges. The U.S. attorney's office did not immediately return a phone message seeking comment.

Mendez is scheduled for sentencing March 1 and faces a maximum of 20 years in custody.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Marine Pleads Guilty To Receiving \$150,000 In Bribes In Iraq**

By Tony Perry

[Los Angeles Times](#), December 7, 2012

A Marine staff sergeant pleaded guilty Thursday to charges of taking \$150,000 in bribes while he was a contracting officer for the Marine base at Camp Falloujah, Iraq.

Gilbert Mendez, 36, who served at the base in 2006, admitted in San Diego federal court that he took the bribes to award more than \$2.6 million in contracts for three foreign-owned firms to provide goods and services at the base.

Neither the contractors nor the goods and services were named in information released by the U.S. attorney. At one point, Mendez discussed taking a Cadillac Escalade rather than cash, according to court documents. He is currently serving at Camp Lejeune, N.C.

A former Marine who assisted Mendez in the bribery scheme was sentenced earlier this year in Hawaii to four months behind bars. Francisco Mungia III admitted in federal court there that he helped Mendez launder the bribe money and received a 20% cut.

Mungia also agreed to repay the government \$30,000.

ALSO:

Claremont McKenna names legal scholar as next president

LAPD finds money to avoid nearly 100 layoffs set for year's end  
LAPD officer arrested in off-duty altercation at family gathering

## **Md. Man Sentenced In Army Corps Of Engineers Bribery And Kickback Scheme**

By Ann E. Marimow

[Washington Post](#), December 6, 2012

The brother of a former Army Corps of Engineers employee was sentenced in federal court Thursday to 24 months in jail for his role in a kickback scheme involving government contracts.

Nazim Khan, 49, admitted in June to helping funnel more than \$600,000 between a government contractor and his older brother, Kerry F. Khan, a former program manager for the Army Corps of Engineers.

Nazim Khan, who started an auto body shop and home remodeling company in Southern Maryland, was not part of his brother's broader bribery scam that authorities have called the largest in the history of federal contracting.

His attorney, Richard Seligman, argued for a lesser jail term of 12 months because of what he called Nazim Khan's minimal role in the scheme. Nazim Khan, he said, was struggling financially and was an "easy mark."

Assistant U.S. Attorney Michael K. Atkinson said Nazim Khan might have been "less greedy, but he is no less culpable."

At issue for U.S. District Judge Emmet G. Sullivan was essentially how big of a favor it was for Nazim Khan to serve as a conduit of bribes to a public official. After listening to attorneys from both sides, Sullivan concluded, "You made a horribly bad judgment, but your role wasn't minimal."

"Your role was significant," said Sullivan, who also ordered Nazim Khan and his co-conspirators to pay \$611,000 in restitution. "Without you, there was no crime."

During a nine-month period starting in 2007, according to court records, government contractor Robert McKinney funneled money he received from inflating invoices to the Army Corps through Nazim Khan's home remodeling business to his brother. Nazim Khan retained \$83,000, according to court records.

McKinney has been sentenced to 33 months in jail, and Kerry Khan is scheduled to be sentenced in March.

## **Daughter Helped Jailed Father Run Street Gang, Prosecutors Say**

By Victoria Kim

[Los Angeles Times](#), December 7, 2012

When her father was convicted of the murder of a rival gang member and sentenced to life in prison without parole almost three decades ago, Vianna Roman was a 9-year-old girl.

In the years since, Danny Roman, federal authorities say, has become a feared member of the Mexican Mafia prison gang. He allegedly controlled a 30-square-mile expanse of gang territory of South L.A. from behind bars in Pelican Bay State Prison.



Doing his bidding from 700 miles away — passing down his orders of violence, collecting “taxes” from businesses and other gang members at his behest — was his daughter, federal prosecutors alleged Thursday.

Vianna, now 37, a mother and operator of a meat market and water store, was among 18 arrested as part of a sweeping federal take-down of members of the Harpys gang, which authorities said controlled an area just northwest of USC, engaging in drug and gun sales, extortion, robberies and at least one murder. Vianna and her husband, Aaron Soto, 40, were accused of being among leaders of the gang in a federal racketeering indictment, along with the gang’s alleged “shot-caller,” 36-year-old Manuel Valencia of Walnut.

The indictment was a result of a 2 1/2 year investigation called “Operation Roman Empire” by the Drug Enforcement Agency and the Los Angeles Police Department. It named 29 defendants, some of whom were already in state custody. Still others are fugitives, according to a press release from the U.S. attorney’s office.

“This is uprooting the leadership of the Harpys gang,” said Asst. U.S. Atty. Benjamin Barron. “The Harpys controlled the activities of Danny Roman’s gangs on his behalf — extortion of businesses and gangs, drug trafficking, gun trafficking, enforcement of their orders through violence including murder.”

Among the crimes allegedly committed by the gang were a May 2012 slaying of a man who owed a \$230 drug debt; an August 2011 plot to kill a witness who had testified against a gang member; and a December 2011 armed robbery of three USC students. Prosecutors wrote in court papers that through its activities, the gang maintained a “climate of fear” in the neighborhood.

All of the newly arrested defendants made their initial court appearances Thursday except Vianna, who was taken to the hospital complaining of chest pains, prosecutors said.

The 110-page indictment described Vianna traveling to and from Pelican Bay to pass messages about the gang’s business to and from her father. In January, prison officials banned her and her husband from visits for one year because of suspected gang activity, according to the filing.

According to court papers, Vianna allegedly took part in collecting taxes from other South L.A. gangs controlled by her father, complaining at one point that the gangs weren’t coughing up enough money despite how much drugs they were selling. Roman had under his power at least 12 other criminal gangs in an expansive territory that stretched as far south as the Imperial Highway, according to prosecutors.

Vianna, prosecutors alleged in the indictment, also oversaw extortion of vendors at the Alameda Swap Meet and ordered a gang member beaten for failing to deliver “taxes” collected there. She is also accused of being involved in drug sales, and at one point arbitrating a dispute by ordering an 18th Street gang member to turn over two cars in lieu of an unpaid drug debt.

She could not be reached for comment and has not entered a plea in court. Attorneys representing her husband and Valencia, the alleged shot-caller, did not immediately respond to requests for comment.

The gang has previously been targeted by the Los Angeles city attorney’s office in injunctions alleging the gang’s members were engaged in shakedowns, robberies, vandalism and murder. A judge issued a court order in 1998 that barred 30 of the gang’s members from associating with one another in the area, which is still in force.

At the time, one business owner said the Harpys asked for \$150 to \$180 a month for protection from the gang.

The gang controlled an area southwest of downtown that spanned from Normandie Avenue to Figueroa Street and Washington Boulevard to Jefferson Boulevard, prosecutors said. Over the course of the operation, authorities seized 8 1/2 pounds of methamphetamine, approximately one-half pound of heroin, approximately one pound of cocaine, 23 pounds of marijuana and 22 guns, according to a press release from the U.S. attorney’s office.

If convicted of the racketeering charges, all but one of the defendants face a maximum sentence of life in prison, prosecutors said.

Also on Thursday, the Los Angeles city attorney’s office filed two nuisance abatement actions against properties in the area with known activity by the Harpys gang.

## **18 Arrested In Federal Crackdown On Gang That Operated Near USC**

By Victoria Kim

[Los Angeles Times](#), December 7, 2012

Federal authorities on Thursday announced a sweeping racketeering indictment against a Mexican Mafia-controlled gang that operated in an L.A. neighborhood just north of USC and was allegedly involved in at least one slaying, drug sales, extortion and robberies.

Eighteen members of the Harpys gang, also known as the Harpys-Dead End gang, were arrested Thursday morning on charges in three federal indictments resulting from “Operation Roman Empire.”

Those arrested include Vianna Roman, 37, daughter of a Mexican Mafia member, Danny Roman, who allegedly controlled the gang while serving a life sentence at Pelican Bay State Prison.

A total of 29 defendants were named in the racketeering indictment, eight of whom were already in state custody. Among them is Miguel Delgado, 18, accused of committing armed robbery against three USC students.

Federal prosecutors alleged that Vianna Roman and her husband, Aaron Soto, 40, traveled to and from Pelican Bay passing along orders from Danny Roman and collecting taxes to be funneled to him through profits the gang made through dealing in methamphetamine, cocaine, crack cocaine and heroin and through extorting businesses, including swap-meet vendors, via threats of violence.

Members of the gang are suspected in the slaying of one gang member who owed a debt, as well as plotting to kill a witness slated to testify against a gang member in a state court case, according to the indictment.

The gang has previously been targeted by the Los Angeles city attorney's office in injunctions alleging the gang's members were engaged in shakedowns, robberies, vandalism and murder. A judge issued a court order in 1998 that barred 30 of the gang's members from associating with one another in the area.

At the time, one business owner said the Harpys asked for \$150 to \$180 a month for protection from the gang.

The gang controlled an area southwest of downtown that spanned from Normandie Avenue to Figueroa Street and Washington Boulevard to Jefferson Boulevard. Over the course of the operation, authorities seized 8½ pounds of methamphetamine, approximately one-half pound of heroin, approximately one pound of cocaine, 23 pounds of marijuana and 22 guns, according to a press release from the U.S. attorney's office.

If convicted of the racketeering charges, all but one of the defendants face a maximum sentence of life in prison, prosecutors said.

## **Feds Say Convicted Murderer Ran Gang Network From Behind Bars In California**

By Greg Risling

[Associated Press](#), December 7, 2012

LOS ANGELES — While behind bars for three decades, a convicted murderer and member of the Mexican Mafia controlled a network of Los Angeles street gangs that sold drugs, committed killings and robbed students at the University of Southern California, authorities said in an indictment unsealed Thursday.

Investigators believe Danny Roman used his 23-year-old daughter Vianna Roman and her husband, Aaron Soto, to relay orders to gang members who ran criminal activities in neighborhoods and received protection from the notorious prison gang if they entered the penal system.

The 110-page indictment illustrated the havoc wreaked by the Mexican Mafia from maximum security prisons by "taxing" street-level gang members.

Among the crimes tied to the 56-year-old Roman in the documents were the May murder of a gang member and the gunpoint robbery last December of three USC students.

Thom Mrozek, a spokesman for the U.S. attorney's office, said Roman wasn't indicted because he's currently serving a life prison sentence without the possibility of parole for a 1984 first-degree murder conviction. Mrozek declined further comment.

The indictment charged Vianna Roman, Soto and 23 others with racketeering conspiracy — punishable by a possible life sentence — after a 2 1/2-year investigation dubbed "Operation Roman Empire." Four others were indicted on other charges.

It wasn't immediately known if any of the suspects had retained attorneys.

Federal prosecutors said Roman exerted power over 13 gangs in South Los Angeles, including the Harpys, a gang that started in the mid-1960s and deals in methamphetamine, heroin and cocaine.

Court documents revealed that gang members in the network often used coded language while speaking in person, over the telephone or via text messages.

In August 2011, Jaime Montano, who also was charged, asked a confidential informant to seek approval from Roman to kill an inmate at Centinela State Prison who had testified against a member of another gang, the indictment states. The killing was never carried out.

Federal prosecutors also said the elder Roman orchestrated the extortion of vendors at a Los Angeles swap meet long known as a hub of criminal activity.

In one phone conversation, a man known only as "Tigre" characterized the collection of money from vendors for Roman's benefit as "union dues," documents state.

The so-called tax payments were funneled back to Danny Roman in money orders and gifts, authorities said.

Two years ago, state prison officials seized more than \$25,000 held in Danny Roman's prison trust account after saying most of it came from gang and drug activity.

Court documents also show Vianna Roman was banned in January for a year from Pelican Bay State Prison, where her father is housed.

Over the course of the investigation, authorities seized more than eight pounds of methamphetamine, about a half-pound of heroin and one pound of cocaine, as well as 23 pounds of marijuana and 22 guns.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Federal Grand Jury In Trenton Mayor Tony Mack Corruption Case Meets As Deadline Nears**

By Alex Zdan

[Trenton \(NJ\) Times](#), December 7, 2012

TRENTON — The federal grand jury reviewing evidence in the corruption case against Trenton Mayor Tony Mack is meeting this morning as the deadline for an indictment nears next week.

FBI Special Agent Michael Doyle, who signed the criminal complaint against Mack when he was arrested in September, was seen entering the grand jury room at the Clarkson S Fisher Federal Courthouse in Trenton this morning with two document boxes. He left after about 20 minutes.

Mack is charged with agreeing to take \$119,000 in bribes to assist a developer, who was working as an FBI informant, with a city parking garage project. Mack's brother Ralphiel Mack and a longtime supporter Joseph "JoJo" Giorgianni were charged with helping to solicit the bribes and funneling the money to the mayor.

The current deadline for the grand jury review is Tuesday, though the U.S. Attorney's Office could also seek a continuance in the case for additional time. A continuance has previously been granted in the case. Grand jury proceedings are closed to the public and the U.S. Attorney's Office has declined to comment on the status of the review.

Three weeks ago, former Mack acting director of Housing and Economic Development Carmen Melendez spent about 2 1/2 hours before the same grand jury. While leaving, she declined to comment about what she had testified to.

Mack has steadfastly denied any wrongdoing and refused calls for him to step down since his house was first raided by FBI agents in July. The search coincided with searches at the homes of his brother and Giorgianni. FBI agents also searched Giorgianni's business, JoJo's Steak House in Trenton, along with a purported "club house" next door.

The next day, FBI agents swarmed City Hall seeking documents and records. Subpoenas were issued to several key city departments that oversee contracts and real estate.

Mack was arrested Sept. 10 along with his brother and Giorgianni, and all three men were charged with a single count of attempted extortion. The grand jury could return an indictment on the charge, expand to include other charges, or decline to charge.

The FBI investigation into Mack started in September 2010, just two months after the first-term mayor took office. At least two cooperating witnesses are cited in the complaint and the FBI made extensive use of wire taps on the phones of Mack, Giorgianni and the cooperating witnesses.

While the total agreed bribe was \$119,000, the witnesses working on behalf of the FBI sting paid \$54,000 before the July raids, authorities have said.

Mack's attorney Mark Davis said Monday that the mayor would not consider any offer of a plea deal in the case. Complete coverage of the Mack case by The Times of Trenton:

## **Embattled Mayor Of Trenton, NJ, Indicted By NJ Grand Jury Along With Brother And Associate**

[Associated Press](#), December 7, 2012

NEWARK, N.J. — A federal grand jury has indicted the mayor of New Jersey's capital city on corruption charges.

Trenton Mayor Tony Mack, his brother and an associate are accused in an eight-count indictment of extortion, bribery, and mail and wire fraud.

New Jersey's U.S. attorney's office says the charges are related to an alleged scheme to accept \$119,000 in bribes in exchange for Mack's influence in the development of a garage on city-owned land.

The indictment was handed up Thursday in Trenton.

Mack has continued in his position despite a no-confidence vote by the Trenton City Council after his September arrest.

His attorney has said Mack is innocent. An attorney for his brother, Ralphiel Mack, says his client is not guilty.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Trenton Mayor And 2 Co-defendants Indicted On New Federal Charges**

By Khara Lewin

[CNN](#), December 6, 2012

(CNN) — The mayor of New Jersey's capital city and two other defendants who have been embroiled in corruption allegations since September were indicted by a federal grand jury Thursday on seven new counts, according to court documents.

The charges against Trenton Mayor Tony Mack, 46, his brother, Ralphiel Mack, 40 and business associate Joseph A. "JoJo" Giorgianni, 63, stem from an alleged kickback scheme to sell city-owned land to investors for significantly less than the assessed value.

The three initially were charged in September following a federal investigation.

The charges stemmed from a two-year FBI investigation that incorporated two informants cooperating with law enforcement.

The investigation "revealed evidence of a conspiracy among these defendants and others to corrupt certain functions of Trenton City government in favor of purported developer seeking to build a parking garage on city owned property in exchange for cash payments totaling approximately \$119,000," said the official complaint filed in federal court in September.

At that time, all three were charged with "one count of conspiracy to obstruct commerce by extortion under color of official right related to the \$119,000 extortion scheme" court documents said. The indictment returned Thursday added seven other counts including bribery and extortion.

The indictment stated there are two unnamed witnesses who are cooperating with the federal government.

Over the course of eight months, the three defendants allegedly agreed to accept the \$119,000 in several installments of cash payments, the indictment stated.

The mayor's office did not immediately return requests for comment.

But Mayor Mack's defense attorney, Mark Davis, said he was feeling confident about the case moving forward.

"We knew this day was coming and we're happy it did," Davis said on Thursday. "Now we can begin our trial preparations."

In July, agents raided the homes of Tony Mack, his brother, and Giogianni, before raiding Trenton's City Hall the next day.

Mayor Mack is a Democrat who began his term in July 2010.

## **FBI Agents Working Trenton Mayor Tony Mack Corruption Case Turn Their Attention To Carpeting Contracts**

By Alex Zdan

[Trenton \(NJ\) Times](#), December 7, 2012

BURLINGTON TOWNSHIP — Turning their attention to carpeting contracts in former city libraries, FBI agents working the federal corruption case against Mayor Tony Mack and others kept seeking evidence into late October, three months after raids of Mack's home and City Hall.

Roy Summers, who owns Justin's Furniture & Carpet and secured more than \$17,000 of work to re-carpet one of the library branches earlier this year, said he was contacted by the FBI for information on the deals.

Mack's conversion of several shuttered library branches into "learning centers" was done without city council approval, as many doubted the legality of the changes. The FBI took note, Summers said.

"They just wanted to know what was going on. They saw the stuff in the paper," Summers said last month during an interview in his Burlington home. "The gist of it was, they were fed up, frustrated with what's going on in the city of Trenton."

Mack faces possible indictment by the end of this week for allegedly extorting bribes from a parking garage developer working with the FBI. He was arrested on those charges in September, but any indictment could touch on more offenses.

The FBI agent making the late October phone call to Summers wanted an interview, but Summers declined because of his friendship with Mack.

"I don't want to see him fall, I don't want to see anything happen to him," Summers said.

Summers has no trouble, however, saying that mayoral aide Anthony Roberts — Mack's assistant with the learning center conversions — violated bidding regulations and hand-picked the carpet vendors who received work.

"He didn't advertise it, he just called people," Summers said.

Roberts, who served as acting business administrator until early this year and was called "completely unqualified" to evaluate bids by a Superior Court judge, authorized thousands of dollars in spending on new carpeting for the centers. No written contracts exist for the work, and none of the projects were ever approved by the city council.

Summers said he did not have to pay anyone to get the work, and the library refurbishment was paid for from a building maintenance account in the public property department, according to the purchase orders.



"I never asked, and I never will, where that money came from," Summers said, though he said he was a bit nervous about whether Mack had actually approved his involvement in the project and subsequent payment.

Roberts selected Justin's Carpet to remove garbage and install new carpeting at the Cadwalader library branch on North Hermitage Avenue this past spring. Summers quoted a price and got the job, he said. A city purchase order shows he was paid in May, with authorization from Roberts.

Summers, who has done business with the city for 20 years, was skeptical and inquired if Mack had also authorized the procedure.

"Does the mayor know about it?" Summers said he asked Roberts. "He said, 'Yeah, the mayor knows.'"

Their arrangement went sour this summer, when Summers gave a quote for work at the Skelton branch on North Clinton Avenue. Roberts instead directed the work to Moore Carpet Sales and Service of Trenton and Knowledge Carpet of Hamilton through what Summers called an unethical process.

"He told Knowledge and Charlie Moore what I bid and they outbid me," Summers alleged.

Jeffrey Little, the owner of Knowledge Carpet, declined comment through a family member last night. Moore could not be reached for comment.

The tension between Summers and Roberts exploded outside a city council meeting last month, where the two scuffled in the hallway and Summers was escorted out of the building by police.

Following one of Mack's "Ask the Mayor" sessions last month, Roberts said Summers received a fair chance to compete for the work.

"He gave me a quote, and I couldn't just go with his quote," Roberts said.

While Summers quoted \$15,000 for the work, Roberts said Moore offered \$8,000.

For the learning centers, four of which were created, the city was using vendors who have had contracts with Trenton before.

"It was all in-house," Roberts said.

State bidding regulations specify a city must look for "competitive" bidding even in quotations, and make sure each prospective vendor has a fair shot. Bids must be sought if the work is expected to cost over \$17,500.

Though suspicions were raised because the payment to Summers, just \$300 below the bid threshold, was split into two payments, Summers said he asked for a down payment and half when the job was done.

Throughout the learning center project, Summers was frustrated by Roberts and what he said was a blasé attitude to safety and best practices. At one point he insisted to Roberts that the carpeting needed to have a certain fire safety rating.

"I said, 'Anthony, you put a bid out for carpet ... the carpet has to have a certain burning density because of fire,'" Summers said. "His exact words to me were, 'Carpet's carpet.'"

Contact Alex Zdan at [azdan@njtimes.com](mailto:azdan@njtimes.com) or (609) 989-5705.

## **ANCHORAGE, Alaska: FBI: Confessed Killer Planned To Strike Again**

[Bellingham \(WA\) Herald](#), December 6, 2012

ANCHORAGE, Alaska — A confessed Alaska serial killer who targeted people across the country told authorities he planned to strike again in the state if he had gotten away with the murder of an 18-year-old Anchorage barista, the FBI said Thursday.

"He wasn't going to stop," FBI spokesman Eric Gonzalez said.

Keyes, 34, prepared a body disposal cache in the summer of 2011 for a future target, Gonzalez said. Murder kits also have been recovered in New York and Vermont.

In Alaska, authorities recovered the cache containing a shovel and two large bottles of Drano from Eagle River north of Anchorage. Gonzalez said the drain de-clogger would speed up decomposition of a body.

Keyes told authorities he killed barista Samantha Koenig and at least seven others over the past decade, including Bill and Lorraine Currier of Essex, Vt., in June 2011. The couple's bodies have not been found.

Keyes was found dead Sunday in his Anchorage jail cell after he killed himself by slitting a wrist and strangling himself with a rolled up sheet.

Before his death, Keyes said he sexually assaulted Koenig after abducting her in February from the coffee stand where she worked. He told authorities he then strangled Koenig and left her body in a shed outside his Anchorage house for two weeks while he went on a cruise.

When he returned, Keyes tied up Koenig and posed her body to make it look like she was still alive. He then took a Polaroid of her with a newspaper dated Feb. 13, which was 12 days after her abduction, according to the FBI.



Keyes made a photocopy of the picture and typed a ransom note on the back demanding \$30,000 from Koenig's family. He then sent a text message to Koenig's boyfriend on her cellphone with directions to where he'd left the note at a local dog park.

Keyes dismembered Koenig's body and put it in a frozen lake north of Anchorage after drilling a hole in the ice with a chain saw, according to authorities.

He was arrested in Lufkin, Texas, in March after using Koenig's stolen debit card at ATMs there and in Alaska, Arizona and New Mexico. He was facing a March 2013 trial in Koenig's death.

Koenig's remains were found in April after Keyes told authorities where to look.

Keyes didn't identify any other victims or say where the remains were, other than to say four were killed in Washington state and one was killed on the East Coast, with the body disposed of in New York.

The FBI released new details about the discovery of weapons and other items connected to Keyes at an upstate New York reservoir.

FBI spokesman Paul Holstein said an April 18 search in the Adirondacks town of Parishville turned up a bucket containing a silencer, .22-caliber Ruger frame, ammunition and a flashlight, all linked to Keyes. Divers on April 24 found the bolt and barrel of a gun used during the killings of the Curriers. Divers found a gun owned by the Curriers on June 5.

Keyes owned property in the Adirondacks.

Gonzalez confirmed that Keyes buried a murder kit in the woods on the banks of the Winooski River in spring 2009 in Vermont, then dug up the cache two years later and used the weapons in the Vermont killings.

Keyes traveled extensively in the U.S., landing at one location and targeting victims randomly hundreds of miles away. Keyes told authorities he robbed several banks and used money he made as a general contractor to pay for his travels.

Koenig was an exception to the distance rule. Keyes had never seen the barista before but chose the coffee stand because of its location and because it stayed open later than other stands.

Anchorage police said Keyes also targeted others in Alaska before killing Koenig but always backed off before acting.

In May 2011, he focused on a couple at Point Woronzof, a popular park area along the Anchorage shorefront.

Lt. Anthony Henry, commander of the homicide unit, said Keyes backed off at the last minute after police inadvertently arrived during a routine patrol.

## **Israel Keyes Stashed 'Kill Kit' In Woodside Natural Area In Essex In 2009**

By Adam Silverman

[Burlington \(VT\) Free Press](#), December 6, 2012

The serial killer whose victims included Bill and Lorraine Currier of Essex buried a murder kit in the woods on the banks of the Winooski River in spring 2009, then dug up the cache two years later and used the weapons in the Vermont slayings, the FBI says.

After Israel Keyes, 34, was arrested in March on charges related to an Alaska woman's murder, he confessed to killing the Curriers and used an online map to give the FBI precise coordinates of the spot in Essex where he hid a trove of weapons and supplies, including ammunition, investigators in Anchorage told the Burlington Free Press on Thursday.

Keyes, who killed himself over the weekend in an Alaska jail where he was awaiting trial on federal murder charges, had told the authorities he stashed murder and body-disposal kits across the country to prepare for killings, and then used the spots to eliminate the evidence afterward. Two were recovered: one in Parishville, N.Y., and another in Alaska.

The FBI and Essex police revealed for the first time Thursday that the cache recovered in April in Parishville, near the Blake Falls Reservoir, previously was buried by Keyes in Essex as part of his readying for the June 2011 murder of the Curriers.

"He never left anything in any of those caches that connected them to him," said Jeff Bell, an Anchorage Police Department investigator assigned to a special FBI task force that helped investigate the February 2012 disappearance and murder of Samantha Koenig, an 18-year-old coffee-cart worker.

The authorities say Keyes was responsible for eight murders across the country during a 14-year killing spree, and likely committed other slayings that he only hinted about to investigators.

Keyes was in Vermont in April 2009, according to a timeline the FBI prepared about the serial murderer's travels across the country. He was here to visit family in the Northeast, he told investigators, but he also robbed a bank in Tupper Lake, N.Y., and abducted and killed a person somewhere along the East Coast and dumped the body in New York, the FBI says.

In Essex, Keyes buried a five-gallon orange bucket filled with weapons parts, ammunition, fasteners, wires and a flashlight, among other supplies. Keyes hid the cache in a remote corner of the Woodside Natural Area, south and down a steep embankment from the intersection of Susie Wilson Road and Vermont 15.

Keyes was staying at the Handy Suites hotel just north of the intersection and the natural area. He likely found the location from signs along the heavily traveled road pointing to the nature area along the Winooski River and to Essex Overlook Park on

the hillside above, police said. The entrance to the natural area is across from Fort Ethan Allen, down Woodside Drive and across a set of railroad tracks to a trailhead.

Essex Police Chief Brad LaRose and Detective Lt. George Murtie, the lead investigator into the Curriers' disappearance and death, showed a Burlington Free Press reporter and photographer on Thursday afternoon the site where Keyes said he hid the supplies.

The location is about a mile from the nearest parking area and in a flat, wooded area in the floodplain along a sharp bend in the river. The site Thursday was muddy, marshy and strewn with debris from Tropical Storm Irene flooding in August 2011; it likely was dry and easier to access when Keyes first visited in 2009 and again when he dug up the supplies in June 2011, police said.

Police said Keyes returned briefly to that site after murdering the Curriers, a couple in their 50s, in the early morning of June 9, 2011. He disposed of a shovel that he used to dig up the murder kit, but kept the bucket and its contents with him. The flooding two months later helped conceal the hole, and the shovel has never been found, police said.

The bodies of Bill and Lorraine Currier were left in the basement of an abandoned farmhouse at 32 Upper Main St. in Essex that was torn down in October 2011. The debris was trucked to the large landfill in Coventry, where an 11-week search took place this spring and summer, but their bodies have not been recovered.

The authorities say Keyes left Anchorage in June 2011 with a plan to murder someone. He flew to Chicago, rented a car, drove to Vermont and got a room at Handy Suites. In his checked luggage he carried a handgun and a homemade silencer. Possessing the silencer was illegal, investigators say; people are allowed to check unloaded firearms onto airplanes if they are declared and secured according to government regulations.

After Keyes murdered the Curriers — shooting Bill, 50, and asphyxiating Lorraine, 55 — he went to visit relatives in Maine, then returned to Essex, saw the crime scene at the couple's Colbert Street home and fled the state for good.

He packed his firearm, the silencer and a gun he stole from the Curriers into the five-gallon bucket along with the remaining supplies and headed to Parishville, where he stashed the kit among a pile of rocks, the FBI said Thursday. He threw the bolt and barrel of his weapon, and the Currier gun, into Blake Falls Reservoir.

Investigators recovered the kit April 18 after Keyes told them where it was. Inside, the FBI says, was a trigger mechanism with a scope attached, a .22 caliber Ruger without a stock, a plastic stock and sling, ammunition, empty magazines, fasteners, wires, a metal clip, a flashlight and the homemade silencer.

An FBI dive team found the bolt and barrel April 24, and recovered the Curriers' gun June 5.

## **APD, FBI Poured Massive Resources Into Koenig Case And Keyes Investigation**

[KTUU-TV Anchorage \(AK\)](#), December 6, 2012

The Federal Bureau of Investigation has received a number of leads about other potential victims of serial killer Israel Keyes, said Special Agent in Charge Mary Rook on Thursday. The leads are coming in across the country, to cities including Seattle, Portland, Chicago and New York, after the FBI requested the public's help in tracking down information about Keyes' travels and possible victims. On Thursday, FBI officials released new details about the weapons Keyes had stashed in New York. A bucket was found in mid-April 2012 containing a silencer, a .22 caliber pistol, ammunition and a flashlight.

FBI officials will prioritize and look into each tip they receive. It is part of the ongoing work load that law enforcement in Alaska and across the country are pouring into the investigation. Rook said the investigation will continue through 2013 and will involve every FBI officer in the country. The FBI was part of the Samantha Koenig investigation since day two of the teenager's disappearance. Along with Anchorage police, authorities worked quickly, hoping to bring Koenig home safely.

APD Detective Monique Doll says the department spent about 10,000-15,000 hours working the Koenig case. The entire detective division, which includes 60-85 people, were on the investigation, sometimes working 20-hour days, seven days a week. The department racked up more than \$400,000 in overtime. Doll says it is money well-spent since their efforts led to Keyes' arrest and resulting murder confessions.

"I truly believe that without any one individual's effort, we would not have gotten a confession from Israel Keyes," said Doll.

Both APD and the FBI says they were dealing with the largest case they had in years. Once Keyes sent a ransom note, the FBI's involvement grew.

"We brought in even more resources at that point because then we had more evidence, we had ATM card usage at that point so that's when the investigation really ramped up," said Rook.

More agents and analysts were added to the case. A forensic dive team was brought to Alaska to recover Koenig's body from Matanuska Lake. It was a massive amount of resources used that helped put a killer behind bars.

"I'm very pleased we were able to take Israel Keyes off the streets. Because I'm confident he would have continued to kill," said Rook. "He was very sophisticated and methodical and the fact we were able to catch him and tie him to these other crimes is really a testament to our people up here."

## **Police Investigate Serial Killer Keyes' North Country Connections, Activities**

[North Country \(NY\) Public Radio](#), December 7, 2012

Constable, NY, Dec 06, 2012 — Brian Mann joined Martha Foley on the line Thursday morning to talk about the new developments in the Israel Keyes investigation.

Brian, this is all unfolding very quickly as far as the public is concerned, since Sunday now. But police and the FBI have known about Keyes's activities including his time here in the North Country for a long time—eight or nine months. Is that typical?

No, it's really not. And the amount of secrecy here is making some people uncomfortable, it's drawing a lot of press attention in Vt., where, of course, the courier case has drawn a lot of scrutiny. But, according to FBI, Keyes really told investigators that he didn't want his friends and family to know about the extent of his crimes, and investigators were afraid that if these details were made public, it would cause him to stop talking.

And, in fact, part of the story did leak earlier on WCAX, the CBS affiliate in the Plattsburgh-Burlington area. Authorities say, at that time—that when Keyes heard about it, he stopped talking for a time, but they were able to coax him back into making more confessions.

This victim that he apparently brought back here to the North Country, what do we know about that? Anything more?

No. It's really quite a mystery. It's even unclear whether the victim was alive or dead when Keyes brought them here, apparently from outside New York state. One of his methods was to essentially take people hostage. He did that with the couriers in Vermont for a time, and there's also chilling video footage of Keyes taking Samantha Koenig prisoner. This is the woman he abducted from the coffee shop in Anchorage, Alaska. And so the FBI does believe that this victim is buried somewhere here in the North Country, they're just not sure where.

Do we know anything about what brought Keyes here and why he chose to buy property and spend time in the North Country?

Well, what we know is that he moved around the country a lot and established caches of weapons and other equipment at various locations. FBI officials say they did confiscate some materials from the rundown house in Constable that he owned. He also had family in Maine, where he spent time. And he's been implicated in four murders in Washington state, so it appears that he was very deliberate in attempting to use these various locations to confuse any pursuit, choosing victims over a really wide area.

The federal officials that we've heard from, and that you talked to yesterday, have talked about eight possible victims so far. Could there be more?

You know, Martha, this is one of the most awful things about this, that the FBI just doesn't know. One of the things that's particularly nervous for us in the North Country and in the Adirondacks is that one of the things that he talked about was targeting people at campgrounds, at boat launches, in kind of rural, hiking areas, and we don't actually have many victims who fit that profile yet, so there could be others.

They've begun creating this timeline of his travel using credit cards and other evidence, and looking at missing person cases around the country. One other chilling detail here is that Keyes told investigators that at least one of his past murders had been investigated. Police, in that case, apparently decided that the death was an accident. So there's a lot to sort through here.

## **Prosecutors Want To Be In On Pharmacy Inspection**

[Associated Press](#), December 7, 2012

BOSTON — A federal judge will hear a request from the top federal prosecutor in Massachusetts to allow representatives of her office to be present while victims' attorneys inspect a compounding center linked to a deadly nationwide meningitis outbreak.

U.S. Attorney Carmen Ortiz, whose office is investigating possible charges against the Framingham-based New England Compounding Center, has asked Judge Dennis Saylor IV to order attorneys to give her office advance notice of their inspection. Ortiz also wants the government to get copies of test results, photographs and video taken during the inspection.

NECC is under investigation for distributing a steroid blamed in the deaths of 36 people and the illnesses of more than 500 others.

State and federal inspections found a host of potential contaminants, including standing water and mold.

Saylor will hold a hearing Thursday.

## Defense Intends To Appeal, Attorney Says

By Emma Perez

[Brownsville \(TX\) Herald](#), December 7, 2012

The attorney for Ray R. Marchan said his client will appeal his public corruption-related convictions and the 3 1/2-year sentence he received Thursday for bribing former 404th state District Judge Abel C. Limas.

U.S. District Judge Andrew S. Hanen sentenced Marchan, who will remain free on a \$100,000 unsecured bond until directed by the U.S. Marshals Service to report to a U.S. Bureau of Prisons facility. Assistant U.S. Attorney Michael J. Wynne had requested that Marchan be taken into custody.

Following a hearing in federal court in Brownsville, Hanen sentenced Marchan, 55, on six counts of racketeering, conspiracy to commit racketeering, aiding and abetting extortion, and mail fraud.

Hanen also stipulated that Marchan cannot practice law, and must perform 100 hours of community service.

The judge recommended that Marchan attend an anger management program and that he receive substance abuse counseling.

For his part, Marchan told Hanen that he appreciated the time, effort and resources that had been dedicated to the case.

Both Wynne and defense attorney Noe Domingo Garza Jr. declined to comment on the sentence. Garza said that Marchan is indigent and that an attorney would likely be appointed to represent him in the appeal.

From the moment that the jury returned guilty verdicts against Marchan on June 18, Hanen said that he knew that the sentencing would be a painful one, he recounted Thursday.

Hanen issued the sentence with a "heavy heart," he said, weighed by the knowledge that Marchan's son is ill and the effect that the sentencing would have.

Testimony presented at the hearing showed that Marchan's 19-year-old son suffers from severe autism, and that Marchan is the primary caregiver.

Hanen also said that he takes no pleasure in putting a member of the legal profession in jail.

"It's not good for the profession," Hanen said, adding that it also "enforces stereotypes."

But, pointing to the duty to society and the notion of justice, Hanen sentenced Marchan to 42 months in jail, in accordance with the sentencing guidelines, of 41 months to 51 months.

Wynne and fellow prosecutor Assistant U.S. Attorney Oscar Ponce asked for the maximum, while defense attorneys Garza and Adela Kowalski-Garza asked for the low end of 41 months, plus a reduction in light of the effects of the sentence on Marchan's son.

Wynne and Ponce called several witnesses to the stand at Thursday's hearing, including attorney Mikal Watts, Norma L. Martinez, and Jesus Gerardo Carmona.

Carmona testified that Marchan represented him in a case in 2009. Carmona said he had a back injury and that the case settled for \$475,000. He received \$52,800 and the remainder went to attorney fees and to pay medical and other expenses.

Carmona said that he learned about six months ago that Marchan had not paid \$14,000 to a medical facility, and that he had talked to Marchan who offered to give him a piano and a marble table instead of the money. Carmona refused the offer.

Under cross-examination by Garza, it was noted that there had been another attorney on the case, and that it could have been an accounting error.

Martinez, who had worked for Marchan, said she had been a notary and learned that her notary stamp had been used without her consent and her signature had been forged on a \$120,000 promissory note and a deed of trust.

The note was signed "R Roman Cisneros de M." According to FBI Special Agent Ryan Flint, "R Roman Cisneros de M" was actually Marchan who had "borrowed" the money without authority from an award made to client Maria Zapopan Tapia Gonzalez, whose daughter had been killed in a fire in Brownsville.

Flint said that according to Tapia, Marchan still owed her about \$75,000.

Marchan had worked at Watts' law firm. Watts testified that troubles began in 2001 and that an in-house inquiry showed that Marchan misapplied about \$251,000 from the firm.

Watts testified that he didn't immediately fire Marchan because he started crying and begging him not to do so. Watts alleged that Marchan subsequently charged about \$44,000 of personal expenses on the firm's credit card, and that the money was deducted from Marchan's fees, but problems persisted.

"It was pervasive," Watts testified. Watts said that Marchan's explanation for the charges was that he had judges at his condominium and that this was helping the firm. Marchan was fired in 2006.



The defense called two doctors and Marchan's former mother-in-law who testified at length about the unique, loving and caring relationship between Marchan and his son and how devastating it would be to separate Marchan from his son.

Wynne said that it is unfortunate that the people who suffer the most from someone's conduct are their loved ones.

"I don't think you're a bad guy," Hanen told Marchan, noting that he still has a lot to offer and can be a productive member of the community.

A jury on June 18 found Marchan guilty on seven counts, but the convictions were reduced to six on Monday when Hanen acquitted Marchan of one count of mail fraud. Hanen emphasized Thursday that he had agreed with the jury's finding of guilt on all the counts, but that as a matter of law, he had to set aside the mail fraud count.

Limas has pleaded guilty to racketeering, and his sentencing is slated for next year.

## **Texas Lawyer Gets 3½ Years In Corruption Case**

By Christopher Sherman

[Associated Press](#), December 7, 2012

BROWNSVILLE, Texas (AP) — A South Texas attorney convicted of bribing a lower court judge in exchange for legal favors was sentenced to 3½ years in prison Thursday.

U.S. District Judge Andrew Hanen said it was "painful" to sentence Ray Marchan, whom he called a talented individual.

Marchan was the first of a dozen suspects swept up in a four-year investigation of former state District Judge Abel Limas to go to trial. Limas has pleaded guilty and awaits sentencing.

Marchan in June was convicted on seven counts, including racketeering. Hanen this week overturned one mail fraud conviction.

Prosecutors accused Marchan of paying Limas more than \$11,000 in 2008 in exchange for favorable decisions. Marchan's defense argued he was just loaning money to a friend.

At trial, Limas had testified that the money Marchan gave him was to head off an opposing lawyer's attempt to sanction Marchan for missing a court date and to land an appointment as a guardian ad litem. Guardians ad litem represent the interests of people, often children, in cases and Limas described the work during Marchan's trial as "quick, easy money."

Marchan was a respected civil litigator in Brownsville. He had attended Rice University and graduated from Stanford's law school.

Noting that Marchan would not be able to practice law following his punishment, defense attorney Adela Kowalski Garza argued for the low end of the possible sentence. "This has already destroyed Mr. Marchan enough," Garza said.

After the sentence, Marchan declined comment other than to allude to an appeal that would cover material not discussed in his trial.

Prosecutors had called five witnesses in effort to show the incident with Limas was not an isolated ethical lapse. Lawyer Mikal Watts testified that Marchan had worked for his firm for about eight years before being fired. He explained instances where Marchan was holding back about \$250,000 that was supposed to be distributed to clients and lienholders. Marchan also ran up personal expenses on his firm credit card, he said.

Defense witnesses focused on Marchan's relationship with his 19-year-old autistic son.

Marchan's former mother-in-law, Sarah Graham, testified that Marchan's son is becoming more aggressive. He's never left alone. Marchan bathes him, shaves him and sometimes sleeps with him. She said her daughter, Marchan's ex-wife, could not handle him alone.

She said she couldn't imagine her grandson living without his father. "It would be devastating."

Assistant U.S. Attorney Michael Wynne reminded Graham that Marchan had brought a 19-year-old Russian bride into the house when she would have been just a couple years older than her grandson. He also cited at least eight reports of physical abuse made by Marchan's ex-wife against Marchan.

Hanen, over prosecutors' objection, allowed Marchan to remain free on bond and show up on his own to prison.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Valley Lawyer Gets 42 Months In Bribery Scandal**

By Lynn Brezovsky

[San Antonio Express-News](#), December 7, 2012

BROWNSVILLE — A federal judge Thursday sentenced Rio Grande Valley attorney Ray Roman Marchan to 3½ years in federal prison for his role in the courtroom bribery scheme of former state District Judge Abel Corral Limas.



U.S. District Judge Andrew Hanen said it was with a “heavy heart” that he sentenced a talented lawyer in a case that reinforced stereotypes and tarnished the legal profession.

“As opposed to a win-win, it’s a lose-lose,” Hanen said, citing Marchan’s degrees from Stanford and Rice universities and his inability to ever practice law again.

“Let me say, Mr. Marchan, for the record I don’t think you’re a bad guy,” Hanen said. “I still think you have a lot to offer your family, yourself, and this country.”

Marchan, 56, thanked the court for the trial in a strong, clear voice.

He had little comment to reporters other than that there were “some unique issues” about the case that hadn’t been addressed but that would come up on appeal.

Hanen allowed him to remain on bail pending notification to report to prison.

The sentence of 42 months on each of a six-count conviction of racketeering, extortion, and mail fraud, to run concurrently, falls far below the maximum of 20 years possible for the charges but is close to the low end of the 41- to 51-month sentencing recommendation.

Hanen on Monday threw out the jury’s conviction on one count of mail fraud.

Hanen said he was affected by knowledge of Marchan’s relationship with a 19-year-old autistic son, a large and potentially violent young adult who requires round-the-clock care that defense attorneys said couldn’t be provided by Marchan’s ex-wife or mother-in-law.

Prosecution attorneys during the approximately three-hour hearing said they were sympathetic to that, but questioned the example set by Marchan’s history of domestic violence, his bringing home a Russian bride just two years older than his son, and his smoking marijuana.

Prosecution witnesses including attorney Mikal Watts, who once employed Marchan, highlighted Marchan’s shady accounting practices.

Watts described how Marchan was fired from the firm after years of being chastised for overbilling clients and running up tens of thousands of personal expenses on his corporate credit card.

Jesus Carmona, another government witness, said he only recently learned that Marchan had failed to pay \$14,000 in hospital bills from a \$175,000 settlement that had already paid out \$70,000 to Marchan.

He said Marchan, when approached, offered to pay him back with a marble table and a piano.

Defense attorneys said Marchan was being made a scapegoat by a “vindictive” prosecution.

“He’s been ridiculed in the paper, exposed. ... He’s been through hell,” defense attorney Adela Kowalski-Garza said. “That’s not enough? They still want 10 more months in prison?”

“The message that they’re sending is that you’d better not go to trial,” she said.

Eight people entered guilty pleas following the FBI’s years-long probe into what they called the “cash-generating enterprise” of Limas’ 404th District Court.

Among them is Limas, who in hopes of leniency provided candid, if not sordid, trial testimony.

Limas’ own sentencing is set for April 3, after the trial of alleged accomplice Marc Rosenthal, an Austin attorney scheduled to face a jury in February, and sentencing in March for former state Rep. Jose Santiago “Jim” Solis, who pleaded guilty in April 2011 to aiding and abetting extortion.

lbrezosky@express-news.net

## **Money Laundering Charges Filed Against Car Dealer**

[North County \(CA\) Times](#), December 7, 2012

The owner of a Grantville auto dealership and two of his sons were charged with money laundering and drug sales in two separate cases unsealed Thursday by federal prosecutors in San Diego.

The charges are the outcome of a raid by federal agents Wednesday morning on the Autohaus car dealership on Mission Gorge Road, and two homes in the Del Cerro neighborhood. The Internal Revenue Service, FBI, Drug Enforcement Administration, Border Patrol, Sheriff’s Department and El Cajon police participated in the raid.

The dealership and one of the homes is owned by Amir Bahador. He appeared in federal court along with a son, Roman, and four others, and was charged with conspiracy to launder money and engaging in structured financial transactions.

A complaint said that in April and August, an undercover federal agent posing as a drug dealer spent \$90,000 buying two Mercedes-Benz vehicles from Amir and Roman Bahador.

The undercover agent said the pair were told the purchase would be in cash and that the money was the proceeds from drug sales.

The complaint said the Bahadors created bogus documents that said the car was purchased by someone else. The funds were then deposited in multiple deposits of less than \$10,000 into bank accounts controlled by Bahador and his son, co-owners of the auto business.

Federal laws require banks to report to the IRS all transactions of \$10,000 or more. Authorities often look for a pattern of transactions less than that amount as a sign of possible money laundering.

The Bahadors were ordered held without bond until a hearing Tuesday before Magistrate Judge David Bartick. Amir Bahador's lawyer, Jeremy Warren, said outside of court that his client will vigorously contest the charges.

Also charged in the case were Mehdi Rokhfirooz and Mahmoud Reza Shantiai, who the complaint said helped create the false documents; Nicole Madruga, a girlfriend of Roman Bahador alleged to be involved in the banking transaction; and Jeffrey Moody, an assistant of Roman Bahador who also was involved in the banking transactions.

In a second case, Brenton Bahador, another son of Amir Bahador, was charged with trying to purchase five kilograms of cocaine from an undercover drug agent in November.

The complaint in that case said that during the transaction Brenton Bahador offered to trade a Bentley automobile from the Autohaus dealership for the drugs. Also charged in that case are Jesse Gonzalez, Morgan Dimmitt, Eric Leitzke, and Renee Lewin. They all were described as lookouts or assistants during the drug deal.

All five were also ordered held without bail.

Amir Bahador has been named in dozens of civil suits over the years stemming from his car sales business. He also pleaded guilty in 1988 in federal court to charges of dialing back odometer readings in cars he sold.

In July 2009, a girlfriend of Bahador also won a temporary restraining order against him. In court documents, she said they were in the middle of an argument at his home that month when he began punching her in the face, neck and head, and then threw her across the room. She said he fled and she called 911.

The case was dismissed in December 2009 after both of them failed to show up for court in her bid to have the restraining order extended.

## **Hercules Man Sentenced To 18 Years For Leading Racketeering Conspiracy**

By Katie Nelson

[Contra Costa \(CA\) Times](#), December 7, 2012

SAN FRANCISCO — A Hercules man will spend the next 18 years in prison for his leadership role in a large-scale racketeering and narcotics conspiracy at card clubs in Emeryville and San Bruno.

Cuong Mach Binh Tieu, 42, pleaded guilty June 19 to 10 felony counts, including conspiracy to spearhead a racketeering organization, conspiracy to manufacture methamphetamine and ecstasy and conspiracy to distribute cocaine, according to the U.S. Department of Justice.

The four-year investigation, conducted by the FBI, the DEA, the California Department of Justice, Bureau of Gambling Control, and the IRS, revealed that Tieu served as a leader for a criminal group that regularly used the cash drawers at both Oaks Card Club in Emeryville and Artichoke Joe's Casino in San Bruno to finance drug purchases, authorities said.

On June 30, 2009, for example, Tieu used \$30,000 from Oaks Card Club to purchase 25 kilograms of ephedrine, which he used to help manufacture methamphetamine and ecstasy.

In addition to drug trafficking, Tieu's criminal organization worked with casino employees to openly engage in loan-sharking on the floor with both casinos. The loan sharks regularly charged 10 percent interest a week for the loans distributed in the casinos, officials said.

In addition to his 220 months behind bars, Tieu was sentenced to a five-year supervision period once he is released.

Contact Katie Nelson at 925-945-4780 or follow her at [Twitter.com/katienelson210](#).

## **Autopsy: Border Patrol Agent Fired Gun 10 Times**

[Associated Press](#), December 6, 2012

SAN DIEGO (AP) — A Border Patrol agent in Southern California who shot and killed a mother of five after she hit him with her vehicle fired his gun 10 times from the hood of her car as he tried to get the woman to stop, according to an autopsy report released Thursday.

Valeria "Munique" Tachiquin Alvarado, 32, suffered 14 gunshot wounds to her upper body, the San Diego County Medical Examiner said. Some bullets may have caused more than one wound.

The autopsy determined the Sept. 28 death was a homicide and lists multiple gunshot wounds as the cause.

Alvarado fled a friend's apartment in Chula Vista when agents came with an arrest warrant for someone else, according to the autopsy, mirroring previous statements from police. Police say her car struck an agent and she drove with him on the hood for about 200 yards.

The agent held on to the Alvarado's 1994 Honda Accord after breaking the windshield, firing his pistol until she stopped, the autopsy says.

Alvarado's blood tested positive for methamphetamine at 0.1 milligram per liter.

Alvarado's family has filed a wrongful death claim against the Border Patrol, saying the agent who fired had a long history of misconduct in a previous law enforcement job and should not have been on the street. Documents released by family attorney Eugene Iredale say the agent, 34-year-old Justin Tackett, was suspended four times for misconduct including crashing a patrol car and violating suspects' rights in the nearly four years that he worked as an Imperial County sheriff's deputy.

A Border Patrol official said on the day of the shooting that the agent feared for his life. The National Border Patrol Council, the union representing agents, has said it is confident he acted properly.

The Border Patrol has been involved in a series of deadly shootings along the U.S. border with Mexico, and the Homeland Security Department's inspector general is reviewing the agency's policies on use of lethal force. The ACLU Regional Center for Border Rights says agents have killed at least 18 people since 2010.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **7 Members Of Violent S.W. Phila. Drug Gang**

By Joseph A. Slobodzian

[Philadelphia Inquirer](#), December 7, 2012

Seven members of a violent Southwest Philadelphia drug gang that prosecutors say tyrannized the Bartram Village complex for most of the last decade were found guilty Thursday of crimes that could put most behind bars for the rest of their lives.

The seven — members of a gang known on the street as the "Harlem Boys," "Young Hit Men," or "54" — sat impassively as the U.S. District Court jury returned guilty verdicts on racketeering, drug conspiracy, and various other counts involving cocaine sales, assault, and guns.

The verdict sheet was so long and complex that District Judge Lawrence F. Stengel took nearly a half-hour to read it aloud after the jury of eight men and four women returned to the courtroom.

The jury deliberated for about 13 hours since Tuesday after testimony in a trial that began Sept. 24.

Of 73 crimes charged in the original 139-page indictment made public in October 2010, the jury returned guilty verdicts on 53, including the most serious racketeering charge against all seven. The jury also acquitted the seven men on 20 counts, most involving firearms.

Afterward, even defense lawyers praised the jurors for the conscientious way they parsed the charges and evidence.

"This is the best system in the world, and this jury actually restored my confidence," said lawyer Christopher G. Furlong, who represented Ramel Moten, 28, who prosecutors said was "lead gunman" for the Harlem Boys.

Moten, whom the jury also found guilty of 13 counts as a convicted felon possessing an arsenal of semiautomatic pistols, rifles, and shotguns, faces a mandatory minimum life term, according to prosecutors.

Assistant U.S. Attorney Salvatore L. Astolfi, who handled the case with prosecutor Katayoun M. Copeland, also praised the verdict: "All of them are facing a maximum sentence of life in prison, and their mandatory minimum sentences vary from 125 years to 25 years in prison."

Stengel said the seven will be sentenced the week of March 4.

Astolfi said he believes the prosecution has improved life for the 1,600 residents of the Bartram Village Housing Development, a public housing complex bordered by Lindbergh Boulevard, 54th and 56th Streets, and the colonial-era Bartram's Garden.

"We have been told that ever since Oct. 6, 2010, things have been much different there, a much better quality of life," Astolfi added.

In addition to Moten, the others found guilty are: Reginald Stephens, 34; Merrell Hobbs, 24; Warren Stokes, 21; Khalil Allen, 34; Hikeem Torrence, 21; and Bryan Hill, 27.

All except Allen are described in the federal indictment as Harlem Boys drug distributors and gunmen; Allen was a drug distributor.

Although all likely face decades in prison, sentences are relative, like all things in life.

Stokes' lawyer, former federal prosecutor Stephen J. Britt, was congratulated by several defense lawyers because the jury acquitted Stokes of two counts of using and carrying a gun during a crime of violence.

Those two counts, Britt said afterward, reduced Stokes' mandatory minimum sentence from 40 to 45 years to 15 years.

During trial, witnesses described for the jurors how the Harlem Boys seized control of daily life in Bartram Village through a regime of threats and random violence — against even people who posed no threat to their cocaine trade.

Prosecutors said the gang used beatings, robberies, and other threats to cultivate their illicit business, and leased public housing units in the complex to stash drugs and guns.

Twenty suspects were arrested after the first indictment two years ago following a two-year probe by the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Philadelphia police. More than half pleaded guilty, and many became prosecution witnesses during trial.

The jury also heard from seemingly random victims such as Mutrel Stuckey, who was shot in the back by Moten during a failed robbery attempt near the projects in 2009.

Like the rest, Moten grew up in or around the projects and started as a street dealer. He took control in 2007 after the first raids by federal agents.

The case against the group illustrated how federal authorities increasingly apply racketeering laws, once reserved for organized crime rings like the Mafia, to other criminal enterprises. Contact Joseph A. Slobodzian at 215-854-2985, jslobodzian@phillynews.com, or @joeslobo on Twitter. Inquirer staff writer John P. Martin contributed to this article.

## **Chicago Truck Company Owner Pleads Guilty To Minority Contracts Scheme**

[Associated Press](#), December 6, 2012

CHICAGO (AP) — An owner of a Chicago dump truck company certified as a minority-owned business has pleaded guilty to a fraud charge involving a scheme to use his business as a front to win a multimillion-dollar sewer cleaning contract.

Jesse Brunt, who owned Brunt Brothers dump truck services, entered the plea agreement Thursday. U.S. District Judge Milton Shadur set sentencing for March 8.

Federal prosecutors say Brunt's company didn't perform the work, instead passing it to other companies that weren't minority-owned. According to the plea agreement, Brunt secured \$3 million in city contracts.

Anthony Duffy owned Municipal Sewer Services. He pleaded guilty in February in connection with the scheme.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Robert Fenn Of Herndon, Va., Indicted By Federal Grand Jury For Receiving,possessing Child Pornography**

[WUSA-TV Washington](#), December 7, 2012

ALEXANDRIA, Va. (WUSA) — An elementary school teacher from Herndon has been indicted by a federal grand jury for receiving and possessing child pornography, according to Neil H. MacBride, U.S. attorney for the Eastern District of Virginia.

Robert Fenn, 27, of Herndon, taught at Poplar Tree Elementary School in Chantilly, Va., prior to his arrest on related state charges in June 2012.

Fenn was indicted on one count of receipt of child pornography, which carries a mandatory minimum penalty of five years and a maximum penalty of 20 years in prison; and one count of possession of child pornography, which carries a maximum penalty of 10 years in prison, if convicted.

According to court records, Fenn was allegedly identified through an international initiative named Operation Gondola, which originated with Italian law enforcement investigating a website that offered access to child pornographic images and/or video identified by the domain name "liberalmorality.com."

Court records allege that Fenn was among those who accessed this website and a search of his computer found numerous videos and images of children enduring various forms of sexual abuse.

The indictment specifically alleges that Fenn received child pornography from March 3, 2012 through May 6, 2012, and was found to have possessed child pornography on June 12, 2012.

## **Spy Ring To Reveal Dotcom Details**

By David Fisher

[New Zealand Herald](#), December 7, 2012

The top-secret international spy ring known as Echelon will have to reveal whether it received details of illegal spying on Kim Dotcom.

The order for the intelligence network to reveal its secrets comes after a new judgment into the bungled handling of the case against the alleged internet pirate.

The High Court at Auckland ordered the police to produce details either proving or discounting the existence of a live video feed of the raid after contradictory evidence from a senior police officer.

The case is now aimed at the heart of New Zealand's intelligence arrangements with the United States and the other Echelon partners — Australia, Canada and Britain.

The secret group, also known as Five Eyes, collects and analyses data from electronic networks around the world for the benefit of exchange between member countries.

The order for the Government Communications Security Bureau (GCSB) to reveal top-secret details came along with an order the spy agency would now sit alongside the police as a defendant as the court continued to probe the unlawful search warrant used in the raid on Dotcom's north Auckland mansion.

Chief High Court Judge Helen Winkelmann said the GCSB would have to "confirm all entities" to which it gave information sourced through its illegal interception of Dotcom's communications. She said her order included "members of Echelon/Five Eyes, including any United States authority".

The judgment also recorded Dotcom's suspicions he had been spied on at least six weeks before the GCSB admitted to doing so and sought details as to whether others had been swept up in the illegal operation.

The Crown had raised concerns about "secrecy", saying revealing the information could "compromise New Zealand's national security interests". Justice Winkelmann said the concerns — which included revealing how the GCSB worked with "intelligence allies" — could be managed through the appointment of Stuart Grieve QC. He was appointed by the court to view top-secret information and judge its relevance to the case.

She also cleared the way for Dotcom and his co-accused to sue the police and GCSB for damages — although she said "relief sought for the illegal search" included a copy of the data seized during the raid.

The judgment also raised questions about evidence given by Detective Inspector Grant Wormald, the officer who commanded the raid on the mansion. It said evidence he had given about possible "live footage" of the raid contradicted earlier evidence given during the hearing. The police were ordered to provide evidence from a senior New Zealand officer in the US who told an internal publication he "monitored" the raid from FBI headquarters.

Mr Wormald is also facing questions about other testimony after he assured the court there was no surveillance other than that carried out by police. The GCSB's illegal spying operation later emerged.

## **Kim Dotcom Cleared To Sue NZ Spy Agency**

By Neil Hume, Sydney

[Financial Times](#), December 6, 2012

Full-text stories from the Financial Times are available to FT subscribers by clicking the link.

## **UK Jury Convicts Member Of Activist Group Anonymous In Computer Denial-of-service Attack**

By The Associated Press

[Associated Press](#), December 6, 2012

LONDON — A London jury convicted a 22-year-old student and member of the hacking group Anonymous on Thursday of taking part in cyberattacks on several major companies' computer systems.

Self-described "hacktivist" Christopher Weatherhead showed no emotion after being convicted of conspiracy to impair the operation of computers. The attacks hit the sites of MasterCard, Visa, PayPal and several others. Weatherhead, who will be sentenced at a later date, could face up to 10 years in prison.

Three co-conspirators of Weatherhead pleaded guilty to the same charge in January and March.

Prosecutor Russell Tyner said Weatherhead and the others targeted companies in the music industry involved in combating Internet piracy and firms that had stopped processing online donations to the data-leaking site WikiLeaks. Tyner said the attacks cost these companies more than 3.5 million pounds (\$5.6 million).

Working under online nicknames including "Nerdo" and "NikonElite," the group hit their targets with denial-of-service attacks — a technique that works by overloading a website with traffic.

They also used Facebook and Twitter to recruit followers and publicize their attacks, according to police.

The cybercrime spree focused attention on Anonymous, a loose-knit collection of Web-savvy activists and Internet pranksters — many of whom have targeted governments, officials or corporations over a variety of political grievances.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.



## Student Convicted Over Anonymous Cyber-attacks

[The Guardian \(UK\)](#), December 6, 2012

A key member of the Anonymous hacking group has been convicted for his part in a series of cyber-attacks on Paypal and other major companies.

Christopher Weatherhead, 22, who used the name Nerdo on the internet, was described as a leading player in the "distributed denial of service" attacks. He worked with fellow Anonymous members Peter Gibson, 24, Ashley Rhodes, 28, and Jake Birchall, 18, to bring down websites by flooding them with messages and requests under the banner "Operation Payback".

Weatherhead was convicted on one count of conspiracy to impair the operation of computers, contrary to the Criminal Law Act 1977.

The cyber-attacks originally targeted the music industry in response to its anti-piracy stance. But the group changed its plan after the backlash against Julian Assange and WikiLeaks following their release of classified data in December 2010.

Anonymous spent 10 days targeting Paypal, causing losses of £3.5m.

London's Southwark crown court heard that PayPal was attacked after it decided not to process payments on behalf of the Wau Holland Foundation, an organisation involved in raising funds for WikiLeaks.

Other companies targeted included Mastercard, Visa and the British Recorded Music Industry (BPI). Anyone who tried to visit their websites was directed to a page displaying the message: "You've tried to bite the Anonymous hand. You angered the hive and now you are being stung."

A jury of six men and five women deliberated for little more than two hours on Thursday before returning a guilty verdict against Weatherhead for his "integral role" in the attacks, which happened while he was studying at Northampton University.

Weatherhead looked at the floor then across to his parents when the guilty verdict was read out.

Judge Peter Testar warned him he could face jail when sentenced at a later date with his three co-accused, who pleaded guilty at an earlier hearing.

"I want to have as much information as possible before deciding what should happen in the case of these four men," he said. "I think these are serious offences to my mind, and I hope the defendant understands that."

The trial heard that Weatherhead spent up to 10 hours a day online and dreamed of working for Amazon or Google. He refused to admit that he had been part of the actual attacks, claiming to have been the communications manager for Anonymous and the creator of online chatrooms where the attacks were planned.

Weatherhead told the court he was an observer in October 2010 while others carried out their attack on the website of the Ministry of Sound, causing £9,000 damage.

Neil Corre, defending, asked him: "Were there times when you were observing attacks while they were happening?"

"Yes," said Weatherhead, "I was quite interested. I did not believe that what was being discussed was actually possible."

The student portrayed himself as an ideological dreamer who had come across the Anonymous group by chance and agreed with its stance against censorship on the internet.

"I like the freedom of information that is on the web. I enjoy spending a lot of time on Wikipedia reading things. When you can't get information I feel abashed by that," he told the court.

Weatherhead was freed on bail until sentencing in January on a date yet to be set.

The hacker is banned from using internet chat relays or posting online under the pseudonym Nerdo or any other name but his own.

Testar ordered him to be electronically tagged and subject to a midnight to 4am curfew at his parents' home.

## U.K. Convicts Anonymous Member 'Nerdo' For DDoS Attack

By Dara Kerr

[CNET News](#), December 7, 2012

In its ongoing pursuit to strike back at hackers, U.K. courts have convicted a member of Anonymous for conspiracy.

A London jury found Christopher Weatherhead, a 22-year-old self described "hacktivist," guilty of carrying out a campaign of Distributed Denial of Service attacks against major credit card companies that refused to process online donations to WikiLeaks, according to the U.K.'s Crown Prosecution Service. The conviction came after guilty pleas of three of Weatherhead's co-conspirators.

"Christopher Weatherhead is a cyber criminal who waged a sophisticated and orchestrated campaign of online attacks on the computer systems of several major companies," prosecutor for the CPS Organized Crime Division Russell Tyner said in a statement. "These were lawful companies with ordinary customers and hard working employees. This was not a victimless crime."

Dubbed “Operation Payback,” Weatherhead and his comrades targeted MasterCard, Visa, and PayPal when the companies cut off access to WikiLeaks. They also launched a DDoS campaign against music industry companies involved in combating Internet piracy, including the British Recorded Music Industry, Ministry of Sound, and the International Federation of the Phonographic Industry.

According to CPS, these two campaigns cost the companies more than \$5.6 million in additional staffing, software, and loss of sales.

Weatherhead used the online nicknames “Nerdo” and “NikonElite” and, according to the Associated Press, was a student at the time he was nabbed by police.

This isn’t the first Anonymous takedown by U.K. police. In March, authorities carried out a sweep of arrests of the loose-knit organization’s top tier hackers. After the arrests, police announced that five men in the U.K., Ireland, New York, and Chicago had been charged with hacking-related offenses.

Weatherhead’s sentencing is scheduled for January. According to the Associated Press, his conviction could result in up to 10 years in prison.

## Faces, Some Masked, Of Anonymous

By Nina Metz

[Chicago Tribune](#), December 7, 2012

Two years ago in December, Visa, MasterCard and PayPal cut off all financial services to WikiLeaks. This left the controversial website blocked off from accepting online donations — a state of affairs that did not sit well with members of the sprawling Internet activist group known as Anonymous, which let its collective displeasure be known when it launched brief (but attention-getting) disruptions affecting each company’s website. They called it Operation Payback.

It was only a matter of time before protests spilled into the digital realm. The FBI, it is worth noting, sees things a bit differently.

Among those indicted in the case was 19-year-old Mercedes Haefer, who is one of the first people to show her face in “We Are Legion: The Story of the Hacktivists,” the documentary (which screens Friday courtesy of Chicago Filmmakers) that traces the origins of Anonymous and peels back the layers of this amorphous, ever-changing group that has adopted the Guy Fawkes mask as its public identity and unofficial logo.

For obvious reasons, Haefer doesn’t have to obscure her identity these days. “They seem pretty shocked by the angry belligerent teenager they dragged out of bed that day,” she says to the camera, referring to the law enforcement raid on the day of her arrest. “I don’t know if it was just that I was 19 or a girl, but they didn’t expect this.”

Haefer’s case has yet to go to trial, but if convicted of the felony charges against her (including conspiracy and intentional damage to a protected computer) the penalties could be stiff, up to 15 years in prison and a half-million-dollar fine. A verdict in her favor could have far-ranging implications as well; cyber sit-ins could be classified as a new form of civil disobedience.

It wouldn’t be unprecedented. When hackers took down the website of Lufthansa in protest of the airline’s involvement in the deportation of refugees, German courts ruled in 2006 that the action was a legitimate form of protest. A case closer to home (though not detailed in the film) concerns Chicagoan Jeremy Hammond, a self-proclaimed “electronic Robin Hood” who stands accused of hacking the servers of Strategic Forecasting (known as Stratfor), a private intelligence contractor sometimes referred to as the shadow CIA. Hammond has been held without bail since his arrest in March; his trial is set to begin next year.

Beckie Stocchetti, who programs the lineup at Chicago Filmmakers, tells me local experts will be on hand for a Q&A panel after the screening, along with filmmaker Brian Knappenberger, who will be Skyping in from Los Angeles.

“A lot of my work has been about technology and its affect on our lives and culture,” he said when we spoke earlier this week. A veteran of PBS’s “Frontline,” the National Geographic Channel and Discovery, he first took notice of Anonymous when the group hacked the Church of Scientology in 2008.

“But when they attacked MasterCard, Visa and PayPal because of WikiLeaks, that was a much bigger action,” he said. “You could tell something new was happening and they were building up a head of steam, and I wanted to follow along and see what happened.” There is no telling exactly how many people affiliate with Anonymous, but the Twitter numbers are staggering. @YourAnonNews has more than 700,000 followers; several other Anonymous-run Twitter accounts have followers in the 200,000 range. That adds up to a lot of casual participants who can be harnessed when the collective ire is stoked.

About half of the people interviewed in Knappenberger’s film disguise their appearance behind a Guy Fawkes mask. But it is surprising to see just as many make no attempt to hide their identities, including Mike Vitale, whose black T-shirt, gold chain and good-natured trash talk bring to mind a macho swagger that flies in the face of hacker stereotypes.

"Anonymous was kind of like the big, strong buff kid who had low self-esteem and then all of a sudden punched somebody in the face and was like, 'Holy sh--, I'm really strong,'" he says in the film. "If you are going to violate the freedoms of the Internet, you certainly better watch the f--- out."

That's been the ethos of people such as Peter Fein, who have been actively involved in trying to keep the Internet running in the Middle East; Fein was instrumental in helping Egyptians subvert the government's Internet shutdown in 2011 amid the upheaval.

"Anonymous is like a loudspeaker," Knappenberger said of the group, which expands and contracts depending on what is being protested. "They're saying 'We don't agree with a certain activity' — what's going on in Syria or in Gaza, for example. But how much damage in the big scheme of things is Anonymous doing? They have a flair for the theatrical and the politics of spectacle. And that's what they're good at — they're really good at that."

Of course Anonymous has violated the very freedoms it champions. The noxious New Jersey radio host Hal Turner, who is an almost cartoonishly offensive white supremacist, was hacked and trolled by members of Anonymous, an action that forced him out of business by ensuring that he accrued thousands of dollars in bandwidth bills. (Turner has a Chicago connection as well; last year he was convicted — after two mistrials — of threatening to kill three Chicago appellate court judges for their 2009 ruling upholding handgun bans in Chicago and Oak Park.)

It's easy to get behind Anonymous when they go after guys such as Turner — until you stop to consider that, as Knappenberger put it, "Turner has a right to spew whatever nonsense he wants. That's what Anonymous fights for: making sure speech isn't repressed. So there's a huge contradiction there, trying to silence people you don't like, coming from a freedom of speech group.

"But one of the things I like about Anonymous," he said, "is that this irony is not lost on them. They are deeply immersed in that discussion. A good saying about Anonymous is that 'Anonymous is not unanimous.' There's this huge argument going on about what are appropriate targets and why? That's a really interesting discussion to be having right now."

"We Are Legion" (presented by Chicago Filmmakers) screens 7:30 p.m. Friday at Columbia College, followed by a post-show discussion with director Brian Knappenberger via Skype. Go to [chicagofilmmakers.org](http://chicagofilmmakers.org).

Holiday film roundup, part I

The Community Bank of Oak Park River Forest hosts a screening of "Miracle on 34th Street" at 10 a.m. Saturday and "How the Grinch Stole Christmas" at 10 a.m. Dec. 15. at the Lake Theatre in Oak Park. Admission is free. Go to [cbopr.org](http://cbopr.org).

Holiday film roundup, part II

In Downers Grove, the Tivoli Theatre's annual Holiday Classic Film Festival begins this week with Katharine Hepburn in "Holiday" (Sunday); Debbie Reynolds in "Susan Slept Here" (Monday); Bill Murray in "Scrooged" (Tuesday); Bing Crosby in "White Christmas" (Wednesday); and Chevy Chase in "National Lampoon's Christmas Vacation" (Thursday). A midnight screening of "Planes, Trains and Automobiles" takes place Dec. 29. Go to [classiccineas.com](http://classiccineas.com).

Holiday film roundup, part III

Nothing beats a Christmas movie screened in an old-school movie palace like Chicago's Patio Theater, built in 1927. This weekend it's "A Christmas Story"; "White Christmas" plays the following weekend and "It's a Wonderful Life" on Dec. 22. Go to [patiotheater.net](http://patiotheater.net).

[nmetz@tribune.com](mailto:nmetz@tribune.com)

Twitter @NinaMetzNews

## 22-Year-Old Anonymous Hacker Convicted In London

By Stephanie Mlot

[PC Magazine](#), December 7, 2012

A London jury convicted a young member of the Anonymous hacking group for his participation in cyber attacks against a number of major companies.

Christopher Weatherhead, 22, was convicted of conspiracy to impair the operation of computers, according to the Associated Press, after he and three other Anonymous members hacked into the systems of MasterCard, Visa, PayPal, and several others.

Weatherhead (pictured), who went by the online handles "Nerdo" and "NikonElite," will be sentenced at a later date, and could face up to 10 years in prison.

The attacks, which cost the companies involved more than 3.5 million pounds (\$5.6 million), were directed at firms in the music industry working toward ending Internet piracy, prosecutor Russell Tyner told the AP. Weatherhead and his team managed to overload the companies' websites with traffic by serving denial-of-service attacks. They also turned to social networking to recruit followers and publicize their attacks, police told the AP.

In September 2011, Scotland Yard arrested Weatherhead and co-conspirator 26-year-old Ashley Rhodes for computer-related crimes; the two were previously arrested in January in connection with Scotland Yard's Anonymous investigation.

The attacks date back to late 2010, when "Operation Payback" targeted various sites that served as WikiLeaks opponents, including many where millions of users' personal information is stored. Once the carnage was counted, Anonymous had attacked PayPal, MasterCard, Swiss bank PostFinance, Visa.com, and Amazon, all of which had pulled their support for WikiLeaks.

By the end of July 2011, the hacker group returned to wreak havoc on PayPal once more, launching Operation PayPal. The transaction website was reportedly targeted just last month, along with Symantec, NBC, and others, on Nov. 5, or Guy Fawkes Day. But PayPal denied that any attack ever took place.

## **Former Anonymous Member Convicted In Attacks Against PayPal, MasterCard, Visa**

By Lucian Constantin

[ComputerWorld](#), December 7, 2012

IDG News Service — A 22-year-old U.K. man was convicted for his involvement in a series of distributed denial-of-service attacks launched by the hacktivist group Anonymous against PayPal, MasterCard, Visa and other companies in 2010.

Christopher Weatherhead, of Northampton, U.K., was convicted Thursday at London's Southwark Crown Court on one count of conspiracy to impair the operation of computers, contrary to the U.K. Criminal Law Act of 1977, the U.K.'s Crown Prosecution Service said in a blog post.

Weatherhead, who used the online handle "Nerdo," was arrested in January 2011 and was charged in September that same year with computer-related offenses in relation to Anonymous' "Operation Payback" attack campaign.

Denial-of-service attacks launched as part of "Operation Payback" originally targeted companies and organizations from the music industry that were involved in combating online piracy. However, the campaign later switched its focus toward PayPal, MasterCard, Visa and other financial companies, because of their decision to stop processing donations or providing other services to Wikileaks.

Three other men arrested in the U.K. in connection with the same attacks, Jake Birchall, Ashley Rhodes and Peter Gibson, pleaded guilty earlier this year to one count each of conspiracy to impair the operation of computers.

According to the Crown Prosecution Service, the DDoS attacks cost PayPal, MasterCard, Visa, the British Recorded Music Industry, Ministry of Sound and the International Federation of the Phonographic Industry APS3.5 million (\$5.6 million) in additional staffing, software and loss of sales.

Russell Tyner, crown advocate for the CPS Organised Crime Division, described Weatherhead in a statement Thursday as a "cyber criminal who waged a sophisticated and orchestrated campaign of online attacks." This was not a victimless crime, he said.

During his hearing on Thursday, Weatherhead told the court that he was only an observer to some of the attacks and only acted as communications manager for Anonymous, taking care of some chat rooms, The Guardian reported.

The judge said that he wants to have as much information as possible before sentencing Weatherhead and the other three co-conspirators, but described the offenses as serious and warned that they could face jail time.

Weatherhead was released on bail and is banned from using Internet chat rooms and posting online under a different name aside from his own. He will be sentenced in January next year at a date that has yet to be set.

## **'Anonymous' Hackers Convicted Of Targeting PayPal, MasterCard**

By Lindsay Fortado

[Bloomberg News](#), December 6, 2012

Four hackers from the online group "Anonymous" were convicted of conspiring to attack the websites of Visa Inc., PayPal Inc., MasterCard Inc. and others.

Christopher Weatherhead was found guilty today and three of his co-defendants — Jake Birchall, Ashley Rhodes and Peter Gibson — pleaded guilty earlier at a London criminal court to conspiring to impair the operation of computers, the Crown Prosecution Service said in a statement today.

"Weatherhead is a cyber-criminal who waged a sophisticated and orchestrated campaign of online attacks on the computer systems of several major companies," said Russell Tyner, a lawyer from the prosecutors' organized crime division.

The four also targeted the British Recorded Music Industry, Ministry of Sound and the International Federation of the Phonographic Industry, prosecutors said. The attacks cost the companies more than 3.5 million pounds (\$5.6 million) in extra staffing, software and sales losses.

U.K. police have been investigating "hacktivist" collectives Anonymous and LulzSec for conducting denial-of-service attacks, which flood computer networks with requests for information until they shut down.



To contact the reporter on this story: Lindsay Fortado in London at [lfortado@bloomberg.net](mailto:lfortado@bloomberg.net)  
To contact the editor responsible for this story: Anthony Aarons at [aaarons@bloomberg.net](mailto:aaarons@bloomberg.net).

## **British 'Hactivist' Could Face Jail After Helping Cyber-attack On PayPal Because It Wouldn't Process WikiLeaks Donations**

By Martin Robinson

[Daily Mail \(UK\)](#), December 7, 2012

A leading British member of the 'Anonymous' hacking gang was today convicted for a series of devastating cyber-attacks on some of the world's biggest companies..

On one occasion 'hactivist' Christopher Weatherhead helped target PayPal because it would not process donations for the fundraising arm of Julian Assange's WikiLeaks, costing it £3.5million.

The self-confessed 'idealist' boasted online he would 'rape' and 'kill' the companies Anonymous attacked.

Today the 22-year-old remained impassive as the unanimous guilty verdict was returned for his part in distributed denial of service, or DDoS, attacks, which made the victim's website suddenly crash.

The DDoS attacks paralysed computer systems by flooding them with an intolerable number of online requests.

Victims would be directed to a page displaying the message: 'You've tried to bite the Anonymous hand. You angered the hive and now you are being stung.'

Weatherhead was studying at Northampton University when he joined the cyber campaign which also attacked sites including MasterCard, Visa, Ministry of Sound, the British Recorded Music Industry (BPI) and the International Federation of the Phonographic Industry (IFPI).

Weatherhead, who used the internet name Nerdo, also discussed the idea of attacking Lily Allen's website in retaliation for her public anti-piracy stance.

Prosecutor Sandip Patel said: 'Christopher Weatherhead, the defendant, is a cyber-attacker, and that he, and others like him, waged a sophisticated and orchestrated campaign of online attacks that paralysed a series of targeted computer systems belonging to companies, to which they took issue with for whatever reason, that caused unprecedented harm.'

Mr Patel said 'Operation Payback' had originally targeted companies involved in the music industry and opponents of internet piracy, but was later 'broadened' to include new objectives, including PayPal.

PayPal was attacked after it decided not to process payments on behalf of the Wau Holland Foundation, an organisation involved in raising funds for WikiLeaks.

Between December 8 and 17, 2010, PayPal was the victim of a series of attacks 'which caused considerable damage to its reputation and loss of trade'.

Weatherhead had denied a charge of conspiring to impair the operation of computers between August 1, 2010 and January 22 last year.

The jury of six men and five women returned the guilty verdict after little more than two hours of deliberations.

PayPal also had to pay for further software and hardware to defend against similar future attacks.

That, combined with the loss of trading, cost the firm £3.5million.

Costly: PayPal and other victims suffered constantly crashing websites after being bombarded with messages

The amount the hacking cost MasterCard and Visa was not given but the defendant, in an internet relay chat (IRC) channel conversation with someone called Tred, boasted: 'We have probably done some million pound of dmg [damage] to mc [MasterCard].'

The BPI was attacked on 19 and 20 September 2010, costing it £3,996 for online security and hundreds of pounds in other costs.

Four websites run by the Ministry of Sound were targeted in two separate attacks between 2 and 6 October 2010, which cost the company around £9,000 in additional staffing, software and loss of sales.

Motive: Weatherhead was one of several people who targeted PayPal because they would not process donations to Julian Assange's WikiLeaks

The financial cost to the IFPI was more than £20,000 as its website was down for nine days when it was hacked between 27 November and 6 December 2010.

Weatherhead painted himself in court as an ideological dreamer, who stumbled across the Anonymous group by chance and agreed with its stance on censorship on the internet.

'I like the freedom of information on that is on the web', he said.

'I enjoy spending a lot of time on Wikipedia reading things.



'When you can't get information I feel abashed by that'.

Three other defendants had already pleaded guilty to the charge.

They are Ashley Rhodes, 27, of Camberwell, south London; Peter Gibson, 24, of Hartlepool; and Jake Birchall, 18, from Chester.

No date was fixed for sentencing but pre-sentencing reports were ordered for the four.

Judge Peter Testar said: 'I am not making any promises at all by allowing bail and ordering a pre-sentencing report. This is a serious offence and I hope the defendant understands that.'

Russell Tyner, Crown Advocate for the CPS Organised Crime Division, said: 'Christopher Weatherhead is a cyber criminal who waged a sophisticated and orchestrated campaign of online attacks on the computer systems of several major companies.

'A self-styled "hacktivist", Weatherhead and his fellow conspirators targeted companies in the music industry involved in combating internet piracy and companies that had stopped processing online donations to WikiLeaks. Their campaign of attacks cost these companies over £3.5 million in additional staffing, software and loss of sales.

'These were lawful companies with ordinary customers and hard working employees. This was not a victimless crime.'

## **George Zimmerman Sues NBC And Reporters**

By Mike Schneider

[Associated Press](#), December 6, 2012

ORLANDO, Fla. (AP) — George Zimmerman sued NBC on Thursday, claiming he was defamed when the network edited his 911 call to police after the shooting of Trayvon Martin to make it sound like he was racist.

The former neighborhood watch volunteer filed the lawsuit seeking an undisclosed amount of money in Seminole County, outside Orlando. Also named in the complaint were three reporters covering the story for NBC or an NBC-owned television station.

The complaint said the airing of the edited call has inflicted emotional distress on Zimmerman, making him fear for his life and causing him to suffer nausea, insomnia and anxiety.

The lawsuit claims NBC edited his phone call to a dispatcher last February. In the call, Zimmerman describes following Martin in the gated community where he lived, just moments before he fatally shot the 17-year-old teen during a confrontation.

"NBC saw the death of Trayvon Martin not as a tragedy but as an opportunity to increase ratings, and so set about to create a myth that George Zimmerman was a racist and predatory villain," the lawsuit claims.

NBC spokeswoman Kathy Kelly-Brown said the network strongly disagreed with the accusations made in the complaint.

"There was no intent to portray Mr. Zimmerman unfairly," she said. "We intend to vigorously defend our position in court."

Three employees of the network or its Miami affiliate lost their jobs because of the changes.

Zimmerman is charged with second-degree murder but has pleaded not guilty, claiming self-defense under Florida's "stand your ground law."

The call viewers heard was trimmed to suggest that Zimmerman volunteered to police, with no prompting, that Martin was black: "This guy looks like he's up to no good. He looks black."

But the portion of the tape that was deleted had the 911 dispatcher asking Zimmerman if the person who had raised his suspicion was "black, white or Hispanic," to which Zimmerman responded, "He looks black."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Man Charged In Trayvon Martin's Death Sues NBC For Defamation**

By Brian Stelter

[New York Times](#), December 6, 2012

5:51 p.m. | Updated George Zimmerman, accused of second-degree murder in the shooting of Trayvon Martin earlier this year, filed suit against NBCUniversal on Thursday, alleging that the company's editing of his voice on a 911 tape constituted defamation and intentional infliction of emotional distress.

The suit, filed in circuit court in Seminole County, Fla., asked for a jury trial. A spokeswoman for NBCUniversal said in response to the suit, "We strongly disagree with the accusations made in the complaint. There was no intent to portray Mr. Zimmerman unfairly. We intend to vigorously defend our position in court."

The suit charges that journalists at NBC News intentionally edited Mr. Zimmerman's statements to make him appear to be a "racist, predatory villain."

The edits of a 911 audio recording — which removed an intervening question from the operator directly asking Mr. Zimmerman what race Mr. Martin was — occurred three times on NBC's "Today" show, first on March 20 in a story by Lilia Luciano; on March 22 in another story by Ms. Luciano; and again on March 27 in a story by Ron Allen.

In Ms. Luciano's first report, Mr. Zimmerman's words to the 911 operator were: "This guy looks like he's up to no good or he's on drugs or something. He looks black." In fact, Zimmerman told the operator: "This guy looks like he's up to no good or he's on drugs or something. It's raining and he's just walking around, looking about." When the dispatcher said, "O.K., and this guy — is he white, black or Hispanic?" Zimmerman then said, "He looks black."

Taking out the dispatcher's question took Mr. Zimmerman's mention of Mr. Martin's race out of context — a crucial omission given that the killing of Mr. Martin on the night of Feb. 26 in Sanford, Fla., spurred a national debate about self-defense, crime and race. When the omissions were noticed at the end of March, NBC News conducted an investigation and concluded that the edits were mistakes, not deliberate distortions. Ms. Luciano subsequently left the network, as did a producer who worked with her. Mr. Allen remains at the network.

Ms. Luciano and Mr. Allen were named as defendants in the lawsuit along with NBC on Thursday. The producer, whose name has not been divulged in news reports, was not named as a defendant.

There was also a fourth defendant, Jeff Burnside, who was a reporter for WTVJ, the NBC-owned station in Miami. Mr. Burnside's story on WTVJ on March 19 was the first to take Mr. Zimmerman's words out of context.

The suit filed on Thursday called the edits a case of "media arson," intended to keep viewers tuned "by menacing them with a reprehensible series of imaginary and exaggerated racist claims."

"Due to the defendants' journalistic crimes," the suit charged, "Zimmerman has been transformed into one of the most hated men in America."

The criminal trial against Mr. Zimmerman, who faces second-degree murder charges, is scheduled to begin in June.

Brian Stelter writes about television and digital media. Follow @brianstelter on Twitter and facebook.com/brianstelter on Facebook.

## **George Zimmerman Sues NBC Over Trayvon Martin Reports**

By Erik Wemple

[Washington Post](#), December 7, 2012

Lawyers for George Zimmerman filed suit today against NBC Universal Media over a well-publicized editing error that portrayed their client in racist terms in his pursuit of Trayvon Martin on a drizzly evening in February.

"NBC saw the death of Trayvon Martin not as a tragedy but as an opportunity to increase ratings, and so to set about the myth that George Zimmerman was a racist and predatory villain," states the civil complaint in its opening salvo against NBC.

NBC's editing of the 911 audiotape in the Martin case became a public fixation after the media-monitoring Web site NewsBusters.org noted editing oddities on a "Today" show broadcast March 27. Here's how NBC News portrayed the audiotape:

Zimmerman: This guy looks like he's up to no good. He looks black.

The full tape went like this:

Zimmerman: This guy looks like he's up to no good. Or he's on drugs or something. It's raining and he's just walking around, looking about.

Dispatcher: OK, and this guy — is he black, white or Hispanic?

Zimmerman: He looks black.

Zimmerman thus didn't volunteer a racial profile of Martin; he was asked to provide it, a point that the lawsuit makes in colorful fashion: "NBC created this false and defamatory misimpression using the oldest form of yellow journalism: manipulating Zimmerman's own words, splicing together disparate parts of the recording to create illusions of statements that Zimmerman never actually made."

The suit against NBC alleges four other instances in which NBC-produced shows aired false and defamatory versions of the same events. Zimmerman faces a second-degree murder charge in the case.

The botched edits, charges the suit, were far from innocent mistakes: "Defendants pounced on the Zimmerman/Martin matter because they knew this tragedy could be, with proper sensationalizing and manipulation, a racial powderkeg that would result in months, if not years, of topics for their failing news programs, particularly the plummeting ratings for their ailing "Today Show" as well as for the individual defendants to "make their mark" for reporting a [manipulated] story such as this." Individual defendants are Lilia Luciano and Jeff Burnside, NBC employees involved in early cases of Zimmerman mis-editing.

Following a public uproar over the tape-doctoring, NBC News issued a statement on the matter saying this: "During our investigation it became evident that there was an error made in the production process that we deeply regret. We will be taking the necessary steps to prevent this from happening in the future and apologize to our viewers."

Such contrition didn't impress the Zimmerman camp. "Only after the defendants' malicious acts were uncovered and exposed by other media outlets ... did defendant NBC 'apologize' and terminate some of those in its employ responsible for the yellow journalism identified in this Complaint." Zimmerman himself never received an apology from the defendants, according to the suit.

The suit doesn't specify a dollar amount of damages that Zimmerman is seeking. "That's showmanship," says James Beasley, the Philadelphia-based lawyer representing Zimmerman in the suit.

Beasley declined to comment on whether he'd already had any discussions with NBC. "I don't want to talk about that. I can't talk about that. But let's just say I don't think it's going to get settled."

On that question, at least, Beasley and NBC appear to agree. When asked about the complaint, NBC Universal issued this statement: "We strongly disagree with the accusations made in the complaint. There was no intent to portray Mr. Zimmerman unfairly. We intend to vigorously defend our position in court."

Coming soon: The Erik Wemple Blog's breakdown of Zimmerman's prospects for success.

## **CORPORATE SCANDALS:**

### **Standard Chartered To Pay \$330 Million To Settle Iran Money Transfer Claims**

By Neil Gough, New York Times "DealBook" blog

[New York Times](#), December 6, 2012

The British bank Standard Chartered said on Thursday that it expected to pay \$330 million to settle claims by United States government agencies that it had moved hundreds of billions of dollars on behalf of Iran.

Standard Chartered, which earns most of its profit in Asia, said it expected negotiations to conclude "very shortly" over charges that it violated American sanctions against Iran.

The estimated settlement payment would come in addition to a \$340 million settlement the bank reached in August with the New York State Department of Financial Services, which charged Standard Chartered with scheming with Iranian companies and banks for nearly a decade to hide 60,000 transactions worth \$250 billion from regulators.

Standard Chartered is the latest big bank to have been caught up in a wide-reaching American crackdown on suspect money transfers.

Last month, HSBC Holdings, another major British bank, set aside an additional \$800 million to cover potential fines stemming from a money laundering investigation, bringing its total provisions for the case to \$1.5 billion. HSBC is still negotiating a settlement with the American authorities, but it is expected to pay the largest fine on record for money laundering and related actions, and could potentially face criminal charges in the matter.

In June, ING Bank, a unit of the Dutch financial services company ING Group, reached a \$619 million settlement with the Treasury Department over claims the bank violated American sanctions against Iran, Libya and other countries.

Before announcing the August settlement, Standard Chartered had disclosed that it was reviewing transactions it handled on behalf of Iranian companies and individuals from around 2001 to 2007, and was discussing potential sanctions violations with agencies including the Justice Department, the Office of Foreign Assets Control, the Federal Reserve Bank of New York and the Manhattan district attorney, in addition to the New York State Department of Financial Services.

Despite the big New York settlement, Standard Chartered said in a statement on Thursday that it expected pretax profit to rise for 2012. The profit estimate did not take into account the effect of the estimated \$330 million settlement with the United States, which it said could be completed as early as this month.

"There is not much to say other than that we are close to reaching a final settlement with the remaining U.S. agencies," Richard Meddings, the group finance director of the bank, said on Thursday during a conference call. "Negotiations or discussions are progressing well."

This post has been revised to reflect the following correction:

Correction: December 6, 2012

An earlier version of this article referred incorrectly to a banking agency and a public official. The agency is the Federal Reserve Bank of New York, not the Federal Reserve Group of New York. The official is the Manhattan district attorney, not the district attorney of New York.

### **British Banks Close To Settling US Money-Laundering Charges**

By Danielle Douglas, Washington (DC) Post

[Washington Post](#), December 7, 2012

Two of Europe's largest banks are close to handing over a total of more than \$2 billion to resolve allegations that they flouted U.S. anti-money-laundering laws, according to officials and people familiar with the matter.

The twin investigations are part of a stepped-up effort by federal prosecutors and regulators to clamp down on funding sources for drug traffickers, terrorists and countries under sanction. But the lack of criminal prosecutions has left some analysts skeptical about whether fines alone will deter this behavior.

"Until bank officials that knowingly violate anti-money-laundering laws are held criminally liable, we're not going to see rigorous compliance with federal regulations," said James Gurule, a former undersecretary of enforcement for the Treasury.

On Thursday, Standard Chartered Bank said that it expects to pay \$330 million to settle all pending cases of alleged violations of U.S. sanctions. The Justice Department and banking regulators have been investigating whether the London-based bank laundered money on behalf of Iranian banks and companies.

Another London-based bank, HSBC, faces a \$1.8 billion fine for allegedly helping clients with ties to drug trafficking and terrorists gain access to the U.S. financial system, Reuters reported Thursday.

Global banking giants, including Barclays, Credit Suisse and Lloyds, have been hit with massive fines and penalties for ignoring U.S. sanctions. Many of these banks have faced criminal and civil charges, but prosecutors have yet to put senior executives or even mid-level employees on trial.

Daniel E. Karson, chairman of corporate investigations firm Kroll Advisory Solutions, said high fines will encourage banks to be more vigilant. No bank, he said, wants to face damage to its reputation, as that could hamper its operations.

"The government is getting some pretty significant settlements," he said. "If you get a consent order and a major civil prosecution and the payment of a huge fine, you're ahead of the game."

Karson said the trouble is that banks say they will comply with anti-money-laundering statutes but also give employees incentives to pursue big business opportunities.

"Banks are up against a system of incentives which at times flies in the face of compliance. If someone's bonus is based upon how much business they bring in, they may let some accounts slide," he said.

That's precisely why it is crucial for prosecutors to go after individuals to hold them up as examples, Gurule said.

In HSBC's case, the bank is entering into a deferred prosecution deal, whereby it could delay or forgo criminal prosecution in exchange for paying a fine, admitting wrongdoing and improving its compliance controls, according to a person familiar with the matter who spoke on condition of anonymity because the agreement has not been finalized. If the bank runs into more trouble, the Justice Department could prosecute.

A spokesperson at HSBC said that "the nature of any discussion is confidential."

HSBC told investors last month that it increased its reserves by \$800 million, to \$1.5 billion, to cover potential fines, settlements and other costs related to the money-laundering probe. At the time, the bank said the final expenses could be significantly higher than that amount.

Allegations of misconduct at HSBC came to light earlier this year when the Senate permanent subcommittee on investigations released a report accusing the bank of laundering money for Mexican drug cartels and organizations that financed terrorism.

In one instance, the year-long Senate investigation found that HSBC employees in Mexico transported \$7 billion to affiliates in the United States in one year, raising red flags that the money was derived from drug deals in the United States.

Legal experts say it is difficult to prove criminal liability in these kinds of cases because it is often unclear whether bank employees or managers intentionally ignored the law. But others argue that there should be no trouble indicting bank officials who air their dirty deeds in e-mails, as executives did at Standard Chartered.

According to New York's financial regulator, who first leveled charges against Standard Chartered in August, one of its executives said in an e-mail: "You . . . Americans. Who are you to tell us, the rest of the world, that we're not going to deal with Iranians."

New York regulators accused the British bank of scheming with the Iranian government to launder \$250 billion from 2001 to 2007. The case was settled for \$340 million over the summer as federal regulators forged ahead with their own case.

## **StanChart To Pay \$330m Iran Settlement**

By Adam Jones

[Financial Times](#), December 6, 2012

Full-text stories from the Financial Times are available to FT subscribers by clicking the link.

## **Level Global, SAC Fund Managers Ruled Co-Conspirators**

By Patricia Hurtado



[Bloomberg News](#), December 7, 2012

A Level Global Investors LP co-founder and an SAC Capital Advisors LP fund manager were ruled to be co-conspirators in a scheme to swap illegal stock tips, clearing the way for prosecutors to introduce their e-mails at the insider-trading trial of two other men.

U.S. District Judge Richard Sullivan in Manhattan said today that e-mails and instant messages involving David Ganek of Level Global and SAC Capital's Michael Steinberg sufficiently showed that they may have known information they used for trades came from insiders.

That means the communications can be shown to the jury at the criminal trial of Anthony Chiasson, who co-founded Level Global with Ganek, and Todd Newman, a former portfolio manager at Diamondback Capital Management LLC. Neither Ganek nor Steinberg has been charged with a crime. Lawyers for Chiasson and Newman had asked the judge to exclude the messages.

"It seems to me that the evidence against Mr. Ganek is largely circumstantial," Sullivan said today. "But I do think the rest of the facts support that Mr. Ganek" may have been aware of the source of his information, the judge said.

He drew a similar conclusion about the Steinberg communications.

"The e-mails that were relayed to Steinberg do indicate to me that he understands the source of the information that he's getting and he's trading on it," the judge said. "All of that indicates this is inside information from the company that's not available anywhere else, so I'm going to allow it."

Prosecutors allege that Newman and Chiasson earned more than \$67 million by trading on inside information in Dell Inc. (DELL) and Nvidia Corp. (NVDA) that was provided by analysts who worked for them. Both have pleaded not guilty to securities fraud and conspiracy.

Jesse Tortora, a former analyst who worked for Newman, and Spyridon "Sam" Adondakis, who once worked as an analyst for Chiasson, testified they were part of a group of friends who swapped nonpublic information they obtained from insiders at technology companies. They said they then passed on that information to their portfolio managers who traded on the illegal tips.

Tortora and Adondakis have pleaded guilty and are cooperating with the U.S. They are among six people who have pleaded guilty to participating in the scheme.

Prosecutors argued that Tortora, Adondakis and Jon Horvath, a former analyst for Steinberg, were part of a group of friends who obtained inside information from Dell and Nvidia employees. Adondakis testified that he passed his tips to Chiasson, while Tortora said he gave his information to Newman.

Steinberg, 40, who was put on leave in September after it emerged that prosecutors identified him in court papers as an unindicted co-conspirator in the case, has worked at Steven A. Cohen's SAC Capital for 15 years, the longest tenure of the six people who have been tied to the insider-trading probe while employed at the \$14 billion hedge fund.

Horvath, who was set to go to trial with Newman and Chiasson, pleaded guilty Sept. 28 to securities fraud and conspiracy, telling Sullivan he passed nonpublic information about Nvidia to his portfolio manager. While he is cooperating with the U.S., he didn't name Steinberg during his guilty plea or testify at the trial of Newman and Chiasson.

Jonathan Gasthalter, a spokesman for Stamford, Connecticut-based SAC, and Barry Berke, a lawyer for Steinberg, declined to comment on today's ruling.

Ganek started Level Global in 2003 with Chiasson, an analyst he met at SAC Capital. He's a New York native whose father, Howard Ganek, was a partner at money-management firm Neuberger Berman and a well-known philanthropist.

"This was a tactical skirmish between the defense and prosecution over the submission of evidence in a case that I'm not a party to," David Ganek said in a statement. "The key government witness, a former employee who I fired for violating our policies, testified multiple times that I didn't know he was trafficking in insider information. The government's decision not to bring any charges against me vindicates my position."

Ganek's attorney, John Carroll, called the ruling "one-sided," as his client isn't a party to the case.

"Both the U.S. attorney and the SEC have been investigating this case for two years and neither has found reason to charge my client," Carroll said in a phone interview.

Ganek is currently investing his own money through his firm, Apocalypse 22 LLC in New York, which has about half a dozen employees, according to his spokesman, Davidson Goldin.

Chiasson's lawyer, Greg Morvillo, argued today that prosecutors failed to prove Ganek was a knowing member of the conspiracy because Adondakis, a key government witness, testified that he never told Ganek the source of his information.

The judge cited an e-mail in which Chiasson informed Ganek about a "check" Adondakis had sent him.

"Ganek is expressing awareness of Adondakis's Dell contact," Sullivan said, referring to the exchange. "Statements made by Ganek and his conversations during this time do suggest that he understands Adondakis is not just any analyst crunching numbers."



Steve Fishbein, a lawyer for Newman, said there was no evidence before the jury showing Steinberg was a knowing member of the insider-trading scheme or knew the information he was receiving from Horvath had been illegally obtained.

Sullivan read aloud an e-mail from Horvath to Steinberg that mentions "JT," who prosecutors say is Jesse Tortora.

"P.S. Keep the Dell stuff, especially on the down low," Horvath said in the e-mail, "because JT asked me specifically to be extra sensitive with this information."

Assistant U.S. Attorney Antonia Apps said in court today that Steinberg took a short position in Dell stock, betting that it would drop, "in a matter of minutes" after receiving Horvath's message.

"Why would you need to keep this on the 'down low' if this stuff is from investor relations?" Sullivan asked. The judge has instructed jurors in the Newman and Chiasson trial to return to court on Dec. 10.

The case is U.S. v. Newman, 12-00121, U.S. District Court, Southern District of New York (Manhattan).

To contact the reporter on this story: Patricia Hurtado in New York at pathurtado@bloomberg.net

To contact the editor responsible for this story: Michael Hytha at mhytha@bloomberg.net

## **Big Lots CEO Probed By U.S., SEC Over Stock Trades**

By Matt Townsend

[Bloomberg News](#), December 7, 2012

Big Lots Inc. (BIG) said that Chief Executive Officer Steven Fishman is under investigation by the Justice Department over stock trades he made and that it received a grand jury subpoena from the Manhattan U.S. attorney requesting documents relating to the trades.

"We are fully cooperating with the U.S. attorney in connection with the subpoena," the Columbus, Ohio-based discount retailer said yesterday in a regulatory filing.

Big Lots said the Securities and Exchange Commission is also conducting an inquiry into the matter. While the company hasn't received a document request from the SEC, it expects one, Charles Haubiel, Big Lots' chief administrative officer, said in an interview. Manhattan U.S. Attorney Preet Bharara asked for information on Fishman's trades over the past couple years, he said.

The inquiries come after the company, which has more than 1,400 U.S. stores, announced Dec. 4 that the 61-year-old Fishman, who took over in July 2005, would retire as soon as a replacement is found.

"Unequivocally, his retirement had nothing to do with this," Haubiel said.

Ellen Davis, a spokesman for Bharara, declined to comment on the investigation. John Nester, a spokesman for the SEC, declined to comment on whether the commission was investigating Fishman.

Big Lots declined 0.6 percent to \$29.89 at the close in New York. The shares have fallen 21 percent this year.

Fishman on March 20 sold 227,500 shares at about \$45 for \$10.3 million. On April 23, the company told investors its first-quarter sales had slowed, and the following day the stock fell 24 percent to \$34.71.

That led to shareholder litigation, including a lawsuit brought on behalf of the company by the Louisiana Municipal Police Employees Retirement System. In a complaint filed in federal court in Columbus, the plaintiff said that executives and directors, including Fishman, sold stock in March based on their knowledge of material, nonpublic information.

"We don't believe there is any merit to the claims," Haubiel said. He declined to comment on whether Fishman or any other insiders would have been in possession of material, non-public information at the time of the trades.

Executives and directors were allowed under company rules to sell stock during March because it was an open trading period after the company announced fourth-quarter results on March 2, Haubiel said.

Public records show that Fishman's trade on March 20 wasn't part of the plan he had used in the past to sell shares on a preset schedule or price. Such 10b5-1 plans are used by many companies to avoid the appearance of insider trading.

Records also show that from March 6 to 22 there were more than a dozen stock sales made by other executives and directors that weren't part of 10b5-1 plans.

There haven't been any inquiries from regulators into trades made by other executives or directors, Haubiel said. Those trades were also within the open trading period and allowed by the company, he said.

To contact the reporter on this story: Matt Townsend in New York at mtownsend9@bloomberg.net

To contact the editor responsible for this story: Robin Ajello at rajello@bloomberg.net

## **CIVIL LAW:**

### **Healthpoint Settlement Could Total As Much As \$48 Million**

By Jim Fuquay

[Fort Worth \(TX\) Star-Telegram](#), December 6, 2012

Fort Worth-based Healthpoint Ltd. and DFB Pharmaceuticals will pay up to \$48 million to settle allegations that Healthpoint improperly marketed a prescription skin ointment as eligible for reimbursement under the Medicare and Medicaid government health programs when it was not, the Justice Department announced Thursday.

Last year, federal regulators sued Healthpoint, saying its Xenaderm, used to treat bed sores, was never approved by the Food and Drug Administration as safe and effective. That rendered it ineligible for reimbursement, according to the lawsuit, which said government payments for Xenaderm topped \$90 million.

The company at the time said it would contest the lawsuit, saying it was based on a 1970 regulatory action on an unrelated product.

Thursday, the Justice Department said Healthpoint agreed to pay \$28 million, plus an additional \$20 million "if there is a change in ownership of Healthpoint or DFB over the next three years."

Healthpoint, part of DFB Pharmaceuticals, last week said it is being acquired by a British company for \$782 million. Healthpoint officials did not return a telephone call Thursday seeking comment. The acquisition is expected to close by year's end.

The Justice Department said the FDA in the 1970s found that Xenaderm's active ingredient was "less-than-effective for its intended use." But Healthpoint continued to represent Xenaderm as a prescription drug, which allowed nursing homes to be reimbursed for using it, the Justice Department said.

The government said the Healthpoint settlement is part of a series of actions recovering more than \$100 million from makers of unapproved drugs. It said the settlement does not determine liability on the part of Healthpoint.

Jim Fuquay, 817-390-7552

Twitter: @jimfuquay

## **Healthpoint, DFB Settle Case For Marketing Skin Ointment Without Federal Approval**

[Associated Press](#), December 7, 2012

WASHINGTON — Healthpoint Ltd. and DFB Pharmaceuticals will pay up to \$48 million to settle allegations that Healthpoint marketed a prescription skin ointment without approval from federal regulators.

The Justice Department said Healthpoint caused false claims for reimbursement to be submitted to Medicare and Medicaid for Xenaderm, which is used for treating nursing home patients' bed sores. Fort Worth, Texas-based Healthpoint is one of DFB's operating companies.

The government alleged that Healthpoint's business strategy was to market new prescription drugs modeled after products that were available before October 1962 in order to avoid the time, effort and expense of obtaining approval from the Food and Drug Administration. Products containing Xenaderm's principal active ingredient were on the market before 1962, but the FDA determined the ingredient was less-than-effective for its intended use.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Healthpoint, DFB To Pay Up To \$48M In Drug Case**

By Ira Kantor

[Boston Herald](#), December 7, 2012

Healthpoint Ltd. and DFB Pharmaceuticals will pay up to \$48 million to resolve allegations that the former caused false claims to be submitted to Medicare and Medicaid for an unapproved drug, Xenaderm, which was ineligible for reimbursement by those programs, according to federal prosecutors in Boston.

Under terms of the agreement, Healthpoint and DFB, which are both based in Fort Worth, Texas, will pay \$28 million, plus another \$20 million if there is a change in ownership of Healthpoint or DFB over the next three years.

Healthpoint allegedly launched Xenaderm, a prescription skin ointment for treating nursing home patients' bed sores without U.S. Food and Drug Administration approval, the U.S. Justice Department said. A complaint also alleged that Healthpoint's business strategy was to market new prescription drug products modeled after drug products on the market before October 1962, to avoid the time, effort and expense of obtaining FDA approval.

The complaint further alleged that at no time prior to its introduction of Xenaderm into the market did Healthpoint complete any clinical studies that determined the drug's safety and effectiveness.

The government also claims Healthpoint misrepresented the regulatory status of Xenaderm when it submitted quarterly reports. The settlement is part of a series of recoveries totaling more than \$100 million from manufacturers of unapproved drugs.

The Justice Department said the claims settled by this agreement are allegations only and that there has been no determination of liability.

## **Sister's Suicide Triggers Lawsuit Against VA**

By Patricia Kime

[Army Times](#), December 7, 2012

On Veterans Day 2010, former Navy corpsman Kelli Marie Grese, 37, swallowed an unknown quantity of the antipsychotic Seroquel — her fourth suicide attempt in eight months using the same drug.

That time, she succeeded. She never regained consciousness.

Her death is the subject of a \$5 million lawsuit filed against the Veterans Affairs Department in the U.S. District Court in Newport News, Va., alleging VA physicians failed to monitor her medications and prescribed them excessively.

Her twin sister, Darla Grese, also a former Navy corpsman, filed the suit, saying physicians at Hampton VA Medical Center, Va., ignored her pleas to quit doling out prescriptions to her sister, a known addict deemed at “moderate risk for suicide.”

“I’m hoping better attention will be placed on how many pills are being written and quantities,” said Darla Grese.

She traces her twin’s mental health problems to 1996, when she was diagnosed with post-traumatic stress disorder after a break-in at the sisters’ off-base housing in Naples, Italy.

Although migraine headaches and anxiety followed the burglary, Kelli Grese continued to succeed in her job, earning a promotion to petty officer second class and nomination as junior sailor of the quarter.

But her separation from the Navy in 1997 appeared to spark a downward spiral in her mental health. She sought VA treatment for symptoms including anxiety, depression and insomnia.

Darla Grese said her sister was prescribed clonazepam, a highly addictive benzodiazepine meant for short-term treatment of anxiety, and later the stimulant Adderall, even though she had no record of attention deficit disorder, for which that drug is prescribed.

The Adderall triggered a cascade of mental symptoms, including auditory and visual hallucinations, paranoia and full-blown psychoses.

“She thought the CIA was after her,” Darla Grese said. “At one point, she shaved half her head because she thought she had something implanted in it.”

Medical records later noted that her psychosis was induced by the Adderall, a rare but known side effect.

In 2002, she was prescribed Seroquel to treat the psychotic episodes and hallucinations. Bouncing from VA doctor to VA doctor and civilian physicians, as well, Kelli Grese became adept at acquiring medications.

By 2009, she started having suicidal thoughts. The overdoses on Seroquel began in 2010.

Days before she died, she renewed her prescription, which was to be mailed to her house. She then persuaded a VA doctor to give her a second prescription, which she filled at a pharmacy.

She then took mass quantities of Seroquel. “We don’t know how many,” Darla Grese said. “It was paste in her stomach, the medical examiner told me.”

During her decade of VA care, Kelli Grese was prescribed at least 25 medications, some simultaneously.

The practice of prescribing multiple medications for hard-to-treat mental illnesses is on the rise, although studies indicate that effectiveness varies.

Dr. David Reiss, a psychiatrist in San Diego who has treated hundreds of veterans with PTSD and is not associated with Grese’s case, said the practice sometimes is appropriate, especially when using antipsychotics with an activating medication that can boost their efficacy.

But hard-to-treat patients should be handled “very carefully,” Reiss said.

Without consistent and careful care, “short-term strategies turn into permanent prescriptions and ‘stacking,’” he said.

VA and the U.S. Attorney’s Office for the Eastern District of Virginia declined to comment on the Grese case.

Darla Grese said she filed the lawsuit because she would like to see VA doctors communicate better and pay closer attention to their own patients’ records.

“I don’t understand how a physician can write a prescription for 450 pills and two months later write another prescription for 450,” she said. “Something’s broken. The system is broken.”

## **CIVIL RIGHTS:**

### **Missouri Woman Pleads Guilty To Helping Her Husband Keep A Woman At Their Home As Sex Slave**

By Bill Draper

[Associated Press](#), December 7, 2012

KANSAS CITY, Mo. — A woman accused with her husband of forcing a teenage girl to be a sex slave for years in their mobile home pleaded guilty Thursday to a federal conspiracy charge in a deal contingent on her being sentenced to probation.

Marilyn Bagley, 47, admitted that she helped groom the girl to be her husband's sex slave after the teen moved into the couple's trailer in February 2003 in southwest Missouri. She began living there intermittently the year before.

Bagley pleaded guilty to conspiracy to commit sex trafficking in exchange for prosecutors dropping all other charges against her and recommending that she serve only probation. If the judge rejects the recommendation, she can plead not guilty again and go to trial. There was no indication of when the judge might rule on the matter.

Prosecutors said the girl was a mentally deficient runaway who was recruited at the age of 16. Bagley said the girl moved in when she was 17 and never had sex with her husband until after she turned 18.

Thursday's hearing was not announced beforehand and came as a surprise to the attorney for Bagley's husband, Ed Bagley, who is scheduled to stand trial in February. Susan Dill said she was disappointed that nobody told her about the hearing and questioned why it was kept so hushed.

"I really question why this was done in secret, and I wasn't given notice as I would be normally," said Dill, who declined to speculate about how the Marilyn Bagley's plea deal might affect her husband's case.

Three men — James Noel, Michael Stokes and Dennis Henry — have pleaded guilty in federal court to conspiracy to commit sex trafficking and are awaiting sentencing. A fourth man, Bradley Cook, pleaded guilty to sex trafficking and is expected to be sentenced to 20 years as part of his deal with prosecutors.

In their plea agreements, all four admitted going to the Bagley home to watch or take part in the sexual torture of the girl in exchange for money, cigarettes and other items.

Ed Bagley, 45, is charged with 11 federal counts, including conspiracy, sex trafficking by force, fraud or coercion, and forced labor trafficking. If convicted of the most serious charges, he could be sentenced to life in prison.

Prosecutors declined to comment about the plea because Ed Bagley's case is still pending. Don Ledford, spokesman for the U.S. Attorney's office, declined to say why Thursday's hearing was kept quiet.

"It's unusual for a plea hearing to be held that hasn't been previously announced on the court docket, but it does happen," he said. "I wouldn't go so far as to say it's rare."

Marilyn Bagley's attorney, P.J. O'Connor, also declined to comment about the plea deal, in which prosecutors agreed to drop charges of sex trafficking, forced labor trafficking, document servitude and use of an interstate facility to facilitate unlawful activity against his client.

Prosecutors said the couple promised the girl, who grew up in foster care homes, "a great life" in which they would help her become a model and dancer and make her "dreams come true."

Federal authorities began investigating the couple in February 2009 after the victim was taken to a hospital in cardiac arrest, which prosecutors said happened while she was being suffocated and electrocuted during a torture session.

Marilyn Bagley told The Associated Press last year that the victim collapsed while getting ready for work, not while being tortured. The couple had claimed the sex acts, including some the government characterized as torture, were consensual as part of their bondage, dominance, sadism and masochism lifestyle, in which they said the young woman was a voluntary participant.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

### **Calif. Courts Face Federal Scrutiny Over Interpreter Access**

[Sacramento \(CA\) Bee](#), December 5, 2012

U.S. Department of Justice representatives will visit California this month as part of an ongoing investigation into whether the state's courts are violating federal laws for failing to provide interpreters in many civil and family law cases.

The investigation stems from a December 2010 complaint filed by the Legal Aid Foundation of Los Angeles on behalf of two litigants who were not provided with Korean interpreters for their court hearings. The complaint alleges that in failing to provide the interpreters, the courts violated Title VI of the federal Civil Rights Act of 1964, which prohibits national origin discrimination.

These cases “are just two examples of many LAFLA (Legal Aid Foundation of Los Angeles) clients who have been denied access to the courts based on their limited-English proficiency,” according to the complaint.

One of the Southern California litigants described in the complaint is a then-72-year-old woman on a fixed income who filed for a restraining order against an apartment maintenance worker she said groped her and exposed himself to her.

In October 2010, she went to the Los Angeles County Superior Court and filed a written request asking it to waive the fees for an interpreter but was denied because there “is no right to an interpreter provided at public expense in a civil case,” according to the complaint.

She and the other Southern California litigant described in the complaint — a single mother seeking child support through the Los Angeles court — eventually sought help from the Legal Aid Foundation. The foundation paid for their interpreters at a cost of \$300 in each case, and “based on that, they were able to complete their cases favorably,” said Joann Lee, the attorney who filed the complaint.

“But not everybody gets help from us,” Lee said. “There are a lot of people struggling through the court process because they are not getting interpreters.”

California courts routinely provide interpreters in criminal, juvenile dependency and family law cases in which domestic violence-related restraining orders are requested. But failing to make interpreters available in all cases could be in conflict with federal guidance.

According to a 2010 Department of Justice letter [PDF] to all state chief justices and court administrators, courts that receive federal funding — including the Los Angeles court — must provide free interpreters in all court proceedings to avoid violating civil rights laws.

Mary Hearn, spokeswoman for the Los Angeles County Superior Court, said in an email that the court “has followed California law with regard to providing language services and does so with highly trained, certified professional interpreters.”

The Los Angeles court spends more than \$30 million each year to provide interpreters in 25 languages, Hearn said.

The California Administrative Office of the Courts declined to discuss the Department of Justice inquiry, but spokesman Cathal Conneely said language access is a priority for the state courts.

“Equal access to justice and to the courts for all, regardless of an individual’s ability to communicate in English, is a fundamental goal of the California judicial system,” he wrote in an email.

He said the California constitution and subsequent case law have been interpreted to mandate interpreters for proceedings related to criminal, misdemeanor and delinquency matters, as well as some family law cases involving a restraining order.

But some legal scholars said California is out of compliance with federal statutes — and national trends.

The Department of Justice has “made it very clear” that the Civil Rights Act requires state courts that receive federal funds to provide interpreters in all types of cases, said Laura Abel, deputy director of the National Center for Access to Justice at Cardozo Law School in New York. “State courts around the country have been moving toward expanding court interpreter services to cover all civil cases, and California just hasn’t moved that way,” she said.

The Department of Justice did not respond to questions about the California court investigation.

There are at least 27 states with written mandates requiring courts to provide interpreters in all civil cases, Abel said.

This year, the American Bar Association issued new standards calling for expanded access to court interpreters as a “fundamental principle of law, fairness and access to justice, and to promote the integrity and accuracy of judicial proceedings.”

Judge Erica Yew of the Santa Clara County Superior Court was on the bar association subcommittee that drafted the new standards.

“It’s really a travesty when people leave the courtroom not understanding what was said and what happened in their case,” Yew said. “Interpreters always make things better because there’s clearer communication.”

Yew said that in Santa Clara County, she is able to request interpreters in civil cases on an as-needed basis. Family members, friends and lawyers also have served as interpreters for some monolingual litigants in her courtroom, though she does not think that is ideal.

“California is unique because there are so many languages spoken here compared to other parts of the country,” she said. “Everyone I have spoken to (about this) universally has seen that we should have interpreters. They recognize that language access is key to having justice in California courts.”

“The obstacle is, unfortunately, funding,” Yew added. “The will is there, but like many other areas, there needs to be adequate funding to provide the services.”

In California, a 2006 bill that required the courts to provide and pay for interpreters in all civil cases passed the Legislature but was vetoed by then-Gov. Arnold Schwarzenegger due to its potential fiscal impact.

In the 2008-09 fiscal year, California spent \$93.7 million on court interpretation services. The California courts budget has been cut by nearly \$1.2 billion since 2009.



State courts frequently cite funding as a barrier to expanding interpreter access, but in its 2010 letter to state court administrators, the Department of Justice stated that fiscal pressures “do not provide an exemption from civil rights requirements.”

California is not the only state to receive Department of Justice scrutiny. The agency also has recently investigated interpreter access in Colorado, North Carolina and Rhode Island.

Rhode Island is taking steps toward expanding language access in its courts, and Colorado now offers interpreters to all litigants, regardless of the reason they come to court. The Department of Justice sent North Carolina courts a warning letter earlier this year stating that it was at risk of losing federal funding; negotiations are ongoing.

According to a CSU Sacramento study [PDF] commissioned by the Administrative Office of the Courts, more than 200 languages are spoken in California, and an estimated 6.7 million residents speak or understand English “less than very well.”

## **Ohio Amish Guilty Of Hair Attacks Lose Appeal For New Trial; Judge Won’t Overturn Convictions**

[Associated Press](#), December 6, 2012

TOLEDO, Ohio — A federal judge on Thursday denied a request for a new trial made by the leader of an Amish group and some of his followers convicted in hair-cutting attacks on members of their own faith.

U.S. District Judge Dan Polster also declined to overturn the convictions of Samuel Mullet Sr. and his followers who joined his request, most of those who were convicted.

Sixteen Amish men and women were convicted in September of hate crimes for a series of hair- and beard-cutting attacks that stemmed from a religious dispute that terrorized the normally peaceful religious settlement in eastern Ohio.

The five attacks just over a year ago were an attempt to shame mainstream members who Mullet believed were straying from their beliefs, prosecutors said.

Mullet’s defense attorney, Ed Bryan, argued that the prosecution presented no evidence that Mullet participated in the attacks and that merely knowing about the plans should not be enough for a conviction.

The judge rejected that argument, saying it was clear Mullet had a role in what happened even though he wasn’t accused of cutting anyone’s hair.

“There was substantial evidence that Samuel Mullet Sr. did more than tacitly approve of the attacks,” Polster wrote.

Bryan also argued that allowing Mullet’s daughter-in-law to testify about her sexual relationship with Mullet tainted the jury and should not have been permitted because it did not have anything to do with the hair cuttings.

Bryan said he was disappointed by the judge’s decision Thursday and that he plans to appeal.

“I think we made a pretty compelling case,” he said. “I still believe evidence presented at trial was insufficient.”

During the trial, witnesses described how sons pulled their father out of bed and chopped off his beard in the moonlight and how women surrounded their mother-in-law and cut off two feet of her hair, taking it down to the scalp in some places.

Prosecutors said the attackers targeted hair because it carries spiritual significance in the Amish faith.

Mullet’s request for acquittal or a new trial also said the judge should not have allowed an Associated Press article from an October 2011 interview of Mullet to be used as evidence and that prosecutors took Mullet’s statements in the article out of context, the judge wrote.

The judge responded by saying that Mullet never disputed the accuracy of the article and that Mullet could have testified to clarify what he meant.

“Of course, he was entitled to exercise his constitutional right not to testify, but he cannot now complain his comments were misconstrued,” Polster wrote.

During the interview at Mullet’s home before he was arrested, Mullet said he didn’t order the hair-cutting but didn’t stop anyone from carrying it out. “We know what we did and why we did it. We excommunicated some members here because they didn’t want to obey the rules of the church,” he said.

Mullet’s defense argued there was newly discovered evidence, including notes and a recording from the AP interview, that merit a new trial. But the judge wrote that the evidence was not new and could have been sought before the trial began.

“No one has seen the notes or the recording, and Mullet Sr. has not asserted that the notes or recording reflect any material difference from the evidence,” Polster said.

The defendants face prison terms of 10 years or more at their Jan. 24 sentencing.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Oakland Cedes Temporary Control Over Police**

By Bobby White

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Local Farmers Get Crash Course In Human Trafficking Prevention**

[WCTV-TV Tallahassee \(FL\)](#), December 7, 2012

Quincy, FL — Farmers in our area had a first hand lesson in how to spot and prevent human trafficking.

Why farmers? Well their use of migrant workers can lead to horrific scenarios of human trading.

Gadsden County farmers had a bit of a wakeup call Thursday. The department of homeland security as well as the u.S attorney's office were trying to educate them about the ugly world of human trafficking.

Major Shawn Wood, Gadsden County Sheriff's Office, "what we're wanting them to know is that when someone is illegal, if they're children, they're family, if they're a victim, we want to help them. We want to make sure that no one is a victim in gadsden county."

The migrant workers employed by farmers help keep the vital agriculture system going in the area.

But there's very real potential for human trade type crimes to be going on among the hired help.

Pamela C. Marsh, U.S. Attorney for Northern Florida, stated, "farmers depend on migrant labor, and when human beings are brought in to do labor they can sometimes be forced to do labor, not by the farmers but by those who have smuggled them into the country."

U.S. Immigrations and customs enforcement says human trafficking is exploitation based.

It includes crime against a victim's human rights and is usually orchestrated by a criminal organization.

It does not require crossing of the border, and sex trafficking of minors, U.S. Citizen or not, is human trafficking.

January is human trafficking prevention month. Immigration and Customs Enforcement says that their focus is not about deportation, but getting victim's the necessary help.

## **ANTITRUST:**

### **Google Subject Of Meetings With DOJ**

By Krystal Peak

[San Jose \(CA\) Business Journal](#), December 6, 2012

The U.S. Department of Justice is in meetings with various companies this week to investigate Google Inc. amid antitrust allegations. The Washington Post reports that the nearly two-year-old investigation into Google's search result practices have come into question, some claiming that the case has been mishandled by the Federal Trade Commission, which shares the investigation with the Justice Department, and should be more closely examined.

Justice officials have met with at least two companies in recent weeks to discuss concerns that the FTC, which is overseen by a bipartisan, five-member commission, might be ready to resolve this investigation without directly addressing the complaints made about search-engine result preferences, the Post reports.

While the FTC is at the tail end of investigating the case, many are expecting that little or no repercussions will result.

These set of meetings come just days after antitrust officials in the United States and Europe met to discuss their separate investigations of Google.

And while claims have been made putting the FTC's actions into question, it has been actively filing court briefs such as one filed Wednesday against allowing companies to use "standards-essential patents" to block other companies from offering new products in the marketplace.

Through its Motorola arm, Google sued Apple to try and ban the sale of iPhones and iPads — claiming they infringed on patented technology.

Lately, some members of Congress have lent their voices to the Google antitrust case. Last month, U.S. Representatives Anna Eshoo and Zoe Lofgren sent a letter to FTC Chairman Jon Leibowitz criticizing the commission's antitrust investigation into Google.

The letter pointed criticism at the FTC for not providing enough proof that its investigation is warranted, and suggested that it is using a loophole in the FTC Act to sidestep having to prove some of its claims.

"Such a massive expansion of FTC jurisdiction would be unwarranted, unwise, and likely have negative implications for our nation's economy," they wrote.

Currently, the FTC is in negotiations with Google but no final agreement or decree has been made.

### **Ex-Pittsburgh Worker Pleads Guilty In Bid-rigging Case**

By Rich Lord

[Pittsburgh Post-Gazette](#), December 7, 2012

A former city of Pittsburgh employee accused of working with a local entrepreneur to rig a city contracting process pleaded guilty today to conspiracy.

Christine Ann Kebr, 55, of Castle Shannon, worked for the city's Computer Information Systems department, earning \$60,591 a year. In 2006 and 2007, the department was managing the process of choosing a vendor to install new radios in police cars.

Ms. Kebr is accused of meeting repeatedly with Art Bedway, a Robinson entrepreneur who controlled Carnegie-based Victory Security and created Alpha Outfitters. She worked with him and an unnamed partner to craft the city's request for proposals to install radios. Then she administered the contracting process for the city, which ended with an award of the pact to Alpha Outfitters.

The city eventually paid Alpha Outfitters \$327,000 to install the radios, Assistant U.S. Attorney Robert Cessar said at Ms. Kebr's plea hearing. During the course of the contract, he said, Ms. Kebr received two \$3,000 bribes.

Ms. Kebr had no substantial comments during the hearing, and she and her attorney, Gary Gerson, declined comment afterward. U.S. District Judge Cathy Bissoon scheduled sentencing for April 4.

Mr. Bedway, 63, has pleaded not guilty to a seven-count indictment against him. His attorney, Martin Dietz, declined comment.

Rich Lord: [rlord@post-gazette.com](mailto:rlord@post-gazette.com), 412-263-1542 or Twitter [@richelord](#).

First Published December 6, 2012 11:09 am

## **Judge May Lower Apple's Award In Samsung Patent Case**

**U.S. District Judge Lucy Koh says it appears the jury miscalculated damages when it awarded Apple \$1 billion in the case involving the iPhone maker and Samsung.**

By Jessica Guynn

[Los Angeles Times](#), December 7, 2012

SAN JOSE — A federal judge signaled Thursday that she might reduce Apple Inc.'s \$1-billion jury award in its patent infringement case with Samsung Electronics Co.

U.S. District Judge Lucy Koh did not specify by how much she might shave the award, but during a marathon afternoon hearing in federal court in San Jose she said it did appear that the jury had miscalculated damages.

In August, after three days of deliberations in the complex patent case, a jury awarded Apple more than \$1 billion.

In the months since the verdict, Samsung has mounted an aggressive campaign to overturn the verdict, raising a host of legal issues including juror misconduct. Apple hotly contested those issues during the hearing Thursday and sought to increase the damage award.

Lawyers for the world's two largest smartphone makers sparred for more than three hours over a bevy of legal issues in the dispute that produced one of the largest damage awards in an intellectual property case. Koh said she would issue rulings in the coming weeks.

Samsung argued that the damage award should be reduced because the jury incorrectly calculated the amount. Apple asked the court to award \$535 million more in damages because the jury found that Samsung had willfully infringed Apple's patents.

Both sides seemed to be gearing up for years of legal appeals despite the judge's plea for "global peace." The case is likely to go before the U.S. Federal Circuit Court of Appeals, the Washington court that decides patent disputes, and perhaps the U.S. Supreme Court.

Apple also asked the judge to ban some Samsung products. The judge did not rule on whether the infringing Samsung products should be taken off store shelves.

The products are older models and would not dent Samsung sales, but the ban would give Apple a win in its high-stakes patent war against the South Korean company that is playing out around the globe.

## **Judge Aims To Resolve Apple-Samsung Legal Disputes, Considers Trimming Jury Verdict**

[Associated Press](#), December 6, 2012

SAN JOSE, Calif. — Urging the world's largest smartphone makers to settle their differences, a federal judge said she will issue rulings aimed at resolving a multifaceted legal battle between Apple Inc. and Samsung Electronics.

"I think it's time for global peace," U.S. District Judge Lucy Koh told lawyers for the two electronics giants, during a court hearing Thursday in San Jose.

Koh appeared ready to trim a \$1 billion jury verdict Apple won over Samsung Electronics this summer. She said over the next several weeks she would issue a series of rulings to address the many legal issues raised at the hearing.

Samsung is seeking a new trial or a reduction of the verdict that resulted from a lawsuit Apple filed in 2011. Apple, on the other hand, urged the judge to add millions more to the award and permanently ban the U.S. sales of eight Samsung smartphone models a jury in August said illegally used Apple technology.

Koh gave no indication on how she would rule on the sales ban request or by what amount she would cut from the \$1 billion award. Samsung was demanding that she cut the award by more than half, but Koh gave no hint that she sided with that argument or Apple's separate argument for an increase in the award.

Apple filed a second lawsuit earlier this year, alleging that Samsung's newer products are unfairly using Apple's technology. That's set for trial in 2014. In addition, the two companies are locked in legal battles in several other countries.

At Thursday's hearing, lawyers for each company responded by casting aspersions on the other side.

Apple lawyer Harold McElhinny claimed that Samsung "willfully" made a business decision to copy Apple's iPad and iPhone, and he called the jury's \$1.05 billion award a "slap in the wrist." McElhinny said Apple intended to keep on fighting Samsung in court until it changed its business ways.

In turn, Samsung lawyer Charles Verhoeven responded that Apple was attempting to "compete through the courthouse instead of the marketplace." He said Apple wants to tie up Samsung in courts around the world rather than competing with it head-on.

In the third quarter of 2012, Samsung sold 55 million smartphones to Apple's 23.6 million sales worldwide, representing 32.5 percent of the market for Samsung compared with Apple's 14 percent.

Earlier in the hearing, Koh appeared ready to rework some of the jury's damage calculations. The jurors filled out a verdict form listing the amount of damages Samsung owed Apple for 26 separate products. For instance, the jurors said Samsung owed Apple nearly \$58 million for sales of its Prevail smartphone found to have used Apple's "tap-and-zoom" technology. But the type of patent violation the jury found doesn't lend itself to that big of an award for the product, Koh said, musing that it appeared that Apple could recover perhaps \$8 million over the Prevail dispute.

That was just one of 26 line items Koh is reviewing when it comes to considering the jury's \$1.05 billion verdict.

She is also considering Samsung's demand for the verdict to be completely wiped out and for a new trial to be held. Samsung raises a host of legal issues in arguing it was deprived of a fair trial in a courthouse a dozen miles from Apple's Cupertino, Calif., headquarters. One of its arguments is that jury foreman Velvin Hogan committed misconduct when he didn't divulge he had been sued by his former employer, Seagate Technology, in 1993. Samsung is a large investor in Seagate.

Koh showed no indication of what she thought of the argument, and most legal experts said Samsung had no chance of prevailing on that issue because it happened more than 20 years ago and Hogan wasn't specifically asked about it.

"The connection here is tenuous," said Christopher V. Carani, a Chicago patent attorney who has closely followed the case. "I would be surprised if Judge Koh accepted this argument and scrapped the jury's entire finding."

Koh's decision will help shape the ultimate result of the case, but this bitter legal battle is expected to land before the U.S. Court of Appeals for the Federal Circuit, the Washington, D.C.-based court that decides patent disputes, if not the U.S. Supreme Court.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **EU Readies Law To Help Price-Fixing Victims Sue For Damages**

By Aoife White

[Bloomberg News](#), December 7, 2012

European Union regulators may make it easier for cartel victims to sue the perpetrators under proposals to be unveiled in "the coming months," Competition Commissioner Joaquin Almunia said today.

The proposals will seek to "set up an EU-wide procedure for these compensation actions," Almunia told a conference in Brussels.

Private damages lawsuits are rare in national courts across Europe. The European Commission, which yesterday levied record cartel fines of 1.47 billion euros (\$1.9 billion) on producers of cathode-ray tubes for TVs and computer monitors, has championed such lawsuits as a way to compensate victims of illegal monopolies and cartels.

The damages legislation will also include rules on what documents claimants can obtain from EU regulators to bolster compensation lawsuits against cartel members, Almunia said.

Cartel victims taking legal action in national courts have asked for documents "that should have been protected because otherwise our leniency programs would not work," Almunia said.

Possible rules on group lawsuits, or collective redress, “will come later,” he said.

To contact the reporter on this story: Aoife White in Brussels at [awhite62@bloomberg.net](mailto:awhite62@bloomberg.net).

To contact the editor responsible for this story: Anthony Aarons at [aaarons@bloomberg.net](mailto:aaarons@bloomberg.net).

## **FTC’s Rosch Says Agency Not A Tool For Antitrust Attacks**

By Sara Forden & Jeff Bliss

[Bloomberg News](#), December 7, 2012

The U.S. Federal Trade Commission, under pressure from Microsoft Corp. (MSFT) and its allies to sue Google Inc. (GOOG), shouldn’t be viewed by big companies as a tool to bring antitrust cases against rivals, Commissioner Thomas Rosch said.

“They can darn well bring it as a private antitrust action if they think their ox is being gored instead of free-riding on the government to achieve the same result,” Rosch, one of two Republicans on the five-member commission, said today in an interview.

The FTC and Mountain View, California-based Google are in discussions to settle a 20-month investigation into whether the world’s most popular search engine is quashing competition in the Internet industry, people familiar with the talks have said. The most serious allegation competitors make — that Google skews search results to favor its own services — isn’t part of the negotiations, the people have said.

To highlight what its members call Google’s anticompetitive behavior, FairSearch.org was formed in October 2010. The group includes companies such as Redmond, Washington-based Microsoft, U.K. shopping comparison website Foundem and Bellevue, Washington-based Expedia Inc., an online travel service.

FairSearch.org has pressed the FTC to sue Google over the search-bias claim, among other alleged violations. In a paper FairSearch.org prepared to make its case to the commission, the group said, “Closing the investigation, or accepting inadequate relief, will further entrench the very conduct and exacerbate the harm the antitrust laws are designed to prevent.”

Rosch, who declined to comment on the Google probe, was nominated to the commission by former Republican President George W. Bush and took office in 2006. He plans to leave the commission when a replacement is confirmed by the Senate. President Barack Obama in September nominated Joshua Wright, a Republican law professor at George Mason University, to take the Republican seat on the commission now held by Rosch.

To contact the reporters on this story: Sara Forden in Washington at [sforden@bloomberg.net](mailto:sforden@bloomberg.net); Jeff Bliss in Washington at [jbliss@bloomberg.net](mailto:jbliss@bloomberg.net).

To contact the editors responsible for this story: Michael Hytha at [mhytha@bloomberg.net](mailto:mhytha@bloomberg.net); Steven Komarow at [skomarow1@bloomberg.net](mailto:skomarow1@bloomberg.net).

## **ENVIRONMENT:**

### **Drought Revives Old Water War Among River States**

By David A. Lieb

[Associated Press](#), December 7, 2012

JEFFERSON CITY, Mo. (AP) — The water wars are raging again in America’s heartland, where drought-stricken states are pleading for the increasingly scarce water of the Missouri River — to drink from their faucets, irrigate their crops and float the barges that carry billions of dollars of agricultural products to market.

From Montana to West Virginia, officials on both sides have written President Barack Obama urging him to intervene — or not — in a long-running dispute over whether water from the Missouri’s upstream reservoirs should be released into the Mississippi River to ease low water levels that have imperiled commercial traffic.

The quarrel pits boaters, fishermen and tourism interests against communities downstream and companies that rely on the Mississippi to do business.

“We are back to the age-old old battle of recreation and irrigation verses navigation,” said Sen. Claire McCaskill, a Democrat from Missouri.

If the water is held back, downstream states warn that shipping on the Mississippi could come to a near standstill sometime after Christmas along a 180-mile stretch between St. Louis and the southern Illinois town of Cairo. But if the water is released, upstream communities worry that the toll of the drought could be even worse next year for farms and towns that depend on the Missouri.



Obama has not decided whether to enter the dispute, nor has the White House set a timetable to respond. But tensions are rising in this decades-old battle.

From his perch as executive director of the Southeast Missouri Regional Port Authority, Dan Overbey watched this week as workers scrambled to ship out as much grain as possible before the Mississippi gets so low that it is not economically feasible or physically possible to move loaded-down barges.

"I don't know if we'll have, 'How the Grinch Stole the River' here," Overbey said. But if there is water to spare, "it would be a good thing to do."

More than 800 miles to the northwest, Michael Dwyer was also stewing. He's the executive vice president of the North Dakota Water Users Association.

To Dwyer, the downriver interests are "taking selfishness" to "a level you can't even comprehend."

"We suffered the impact of these reservoirs" when they were created decades ago by dams that flooded 500,000 acres of bottomland, Dwyer said. "To have some use of the resource only seems appropriate."

At the Mississippi River port near Cape Girardeau, Mo., about a million tons of cargo are loaded or unloaded annually, providing about 200 jobs, Overbey said.

The water is also vital in parts of the Dakotas, where the dammed-up Missouri River has spawned a tourism industry centered on boating and fishing.

Todd Martell serves as a guide for walleye fishing in the summer and also runs an upholstery business in Pierre, S.D., that makes custom boat covers and interior furnishings. Lower water levels don't necessarily hurt the fishing but can leave certain boat ramps high and dry, he said.

Over the past three decades, more than a dozen lawsuits have been filed challenging the management of the river, many of which set Missouri and other downstream states against the Dakotas and other upstream states.

The battles started in 1982, when Missouri, Iowa and Nebraska challenged a government contract allowing water to be drawn from the Missouri River in South Dakota to flush coal through a pipeline to power plants in the southeast. The U.S. Supreme Court blocked the project, but other lawsuits followed, including an effort by upstream states to reduce the water released from dams in an attempt to boost sport fishing in the reservoirs.

Missouri, meanwhile, sued the Army Corps of Engineers when it held back water because of droughts and shortened the navigation season. Environmental groups also joined the court battles, advocating for spring surges and summer declines in downstream river levels to help threatened species of birds and fish.

So far, no lawsuits have been filed in the current competition for water. But battle lines have been drawn.

In May, North Dakota Sen. John Hoeven teamed up with Sen. Roy Blunt of Missouri to tour dams and levees along the Missouri River a year after devastating floods in 2011. The Republicans stressed their desire to work together to improve flood control and river management. Now they are on opposing sides.

"There are times when they need to get rid of water, and we need to appreciate what we have to do about that," Blunt said. "And there are times when we need water, and they need to appreciate the fact that we need that water, even though they'd rather not get rid of it."

Said Hoeven: "Obviously, we're not going to be in agreement all the time."

Senators from 17 states along the Mississippi and Ohio rivers sent Obama a letter urging him to intervene and release water from Missouri River reservoirs. A day later, 15 officeholders from upstream Missouri River states countered with a letter warning the White House that intervention would be unlawful and would "only exacerbate the drought-related losses already experienced" by towns, Native American tribes and industries that rely on the Missouri River.

The Corps of Engineers, which manages both the Missouri and Mississippi rivers, says its guidelines prohibit it from releasing water from the Missouri River reservoirs for the primary purpose of improving navigation on the Mississippi. That position was backed up by a 1990 report from the federal government's General Accounting Office, though officials from downstream states believe Obama could trump that by declaring an emergency to avoid an "economic calamity."

Martell said it's hard to envision a truce in the water wars.

"The years we've really needed the water to stay here, it's gone," he said. "And then when we let it go, they complain about that, too. I don't think there's any happy medium, to be honest with you."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **FBI/DEA/ATF/USMS:**

### **Feds Join Investigation Of Suspicious Fires On South Shore**

[Brockton \(MA\) Enterprise](#), December 7, 2012

Federal investigators are working closely with state and local fire officials to help catch the person or people behind a recent string of suspicious fires in southeastern Massachusetts.

Since September, at least 15 fires have been set in unoccupied or abandoned buildings in communities south of Boston. Eight blazes have torched buildings in South Shore towns, including Quincy, Weymouth, Kingston and Hanson.

The federal Bureau of Alcohol, Tobacco, Firearms and Explosives got involved once it became apparent that several of the fires were set intentionally.

"We bring a unique set of resources," Deb Seifert, spokeswoman for the bureau, said. "We have special agents who are certified in fire investigations, we have accelerant-detecting canine dogs, we have chemists, forensic auditors and the Fire Research Laboratory."

The Fire Research Laboratory, based in Maryland, is a first-of-its-kind facility where investigators duplicate fire scenes to determine the cause and origin of a blaze.

"We use cutting-edge resources. We're really on the forefront," Seifert said.

Seifert wouldn't say whether any of the local fires were being studied at the lab.

David Ilove, a former FBI agent with an extensive background in profiling serial arsonists, said fires set by serial arsonists typically become increasingly more difficult to investigate. Ilove, a professor at the University of Tennessee-Knoxville, has co-authored several books on fire investigations.

"The problem with a serial arsonist is, the more fires they set, the better they get at concealing them, and they leave less and less evidence behind," Ilove said.

In the 1980s, Ilove helped the FBI develop a new scientific system helping authorities catch serial arsonists. This fall, Ilove helped a sheriff's department in Tennessee catch five people suspected of setting 26 fires.

Although Ilove is not involved in the probe into the Massachusetts fires, he expects that the offender or offenders will become more brazen.

"It always escalates, and the pattern becomes more life-threatening and serious," he said. "They start small and they escalate to larger and larger buildings, and they move from unoccupied to possibly occupied buildings."

On Wednesday, the Professional Firefighters of Massachusetts, a union that represents more than 12,000 firefighters in the state, announced a \$5,000 award for information leading to the arrest and conviction of the person or persons responsible for the recent fires. Anyone with information should call the Arson Hotline at 1-800-682-9229.

Jennifer Mieth, spokeswoman for the state Department of Fire Services, said the hotline has received some helpful tips. She wouldn't say if there are any solid leads.

"We're not prepared to disclose that information until we catch the suspect or suspects," she said.

### **Massive Manhunt For Newton Men Wanted On Child Molestation...**

By Marcus K. Garner

[Atlanta Journal-Constitution](#), December 7, 2012

A massive manhunt is under way in the woods of Newton County for a pair of men accused of molesting a 5-year-old girl.

Donald Mac Brown and David Wesley Crawford are wanted for the sexual assault of the little girl authorities said both men knew late last month.

Brown, 36, also is wanted by Conyers police for sexual exploitation of children, authorities said.

U.S. Marshals have joined Newton County Sheriff's deputies and other members of the Southeast Regional Fugitive Taskforce to scour the area for the two men who are considered armed and dangerous.

"They're extremely dangerous right now," Marshal Inspector James Joyner said. "They both know what they're wanted for. They realize the consequences of that. They are armed."

Newton Sheriff's spokeswoman Deputy Cortney Morrison said Brown indicated an absolute refusal to be captured in a message relayed to authorities from people who know him.

"He has made statements that he would not go back to jail," Morrison said.

Brown had originally been arrested by Conyers police on a misdemeanor pandering charge on Nov. 28, according to Rockdale County jail officials. He bonded out on \$2,000 two days later before Conyers police were able to file the additional charges for which he is now wanted.

Conyers Police were not available Thursday afternoon to provide any additional details.

Morrison said the Newton Sheriff's Office was contacted by Conyers police with suspicions that a sexual assault of a minor had happened off of Lower River Road in the southern part of the county.

After an initial investigation sheriff's investigators were able to determine probable cause and on Wednesday file arrest warrants for both men.

In addition to child molestation, both men are being charged in Newton County with enticing a child for indecent purposes and solicitation of sodomy.

Crawford, 54, is described as a 5-foot-5, 135-pound balding white man with blue eyes and gray hair on the sides of his head.

Brown is about 6 feet tall, weighs 245 pounds, and has brown hair and blue eyes.

They were last seen in a white 1999 Ford F-150 pick-up truck with Georgia license tag BZW9023.

Both men are considered dangerous.

Authorities aren't able to pinpoint where the men are.

"We have received information from family members that they are hiding in wooded areas of Newton County," Morrison said.

That consists of hundreds of square miles in the county. And for men whom authorities said are avid outdoorsmen believed to be armed with firearms and knives, they present potentially lethal challenges for those searching for them.

Police helicopters circled the county looking for Brown and Crawford on Thursday, and nearly 50 U.S. Marshals were joined by fugitive unit from police agencies including the Georgia State Patrol, Lawrenceville Police, the Rockdale County Sheriff's Office and Conyers Police help in the search led by Newton sheriff's deputies.

Joyner said he hopes that the two turn themselves in, but the fugitive team is prepared for any eventuality.

"They can contact us at any time and we can facilitate their safe surrender," he said. "But if they decide not to do that, we'll do whatever it takes to get them behind bars."

If Crawford and Brown are located, Joyner said the search teams plan to engage them with massive numbers of armed officers.

"We overwhelm people ... not with violence," he said. "We've found that to be the best way (to safely take fugitives into custody)."

Bringing massive numbers, Joyner said, is the way the U.S. Marshal's service has been able to avoid confrontation and bloodshed, even when taking down dangerous fugitives.

"People will look out a window, and even if they have a rifle, they have yelled to us, 'Open the door and drag me out of here,'" he said. "They look out and see the way we are and decide, this is not the day to take these guys on."

As clouds rolled in late Thursday afternoon, darkening what had been bright, clear blue skies, Morrison said search teams returned to the sheriff's headquarters to end the manhunt for the day.

Anyone with information about Brown's or Crawford's whereabouts is asked to call the Newton County Sheriff's Office at 770-784-2100, Crime Stoppers Atlanta at 404-577-8477 or the Fugitive Task Force at 770-508-2500.

The investigation and the search are ongoing.

## **Fed. Court Orders Resentencing For Arkansas Doctor Convicted In Bombing Of Medical Board Chair**

By Jeannie Nuss

[Associated Press](#), December 7, 2012

LITTLE ROCK, Ark. — An Arkansas doctor sentenced to life in prison for a 2009 bombing that nearly killed the head of the state medical board should be resentenced on some convictions, a federal appeals court ruled Thursday.

A jury convicted Randeep Mann, 54, in 2010 of conspiring to use a weapon of mass destruction and other charges. The Feb. 4, 2009, bomb attack took away Dr. Trent Pierce's sense of smell and left him blind in one eye and deaf in one ear.

Mann's attorneys appealed his convictions and sentences, arguing there wasn't enough evidence to convict him.

The 8th U.S. Circuit Court of Appeals said Thursday that Mann shouldn't have received a sentencing enhancement based on allegations that he ordered the assault of an inmate. The panel said the allegation was never brought up in court and was improperly referenced in a pre-sentencing report.

"The only reference in the record to Mann ordering the assault of a federal inmate is contained in a bench conference that occurred at trial between the district judge and the attorneys," the appeals court opinion said.

The court affirmed the weapon of mass destruction conviction, but ordered that one of Mann's two machine gun convictions be tossed out, finding they amounted to double jeopardy. Mann was convicted of both possessing an unregistered machine gun and possessing a machine gun.

Prosecutors said Mann was responsible for a bomb left outside Pierce's home in West Memphis, Ark., after the board suspended Mann's license following the overdose deaths of some of his patients. Pierce has said he believes the attack was revenge for revoking Mann's license to prescribe narcotics.

"Mann had a long history of investigations by the Board, and Dr. Pierce testified that he had been particularly vocal about his belief that Mann was providing improper care to his patients," the appeals court opinion said.

U.S. Attorney Chris Thyer said he was pleased with the court's decision.

"The United States understands and accepts the reasons for the reversal on the machine gun and sentencing issues and will prepare for the resentencing hearing," Thyer said in a statement. "The affirmation of the jury's verdict on the counts of conviction puts to rest any questions of the defendant's guilt, especially regarding his role in the 2009 bombing of Dr. Trent Pierce."

Online court records didn't list a new sentencing date for Mann as of Thursday.

"We're hopeful, obviously, that he will be able to get some relief from a life sentence," one of Mann's lawyers, Blake Hendrix, said.

Hendrix also said he anticipates asking the appeals court to rehear the case and reconsider the rulings that were unfavorable to Mann.

Federal prisons records show Mann is serving a life sentence at the U.S. Penitentiary-Canaan, about 20 miles east of Scranton, Pa.

---

Associated Press writer Jill Bleed contributed to this report.

---

Follow Jeannie Nuss at <http://twitter.com/jeannienuss>

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Tougher Synthetic Drug Bill Passes Final Hurdle**

[Dayton \(OH\) Daily News](#), December 7, 2012

Gov. John Kasich in the next few weeks is expected to sign into law a bill that seeks to put a stop to the possession, sale and production of synthetic drugs such as "Spice" and "bath salts."

The bill, which passed the Ohio House in a 94-0 vote Wednesday after unanimously clearing the Senate earlier this month, seeks to close a loophole in current law that synthetic drug-makers have exploited to keep their products in the hands of users and out of reach of law enforcement and prosecutors, officials said.

A new study shows young people are some of the biggest abusers of synthetic marijuana, and authorities said bath salts are marketed to youth.

Ohio Attorney General Mike DeWine said the new law will save lives and help bring makers and sellers of dangerous drugs to justice.

"This is some really nasty stuff," he said. "We've had people die from taking this stuff."

Both state houses unanimously passed substitute H.B. 334, which seeks to outlaw synthetic drugs that are sold under names such as "OMG," "Bizarro," "Ivory Wave," and "Vanilla Sky" and have been often abused by people 25 and younger. DeWine said the drugs are very addictive, and the high can induce violence and extreme paranoia.

State lawmakers passed legislation in October 2011 that sought to ban these substances, but chemists have managed to skirt the law by altering the chemical components in their products, DeWine said.

"It's been a moving target," he said.

The original legislation was written in such a way that it was supposed to prevent drug-makers from slightly modifying their products to get around the ban. But the law has proved ineffective at achieving that goal, officials said. DeWine said the new bill will hopefully close any legal loopholes and criminalize these products.

"The thought was the first bill was flexible enough to cover any changes (made by chemists), but that didn't work," he said. "We think this will cover this for a while, but there is no guarantee that someone can't find a way around it."

The bill will also help authorities better track sales of products that contain pseudoephedrine, a primary ingredient in the production of methamphetamine.

Synthetic drugs are commonly sold over the Internet and in corner stores, small gas stations and smoke shops. Oftentimes they are advertised as incense or bath salts, but in actuality, they are powerful drugs that can be smoked, ingested or injected.

In 2011, emergency rooms across the state were inundated with patients who displayed erratic, unstable and psychotic behavior resulting from abuse of synthetic drugs, according to medical officials.

Local physicians said patients on bath salts were extremely paranoid and prone to wild impulses. One patient drank his own urine. Bath salts have an effect on users similar to methamphetamine and other hallucinogenic drugs. Some users would remain in psychotic states for long stretches of time, because the drugs did not wear off for days.

Synthetic cannabinoids, also known as "Spice" and "K2," were linked to 11,406 of the 4.9 million drug-related emergency department visits in 2010, according to a report released this week by the Substance Abuse and Mental Health Services Administration.

Young people were some of the most common consumers of the drugs. People between the ages of 12 and 29 accounted for three out of four emergency room visits involving synthetic marijuana, the administration said. The average age of users of synthetic marijuana who visited emergency departments was 24. By comparison, the average age of users of marijuana who sought emergency medical assistance was 30. Synthetic marijuana is often more potent than regular cannabis.

DeWine said the new law should curb synthetic drug use and distribution. Authorities and emergency rooms saw a decrease in cases involving synthetic drugs after the first bill took effect.

## **INDIAN AFFAIRS:**

### **Feds Pledge To Improve Protection Of Sacred Sites**

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — Protection of sites held sacred by American Indians and Alaska Natives will be bolstered under a memorandum of understanding signed Thursday by four federal agencies and the Advisory Council on Historic Preservation.

The memo signed by the departments of Agriculture, Defense, Energy and Interior also calls for improving tribal access to sites that are on federal land.

"We have a special, shared responsibility to respect and foster American Indian and Alaska Native cultural and religious heritage, and today's agreement recognizes that important role," Interior Secretary Ken Salazar said in a statement.

The agencies plan to work during the next five years to raise awareness about sacred sites. That includes developing a website, a training program for federal employees and guidance for managing sacred sites.

The agreement comes just weeks after thieves made off with rock carvings from a sacred site in California's Sierra Nevada. The site on the Volcanic Tableland north of Bishop, Calif., was what land managers called one of the most significant rock art sites in the region. The local Paiute tribe uses the site for ceremonies.

Tribal leaders have said they're appalled at what happened to the petroglyphs, and the Bureau of Land Management is offering a \$1,000 reward for information leading to the arrest and conviction of those responsible.

Officials at the U.S. Department of Agriculture and the U.S. Forest Service also announced Thursday the findings of a report on sacred sites. It includes a list of recommendations for working more closely with tribes in the protection, interpretation and access to such sites.

"American Indian and Alaska Native values and culture have made our nation rich in spirit and deserve to be honored and respected," Agriculture Secretary Tom Vilsack said in a statement.

The report is the culmination of dozens of meetings with tribal members and agency employee surveys. It recommends training Forest Service workers on tribal history, law and culture. It also suggests promoting cooperative agreements with tribal police to enforce the Native American Graves Protection and Repatriation Act and other cultural laws.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **IMMIGRATION:**

### **Immigration Board Hears Deportation Appeal From Former Nazi Guard, 88, Living In Pa.**

By Matthew Barakat

[Associated Press](#), December 7, 2012



FALLS CHURCH, Va. — A former Nazi concentration camp guard who has lived quietly in western Pennsylvania for more than 50 years took his fight against deportation to the nation's highest immigration court Thursday, arguing that he shouldn't be punished because he served in Hitler's army against his will.

The Board of Immigration Appeals in Falls Church heard the appeal from 88-year-old Anton Geiser of Sharon, Pa., who acknowledges serving in the Nazi SS as a guard in the Sachsenhausen and Buchenwald concentration camps. A federal judge ordered him deported in 2010.

But his lawyer argued that the court should have considered that Geiser was forced to join the SS against his will as a 17-year-old.

Government lawyers argued to uphold the deportation. They said federal law places former Nazis in a harsher immigration category, and no exceptions should be made because of compulsory service.

Adrian Roe, Geiser's lawyer, acknowledged that Congress did indeed place Nazis in a separate, harsher category when it comes to determining their rights to immigrate to and live in the U.S. But he said that not everyone conscripted into the Hitler war machine is truly a Nazi.

"The label Nazi itself sort of goes to belief," Roe said. "If they were a true believer, we don't want them here. If they were a forced participant, are they really a Nazi?"

Geiser, who was recently hospitalized, did not attend Thursday's hearing. He came to the U.S. in 1956 and was naturalized in 1962. He lived in Sharon, about 75 miles north of Pittsburgh, where he worked in a steel mill for decades and raised five children.

Justice Department lawyer Susan Siegal questioned whether Geiser's service as a camp guard was truly involuntary. She said he could have requested a transfer back to the Russian front, where he was initially serving, or that he could have simply walked away from service or defied immoral orders. She said the Nuremberg trials after World War II and military code established the precedent that following immoral orders is not an adequate defense.

"I'm sorry — Mr. Geiser did engage in crimes against humanity," Siegal said.

Roe took exception to the portrayal of Geiser as a war criminal. Geiser says he was forced to join the SS in 1942, and that he never killed anyone, though tens of thousands are believed to have died at Buchenwald and Sachsenhausen.

Geiser does not dispute that the Nazi camps were horrific, and he previously told prosecutors he was ashamed of his service. "I was not proud where I served and I didn't like it then and I didn't like it now," he said.

Most of the hearing, though, dealt not with Geiser's actions during the war but on narrow questions of legal precedent. Roe argued that a 2009 Supreme Court decision requires immigration judges to consider whether an alleged perpetrator of persecution was doing so voluntarily. More broadly, he said U.S. law in nearly all aspects takes into account whether a person was forced to act against his will, and he said the same principles should be extended to Geiser's case.

The three members of the Board that heard the case — two appointed by Republicans, one by a Democrat — are expected to issue their ruling in a few months. While it is the highest immigration court, it is an administrative body and its rulings are subject to review by federal judges and the Supreme Court. It is expected that the board's ruling will be appealed by the losing side.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **CONGRESS-ADMINISTRATION:**

### **Senate Confirms Berg For Federal Bench In Detroit**

By David Shepardson

[Detroit News](#), December 6, 2012

Washington — The U.S. Senate on Thursday confirmed a former interim U.S. attorney in Detroit as a new federal judge in Michigan.

Assistant U.S. Attorney Terrence Berg was confirmed by unanimous consent after being nominated to the federal bench by President Barack Obama in April, replacing Judge Arthur Tarrow, who took senior status.

Berg served as interim U.S. attorney after former U.S. Attorney Stephen Murphy was appointed to the federal bench in 2008.

His term ended in January 2010, when Barbara McQuade was sworn in as the first female U.S. attorney in the eastern district of Michigan.

Berg was First Assistant U.S. Attorney under Murphy and served four years as an assistant to Jennifer Granholm when she was Michigan's attorney general. He also is a former chief of the attorney general's high-tech crime unit.

As an assistant U.S. Attorney, Berg successfully prosecuted West Bloomfield Township resident Alan Ralsky in 2009. Ralsky was known as the "spam king" for sending millions of emails to boost the price of Chinese stocks.

Berg didn't immediately return a call seeking comment.

In August, the Senate confirmed Wayne County Circuit Judge Gershwin Drain to the other open seat on the federal bench in Detroit.

dshepardson@detnews.com

(202) 662-8735

## **Terrence Berg Appointed A U.S. District Court Judge**

By Todd Spangler, Detroit Free Press Washington Staff

[Detroit Free Press](#), December 7, 2012

WASHINGTON – Almost eight months after he was nominated by the president, Terrence Berg – who previously served as interim U.S. attorney in Detroit – was confirmed a judge of the U.S. District Court for the eastern district of Michigan on today.

His confirmation came on a voice vote in the U.S. Senate, which has delayed judicial approvals for months even though in some cases, like Berg's, there was little or no dissent among members of the Senate Judiciary Committee to the nomination. Berg's nomination was approved by the committee in July.

Carl Tobias, a professor at the University of Richmond School of Law, said there seemed to be little reason for the holdup on Berg's confirmation other than political calculations in a presidential election year. He said the eastern district court in Detroit has two other vacancies that the president hasn't nominated candidates as yet.

As for Berg, Tobias called the career prosecutor well-regarded.

"It's not like he's going to be unfamiliar with the federal bench," he said. "He's an experienced, well-qualified choice."

## **Menendez: Sandy Bill Without Spending Cuts Gaining Support Of House GOP**

By Erik Wasson

[The Hill](#), December 7, 2012

Passage of a Hurricane Sandy supplemental spending bill this month appears more likely following a meeting on Thursday between Speaker John Boehner (R-Ohio) and Gov. Chris Christie (R-N.J.).

Sen. Robert Menendez (D-N.J.) said on Thursday that Boehner indicated to Christie that offsets, or dollar-for-dollar spending cuts, are not going to be a big issue.

"The governor did say that the Speaker ... has said that while some in his conference may raise offsets, that is not where he believes the majority of his conference will be on this issue. That is critically important for us," Menendez told reporters.

In the wake of 2011's Hurricane Irene, House Republicans sought offsets for disaster aid, causing a short delay until a new fiscal year started before aid was passed.

The White House and Senate Democrats are on record opposing offsets for what could be a much bigger, \$80 billion Sandy supplemental appropriations bill.

So far, House leaders have publicly declined to speak to the offset issue.

Boehner's office did not confirm the comment.

"Speaker Boehner is deeply concerned by the devastation resulting from this terrible storm. When we get the request from the Obama administration, we will get to work immediately," Boehner spokesman Michael Steel said in response.

Last month, Rep. Pete King (R-N.Y.) told The Hill that Boehner told him he supports moving a bill without offsets.

It remains to be seen what size bill will be requested and passed, however. House Republicans have said they favor moving a smaller bill now and saving larger investments, such as to prevent damage from future storms, for a bill in the spring.

While New York, New Jersey and Connecticut are seeking about \$82 billion in aid, it appears that the White House is preparing to ask for a smaller amount, perhaps in the \$50 billion range.

"The fact of the matter is, we think the numbers that were supplied were reliable, in the \$80 billion area. Right now there is a difference of view as to what we need and what we can get," Sen. Frank Lautenberg (D-N.J.) said.

Northeast senators were to meet with White House Budget Director Jeff Zients and Housing Secretary Shaun Donovan, the Obama point person on Sandy, later Thursday.

Sen. Charles Schumer (D-N.Y.) said the senators would be pressing the administration to increase their request.

## **Sandy-Aid Request Looming In Capitol**

By Andrew Grossman, Wall Street Journal

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Sandy Likely To Define Chris Christie Re-election Bid**

By Martha T. Moore

[USA Today](#), December 6, 2012

When New Jersey Gov. Chris Christie swept through Washington, D.C., on Thursday to lobby for funds to rebuild his state after Hurricane Sandy, he brought along public approval ratings higher than any of the elected officials he met with, including his storm buddy President Obama.

Three polls in the past two weeks show Christie with soaring popularity after the Sandy crisis, which earned him an even higher national profile than his keynote speech at the Republican convention in August. Christie's best poll result, Fairleigh-Dickinson University's PublicMind Poll released Nov. 26, showed him with a 77% job-approval rating. He headed from meetings Thursday with Obama and Congressional leaders to his first appearance on The Daily Show with Jon Stewart, a sure sign he's got buzz.

Not a bad time to announce a re-election bid, which Christie did last week. Now he is just waiting to find out whether his Democratic opponent in 2013 will be Newark Mayor Cory Booker, the only New Jersey politician who approaches him in name recognition and popular appeal.

MORE: Christie meets with Obama, lawmakers on Sandy aid

Booker has said he will decide by Christmas if he wants to enter the governor's race. He is currently hitting front pages for his week-long effort to live on food stamps, and his turn on The Daily Show comes Wednesday.

Recovery from the storm will be the central theme of next year's governor's race, says Rider University political scientist Ben Dworkin. Christie has estimated costs of the storm at close to \$40 billion just in New Jersey.

"Sandy changed everything," Dworkin says. "The next governor will be responsible for rebuilding New Jersey, in particular rebuilding our iconic Jersey Shore, which is much more than a beachfront. It is part of the state's identity. For Chris Christie, the opportunity to create that legacy, to not leave work unfinished, was part of the reason why he made his decision. Any Democrat who is going to run has to be able to speak to that issue."

Christie and the state faced economic troubles even before Sandy: Unemployment in New Jersey is at 9.7%, higher than the national rate 7.9%. State tax revenue has not kept pace with Christie's robust 7.2% growth projection made last February – which may necessitate midyear budget cuts.

But that's not going to be Christie's undoing, says his political strategist Mike DuHaime. Voters, he says, are "going to be looking for somebody who is tough enough and strong enough to make the tough decisions."

Newark Mayor Cory Booker addresses firefighter cadets during a swearing in ceremony on Oct. 9. Booker has been mentioned as a possible Democratic opponent to New Jersey Gov. Chris Christie in 2013. (Photo: Julio Cortez, AP)

Sandy could also affect Christie's political fortunes beyond next November, since he is considered a possible presidential candidate in 2016. "How he navigates this new political terrain in the aftermath of Sandy will be how he's perceived nationally," says Krista Jenkins, director of PublicMind.

Sandy tempered Christie's partisan image, thanks to his embrace of Obama – literal and figurative — after the storm. But he's still a Republican: Christie vetoed a same-sex marriage bill in February; he's expected to veto a minimum-wage increase now on his desk. On Thursday, after leaving his meeting with the president, he vetoed for the second time a bill to create a state-run health care exchange to implement Obama's 2010 health care law.

In Booker, Christie would face a well-financed opponent with his own national following. A head-to-head matchup in a Public Policy Polling survey shows Christie beating Booker by 14 percentage points – but that's closer than Christie against other potential candidates, including state Senate president Steve Sweeney or former governor Richard Codey.

Booker could skip the governor's race and run for the Senate in 2014, when Democratic Sen. Frank Lautenberg will come up for re-election at the age of 90. If Booker loses the governor's race to Christie, "does that destroy the Booker brand – that's a real question – or can he turn around and run for Senate the next year?" Dworkin says.

"For another candidate, (the governor's race) could provide name recognition and organization toward a future race. (Booker) doesn't need that," says John Weingart, associate director of Rutgers University's Eagleton Institute of Politics.

But being governor is an appealing job: New Jersey has one of the most powerful executives of the 50 states. The governor is the only statewide elected official, appoints the judiciary, has a line item veto, and exercises control over all state boards and authorities. "The opportunity to get things done when you are governor in New Jersey is huge," Dworkin says.

New Jersey hasn't had a Republican Senator since 1972 or voted Republican for president since 1988. Democrats control the state Legislature and Democrats have a big advantage in party registration. Even so, the only two-term governors in the past 30 years have been Republicans.

John Wisniewski, a state Assemblyman, chair of the state Democratic party and a potential candidate for Christie's job, compares Christie to President George H.W. Bush, who enjoyed tremendous popularity during the first Gulf War but lost re-election less than two years later. "Any Democrat in a general election against Chris Christie starts off, without lifting a finger, with 47% of the vote," he says. "It's a much closer election than any one would believe at this point in time."

## **Eva Longoria To Co-chair Inauguration, Jim Messina To Chair Parade**

By Natalie Jennings

[Washington Post](#), December 7, 2012

Actress and Obama for America campaign co-chair Eva Longoria will be one of the four co-chairs of the 2013 Presidential Inaugural Committee, the organization announced Thursday.

Obama's 2012 campaign manager, Jim Messina, will chair the inaugural parade.

The Obamas, Bidens and cabinet members will participate in a national day of service on the Saturday before the inauguration, Jan. 19, and the president would ask other Americans to do the same to "to honor our shared values and celebrate the legacy of Dr. Martin Luther King, Jr." Inauguration day falls on Martin Luther King Jr. Day, Monday, Jan. 21, when the Obamas traditionally volunteer.

Here's the full list of campaign co-chairs:

Ambassador Matthew Barzun, National Finance Chair of President Obama's reelection campaign and former ambassador to Sweden

Eva Longoria, Actress, Obama for America Campaign Co-Chair and Founder of the Eva Longoria Foundation

Jane Stetson, National Finance Chair of the Democratic National Committee

Frank White, former member of the National Advisory Council on Minority Business Enterprises

Other positions announced Thursday:

Jim Messina, Chair, Inaugural Parade

Stephanie Cutter, Chair, PIC Board of Directors

Jen O'Malley Dillon, Chair, National Day of Service

Julianna Smoot, Chair, Inaugural Balls and Receptions

Rufus Gifford, Chair, PIC Finance

Patrick Gaspard, Chair, National Mall

## **Inaugural Committee Staff Announced, Eva Longoria To Co-chair**

By Byron Tau

[Politico](#), December 7, 2012

The 2013 Presidential Inaugural Committee announced key staff positions Thursday, with many of President Obama's former campaign staffers, surrogates and donors at the helm.

(Also on POLITICO: Longoria 'in tears' when Obama won)

Actress Eva Longoria — a key Obama surrogate and campaign co-chair — will co-chair the inaugural committee along with National Finance Chair and former Ambassador to Sweden Matthew Barzun, DNC national finance chair Jane Stetson and Frank White, former member of the National Advisory Council on Minority Business Enterprises.

All four living presidents — Jimmy Carter, George H.W. Bush, George W. Bush and Bill Clinton — are named as honorary co-chairs.

DNC staffer Stephen Kerrigan, who served as chief of staff during the 2009 inaugural, will be chief executive officer of the committee, while David Cusack will serve as executive director.

Obama's top campaign staffers Jim Messina, Stephanie Cutter, Jen O'Malley Dillon, Julianna Smoot, Rufus Gifford and Patrick Gaspard are also on staff, chairing a variety of subcommittees. Messina will chair the Inaugural Parade subcommittee.

"Vice President Biden and I are grateful to these distinguished women and men for agreeing to serve as co-chairs and honorary co-chairs, including presidents from both sides of the aisle who have dedicated their lives to serving the American people," Obama said in a statement. "This year's Inaugural will reflect our belief that working together, we can keep moving our country forward and fulfill the promise of the American Dream for all families."

The inaugural weekend will again kick off with a National Day of Service — a tradition that Obama started in 2009.

As is traditional when an inauguration falls on a Sunday, Obama will be privately sworn in on Sunday — but will hold his public inauguration ceremony on Monday, January 21st.

## **Presidential Inaugural Committee Launches, Announces Co-Chairs**

By Emma Dumain, Roll Call Staff

[Roll Call](#), December 7, 2012

With a little more than a month until the 57th presidential inauguration, the White House has officially launched its counterpart to the Joint Congressional Committee on Inaugural Ceremonies.

The Presidential Inaugural Committee, which oversees the festivities surrounding the inauguration that take place beyond the Capitol campus — the joint committee's jurisdiction — announced on Thursday its chief staff members and a couple of scheduling details.

The Saturday before Inauguration Day, Monday, Jan. 21, will be a National Day of Service, a tradition President Barack Obama began in 2009 in honor of Martin Luther King Jr.

Recognition of the civil rights hero will continue right up to the day of Obama's swearing in. Because the day normally reserved for the inauguration ceremonies, Jan. 20, falls on a Sunday this year, the public event and all its pageantry was rescheduled for the next day — which falls on the same day King's legacy is celebrated.

The 20th Amendment states that presidents' terms end on Jan. 20; Obama will have a "small, private swearing-in ceremony" on that day, according to the release, while the full-blown inauguration ceremony will be the following day."

More information about inaugural events including themes, official balls and the parade will be announced in the coming weeks.

In the meantime, the committee was prepared on Thursday to announce its co-chairs: former Ambassador to Sweden Matthew Barzun; actress Eva Longoria; Democratic National Committee National Finance Chairwoman Jane Stetson; and Frank White, former member of the National Advisory Council on Minority Business Enterprises.

The Presidential Inaugural Committee's honorary co-chairs will be Presidents Jimmy Carter, George H.W. Bush, Bill Clinton and George W. Bush.

"Vice President Biden and I are grateful to these distinguished women and men for agreeing to serve as co-chairs and honorary co-chairs, including presidents from both sides of the aisle who have dedicated their lives to serving the American people," Obama said in a statement. "This year's inaugural will reflect our belief that working together, we can keep moving our country forward and fulfill the promise of the American Dream for all families."

## **Clinton Praises Rice, A Possible Successor**

By Michael Gordon

[New York Times](#), December 7, 2012

Secretary of State Hillary Rodham Clinton praised Susan E. Rice, the United Nations ambassador and a leading contender to be the next secretary of state, during a news conference in Dublin on Thursday.

"Susan Rice has done a great job as our U.N. ambassador," Mrs. Clinton said.

"She has played an important role," she added, noting Ms. Rice's role in getting approval for multilateral sanctions on North Korean and Iran.

Senate opponents of the possible nomination of Ms. Rice to replace Mrs. Clinton when she retires this year have focused on what they call her misstatements, especially on a series of Sunday television talk shows, in the days after the deadly attack on a diplomatic compound in Benghazi, Libya, on Sept. 11.

"What Susan said had been based on the information that had been given to every senior official in our administration," Mrs. Clinton said, repeating the standard administration explanation of the disputed comments. "She made it clear it was subject to change."

"Our understanding evolved over time," Mrs. Clinton said of the intelligence regarding the Benghazi attack.

## **Hillary Clinton Laughs Off 2016, Ambassadorship For Bill Questions**

By Byron Tau

[Politico](#), December 7, 2012

Speaking to reporters in Ireland, Secretary of State Hillary Clinton laughed off questions about her and husband Bill Clinton's future — saying she was focused on her current job.

"I'm right now too focused on what I'm doing to complete all the work we have ahead of us before I do step down," Clinton said Thursday at a joint appearance with the prime minister of Ireland.



"I'm frankly looking forward to returning to living a life that enjoys a lot of simple pleasures and gives me time for family and friends and other pursuits," she said.

Asked about rumors that Bill Clinton is being considered to replace outgoing ambassador to Ireland Dan Rooney, Clinton demurred.

"I cannot comment on what President Obama might do in the second term – obviously, it's his decision," she said. "But I would think that my husband will be here many times in the future doing the work that he's been doing without having to have the title of ambassador."

## **Pentagon's Top Lawyer To Resign**

By Charlie Savage

[New York Times](#), December 6, 2012

Jeh C. Johnson, the Obama administration's top lawyer at the Pentagon, will step down at the end of December, the military said on Thursday. Over the course of President Obama's first term, Mr. Johnson was a central player in some of the most important legal policy deliberations of the administration.

Mr. Johnson, who was general counsel to the Air Force during the Clinton administration, was a key legal adviser and fundraiser for then-Senator Obama during his run for the presidency in the 2008 campaign. On Thursday, he sent Mr. Obama a letter saying that he would resign effective midnight on Dec. 31.

"Thank you for the opportunity to be part of your campaign, your transition, and your Administration," Mr. Johnson wrote. "Thank you also for the best clients I will ever have: Robert Gates, Leon Panetta, and the men and women of the U.S. military."

Mr. Johnson, a former prosecutor, has been mentioned as a potential attorney general should Eric H. Holder Jr. step down in Mr. Obama's second term. That speculation has been centered more among his colleagues in the Pentagon rather than among civilian law enforcement officials, however.

In his current job, Mr. Johnson worked closely on internal debates about the scope and limits of the government's power to hold terrorism suspects in indefinite detention and to target them with drone strikes in places like Yemen and Somalia. In those debates he generally sought broader latitude for the government than some others, notably State Department officials.

But Mr. Johnson took a more restrained position than some colleagues during the NATO-led air war in Libya. As American participation in the effort neared an apparent 60-day limit imposed by the War Powers Resolution for hostilities that had not been authorized by Congress, he urged pulling back on direct combat activities – like missile strikes – but was overruled by the White House.

Mr. Johnson also was closely involved in the decision to overhaul and restart some military commission trials for terrorism suspects, and he helped resolve a dispute over press access to the proceedings in a way that granted reporters greater leeway to cover them.

He was an important Pentagon official interacting with Congress as lawmakers imposed steep restrictions on the transfer of detainees from the prison at Guantánamo Bay, Cuba, which contributed to the failure by the administration to follow through on Mr. Obama's vow to close that prison. Mr. Johnson also helped lead the successful effort to end the military's "don't ask, don't tell" policy that had barred gays and lesbians from serving openly in the armed forces.

Mr. Johnson was also closely involved in responding to the mass leaking of hundreds of thousands of secret military and diplomatic documents through the antisecrecy organization WikiLeaks. He sent a letter to a lawyer representing WikiLeaks demanding that it delete the materials rather than release any further documents and helped to orchestrate the transfer of the Army private accused of leaking the archives, Bradley Manning, out of the Marines brig at Quantico, Va., amid controversy over his restrictive conditions of confinement there.

Mr. Johnson is one of several officials who have delivered prominent public speeches outlining the administration's legal theories in the war on terrorism, including the proposition that American citizens who join Al Qaeda may be targeted for killing.

Last week, he delivered a high-profile speech at the Oxford Union in England that raised the prospect that Al Qaeda and its allies would eventually be degraded to the point that the war against them will come to a close — and with it the legal architecture put in place after the terrorist attacks of Sept. 11, 2001 – even if a few individuals and remnants still claim affiliation with the group. When that happens, he said, difficult legal questions will arise about such matters as whether and for how long the United States may keep holding terrorism detainees without trial as wartime prisoners.

Mr. Johnson said he would take some time off and then return to private law practice. He is expected to return to the law firm of Paul, Weiss, Rifkind, Wharton & Garrison, where he formerly was a partner.

This post has been revised to reflect the following correction:

Correction: December 6, 2012

An earlier version of this article said Mr. Jeh was general counsel to the Army during the Clinton administration. He was general counsel to the Air Force.

## **Mary Schapiro On Her Tenure As SEC Chairman**

[Bloomberg BusinessWeek](#), December 6, 2012

When I was asked to take this role, people were talking about abolishing the SEC. That was unthinkable to me, and it made the job more compelling. The SEC had fallen behind in areas like technology and staffing, and the world had changed around us. I took the handcuffs off the staff to be more aggressive and brought in experts so we could do the toughest cases. I made it clear that we had to be focused on investors.

I hadn't anticipated all the hurdles to moving quickly, like not being able to open an investigation without having to get five commissioners to vote on it. We got a lot done in Dodd-Frank, but many of the time frames that were built into the law were unrealistic. The budget was a consistent frustration. We have to go to Congress every year, and it's an uncertain process at best. It didn't allow us to get everything we needed to ramp up the technology quickly or to deal with a midyear crisis.

We needed to be the cop on the beat. In the cases coming out of the financial crisis, we named over 120 individuals and entities, and 57 of those individuals were CEOs, CFOs, and other senior management. For our sanctions to work, they had to bite. But we're limited by law in how much we can get in a settlement. If a firm sells a fraudulent product and it makes \$10 million but investors lose \$100 million, we can only get \$10 million in disgorgement. Last year I asked Congress for the ability to get that \$100 million. Senator (Jack) Reed and Senator (Chuck) Grassley introduced a bipartisan bill in this Congress that would do that. I hope they reintroduce it in the next Congress.

I came in with the intention of serving as long as it made sense for me to do so. The election was a natural moment to think about whether I wanted to stay longer, and I'm thrilled to turn the reins over to my longtime colleague Elisse Walter. Right now, I'm just packing boxes. But it's very strange in government—you can't just pack boxes. The archivist has to make sure you don't take anything that's not public information.

For four years we've been running a marathon at a sprint pace. The spotlight has been very bright, and by all measures, we're in a leagues-better position. Changing a business takes an enormous amount of time and communication and effort from the leadership. This is a very different agency than it was four years ago. — As told to Diane Brady

## **John Kerry, Secretary Of What?**

By Seth Lipsky

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **President Obama Lights National Christmas Tree**

By Matthew Daly

[Associated Press](#), December 6, 2012

WASHINGTON (AP) — President Barack Obama and his family have flipped the switch for the 90th annual lighting of the National Christmas Tree.

Obama was joined at the ceremony by TV star Neil Patrick Harris, who hosted the ceremony. Performers included singers Kenneth "Babyface" Edmonds, Ledisi, Jason Mraz, James Taylor and the band The Fray.

This year's giant blue spruce is new and was transplanted in October on the Ellipse, a park that lies between the White House and the National Mall.

The previous tree died from transplant shock after just a year. Before that, a tree that stood for more than 30 years was destroyed by winds in February 2011.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Thune In Line For Top Commerce Slot**

By Lauren Gardner And Ambreen Ali, Roll Call Staff

[Roll Call](#), December 7, 2012

Sen. John Thune of South Dakota appears likely to inherit the top-ranking Republican seat on the Senate Commerce, Science and Transportation Committee.

Jim DeMint of South Carolina had been expected to assume that job when the new Congress convenes, but he announced Thursday he will leave Congress in January to head a conservative think tank. The top two Republicans on the panel currently — Kay Bailey Hutchison of Texas and Olympia J. Snowe of Maine — are retiring.

Thune, chairman of the Senate Republican Conference, is the next in line in seniority. He made clear Thursday he wants the post. “Of course I am interested in it,” he said.

Hutchison said, “He’s certainly well-regarded, so unless he has another option, I would assume it would be John.”

DeMint, an uncompromising conservative whose aversion to new regulation and government spending made him a tea party favorite, had been expected to set a more combative tone on the committee than Hutchison, the current ranking member.

DeMint has been at odds with infrastructure advocates who want to expand federal funding for road, transit, rail and airport projects.

One lobbyist who works on infrastructure issues said Thune “appears to have a broader perspective and we’ve seen his good hand in bipartisan efforts.”

### **Aides: US Sen. Mark Kirk To Return To Work Jan. 3**

By Sophia Tareen

[Associated Press](#), December 7, 2012

CHICAGO (AP) — Illinois Sen. Mark Kirk, who suffered a major stroke a year ago that required months of intense physical and speech rehabilitation, will return to work in Washington on Jan. 3, aides said Thursday.

Kirk had indicated previously that he’d be back next month but hadn’t specified a date. His aides confirmed the date on Thursday, saying in a brief statement that the Republican “remains on track to be back when the Senate convenes on Jan. 3rd for the 113th Congress.”

His office provided no other details.

Kirk’s doctors — and outside medical experts — have said that the 53-year-old has made excellent progress.

His treatment included vigorous experimental therapy with longer workouts than usual for stroke victims. Kirk walked nearly 15 miles and 145 flights of stairs over the course of nine weeks. Last month he even participated in a charity stair climb at the Willis Tower. Gripping a handrail and wearing a brace, he climbed 37 floors for a fundraiser for the Rehabilitation Institute of Chicago, where he’s received treatment.

While Kirk has not appeared publicly since the stroke, he has released a series of videos detailing his progress. They’ve shown footage of him working with therapists and climbing stairs.

In one earlier this year, he said he dreamed of being able to walk up to the U.S. Senate chambers.

“I’m walking again, leading to my hope to climb the 45 steps that my staff counted from the parking lot to the Senate front door, to fight for the people of Illinois,” he said.

Kirk suffered a stroke on Jan. 21, which limited movement on the left side of his body and speech. He underwent emergency surgery that included the temporary removal of a piece of his skull to allow for swelling and the removal of small pieces of brain tissue destroyed by the stroke.

Kirk spoke briefly to reporters last month on Election Day about his plans to return to Washington as he cast a ballot in suburban Chicago. He used a cane to walk and said that banning sewage dumping in the Great Lakes will be his priority for this Congress.

Kirk helped out fellow Republicans on the campaign trail and his staff has remained active on several causes, including legislation on Polish visas and drought relief.

He was elected to the U.S. Senate in 2010 and was previously a five-term congressman representing a Chicago area district.

---

Follow Sophia Tareen at <http://twitter.com/sophiatareen>.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

### **Mark Kirk To Return To Senate Jan. 3**

By Seung Min Kim

[Politico](#), December 7, 2012

Sen. Mark Kirk (R-Ill.) — who has been absent from the Senate for most of 2012 as he recovered from a stroke — is set to return to Capitol Hill on Jan. 3, 2013.

Kirk had previously said on a televised interview last month – his first since the stroke – that he wanted to come back in January. The senator's office on Thursday further specified the date of Kirk's return.

"He's on track to [return] on the 3rd for when the Senate convenes," a Kirk spokesperson said.

Rep. Randy Hultgren (R-Ill.) told the Chicago Tribune that there were plans to hold a "big party and celebration" upon Kirk's return. An anonymous Senate official also told the publication that Kirk, who has undergone intensive physical therapy, plans to walk up the Capitol steps to mark his return.

"I'm just really excited," Hultgren said, according to the Tribune. "I'm so grateful for the recovery he's been able to make."

Democratic Sen. Dick Durbin, Kirk's home-state colleague, told reporters on Capitol Hill that he had been notified of a different return date for the senator, but added that he hoped Kirk would come back to work "soon."

"Believe me, there will be a great welcoming reception" once Kirk returns, Durbin said.

Kirk has been regularly communicating with the public on the status of his recovery through video statements, and said in the Nov. 4 interview with NBC 5 in Chicago, walked up the steps of 37 floors in a stair-climbing challenge to help demonstrate how much he has recovered. The stroke has limited his mobility on his left side, and Kirk now uses a cane to help him walk.

"I hope this gives a message to people across Illinois who may face stroke," Kirk said at the time.

Read more about: Mark Kirk

## **Congress Delays Rule On Online Posting Of Top Staffers' Financial Information**

By Emily Cahn, Roll Call Staff

[Roll Call](#), December 7, 2012

Congress on Thursday again delayed a controversial rule that requires online posting of the financial disclosure reports of senior federal workers, pushing the effective implementation date from Saturday to April 15.

The delay will give Congress time to review a forthcoming National Academy of Public Administration report on whether the rule compromises privacy and poses a threat to national security — fears raised in lawsuits filed by workers affected by the rule. The delay passed the House and Senate by unanimous consent.

The rule is part of the Stop Trading on Congressional Knowledge Act, which seeks to prohibit members of Congress and staffers from using nonpublic information derived from their official positions for financial gain.

It requires staffers in both the legislative and executive branches paid at the senior staff rate of \$119,553 or more to disclose their assets, liabilities and financial transactions valued at more than \$1,000, which will then be posted to an online database.

Such financial disclosure reports are now only available by written request.

Many government workers say the new rule opens them up to the threat of identity theft and may compromise national security by encouraging people looking for classified government information to extort workers using their personal information.

In response to the new rule, executive and legislative branch employees have filed a pair of lawsuits in U.S. district court in Maryland seeking an injunction to block the online posting if Congress didn't first delay the effective date.

The first lawsuit was filed in August by a group of executive branch employees. A group of legislative branch employees filed a similar complaint Nov. 21. Both groups of plaintiffs are being represented by the American Civil Liberties Union and the law firm Pillsbury Winthrop Shaw Pittman.

"Absent injunctive relief from this court, these non-elected legislative branch employees and their families will become easy targets for identity theft, financial fraud, and even kidnapping when the nature, extent, and location of their financial assets become freely available worldwide," according to the complaint filed by the group of legislative employees.

The lawsuits state that prior to the STOCK Act's online disclosure rule, written requests to access these staffers' financial disclosure reports provided safeguards to protect them from harm. Written requests required the people seeking the information to provide their name, occupation and address, as well as affirm that they would not use the information in an unlawful manner. According to the lawsuits, these safeguards will no longer exist with the implementation of the online database.

Jack McKay, an attorney representing the workers, said the lawsuits are a fail-safe if Congress chooses not to amend the STOCK Act to remove the online disclosure provision.

"Our goal is to have a legislative solution to have Congress amend the posting requirements to something more rational," McKay said.

The online posting was originally slated to occur Aug. 31 but was delayed twice before by Congress.

## **BUDGET NEWS:**

### **Obama Seeks To Put Personal Touch On Cliff Talks**

By David Espo And Ken Thomas

[Associated Press](#), December 6, 2012

FALLS CHURCH, Va. (AP) — President Barack Obama, trying to put a personal touch on “fiscal cliff” negotiations, visited a northern Virginia family’s basement apartment Thursday to press his hard line on tax rate increases for the wealthy.

“We’re in the midst of the Christmas season,” Obama said, sitting at a table in the Santana family’s Falls Church home. “I think the American people are counting on this getting solved. The closer it gets to the brink, the more stress there is going to be.”

Obama and lawmakers have until the end of the year to avert across-the-board spending cuts and tax increases. The president reiterated the firm stance he has taken in recent days, warning that he’s willing to let that economy-rattling double whammy take effect if Republicans don’t drop their opposition to higher tax rates for the wealthy.

“Just to be clear, I’m not going to sign any package that somehow prevents the top rate from going up for the folks in the top 2 percent,” Obama said. “But I do remain optimistic that we can get something done that is good for families like this one and is good for the American economy.”

The president’s quick trip — just a 15 minute drive from the White House — was part of an effort to rally public support for his tax proposals. The family whose home he visited is one of many that shared their stories online, at the White House’s urging, of how they would be hurt if their taxes went up at the end of the year. The president will also travel to Detroit on Monday.

Obama and House Speaker John Boehner spoke on the phone Wednesday, their first known conversation in nearly a week. Neither side provided details of the call, but the White House said the lines of communication with Capitol Hill Republicans were open and there had been multiple conversations between staff.

Unless the president and Republicans reach a deal, George W. Bush-era tax rates will expire on all income earners on Jan. 1. Obama wants to continue them for 98 percent of Americans, while letting them expire on the upper income earners.

If Republicans try to block that effort, Treasury Secretary Timothy Geithner said, the administration will “absolutely” let the country go over the fiscal cliff.

The size of the problem is so large it can’t be solved without rates going up,” he told CNBC on Wednesday.

Geithner drew a fierce response from Republicans. Sen. Orrin Hatch of Utah called his statement “stunning and irresponsible.” He added, “Going over the fiscal cliff will put our economy, jobs, people’s paychecks and retirement at risk, but that is what the White House wants, according to Secretary Geithner, if they don’t get their way.”

Economists inside and outside the government warn that failing to reach agreement on taxes and spending could land the economy back in recession.

Beyond his insistence that taxes increase on the wealthy, Obama has also warned Republicans not to inject the threat of a government default into negotiations over the fiscal cliff as a way of extracting concessions on spending cuts.

“It’s not a game I will play,” he said Wednesday, recalling the brinkmanship of last year in which a budget standoff pushed the Treasury to the edge of a first-ever default.

The White House reaffirmed Thursday that it did not believe the president had the authority through the 14th Amendment to raise the debt ceiling by executive order. Democrats have previously suggested Obama could take that step.

Both sides say they want a compromise, although the administration’s hand in bargaining is strengthened by polls showing public support for Obama’s position on taxes, as well as by his re-election last month. The president is also working to rally the public to his side and has a trip scheduled to Detroit next week.

In a concession, Republican leaders have agreed to back increased tax revenue. Yet despite defections from within the rank and file, they have so far balked at Obama’s demand that rates go up on income over \$200,000 for individuals and \$250,000 for couples. They have also called for spending cuts and measures to slow the growth of government benefit programs. Earlier this week, they called for curbing the growth in Social Security cost-of-living increases, as well as delaying Medicare eligibility from 65 to 67, beginning in a decade.

Obama has said he will back spending cuts, including savings in Medicare, as part of a deal that includes the tax proposal that was a key part of his re-election bid.

Once Republicans yield on taxes, he told the Business Roundtable, “We can probably solve this in about a week; it’s not that tough.”

Republicans argue that they can raise about \$800 billion in additional government revenue over a decade by closing loopholes and narrowing tax deductions on the wealthy, rather than raising income tax rates. They argue the rate increase would



impose a particularly harmful impact on the economy and job creation at a time when the country is still struggling to recover fully from the deepest recession in decades.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## Trade-offs In Raising Medicare Eligibility Age

By Ricardo Alonso-zaldivar, Associated Press

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — Americans are living longer, and Republicans want to raise the Medicare eligibility age as part of any deal to reduce the government's huge deficits.

But what sounds like a prudent sacrifice for an aging society that must watch its budget could have some surprising consequences, including higher premiums for people on Medicare.

Unlike tax hikes, which spawn hard partisan divisions, increasing the Medicare age could help ease a budget compromise because President Barack Obama has previously been willing to consider it. A worried AARP, the seniors' lobby, is already running ads knocking down the idea as a quick fix that would cause long-term problems. House Democratic Leader Nancy Pelosi, D-Calif., doesn't like it either.

But for Republicans seeking more than just tweaks to benefit programs, raising the current eligibility age of 65 has become a top priority, a symbol of their drive to rein in government. If Obama and the GOP can't agree soon on a budget outline, it may trigger tax increases and spending cuts that would threaten a fragile economic recovery.

Increasing the eligibility age to 67 would reduce Medicare spending by about 5 percent annually, compounding into hundreds of billions of dollars over time. But things aren't that simple.

"This is a policy change that seems straightforward, but has surprising ripple effects," said Tricia Neuman, a leading Medicare expert with the nonpartisan Kaiser Family Foundation. "It's a simple thing to describe, and the justification is that people are living longer, but I don't think people have thought through the indirect effects."

Among the cost shifts identified in a Kaiser study:

- Higher monthly premiums for seniors on Medicare. Their costs would go up because keeping younger, healthier 65- and 66-year-olds out of Medicare's insurance pool would raise costs for the rest. The increase would be about 3 percent when the higher eligibility age is fully phased in.

- Higher premiums for private coverage under Obama's health overhaul. That's because older adults would stick with private insurance for two extra years before moving into Medicare. Compared with younger adults, they are more expensive to insure.

- An increase in employer costs because older workers would try to stay on company insurance plans.

- Higher out-of-pocket health care costs for two out of three older adults whose entry into Medicare would be delayed.

The Congressional Budget Office has also projected an increase in the number of uninsured. That possibility becomes more real with populous states like Texas saying they won't accept the Medicaid expansion in Obama's health overhaul, which would provide coverage to low-income adults. Then there's the impact on people with physically demanding jobs, for whom extending their working years may be difficult.

Still, the idea isn't going away.

Polls show that many Americans are willing to consider raising the age at which people become eligible for Medicare benefits as part of a plan to reduce deficits, even if on the whole it's still unpopular.

A new Associated Press-GfK poll found that four in 10 back gradually raising the eligibility age, while 48 percent oppose that plan.

Those under age 30 were most supportive, while a clear majority of those between the ages of 30 and 64 were opposed. Seniors were split. Surprisingly, there were no significant differences by political party. Overall, foes of the idea were more adamant, with strong opponents outnumbering strong supporters by 2-1.

U.S. life expectancy has risen by about eight years since Medicare was created in 1965. During the 1980s, Republican President Ronald Reagan and Democratic congressional leaders agreed to gradually increase the age for receiving full Social Security benefits from 65 to 67. But they didn't touch Medicare eligibility.

Since then, some policy experts have advocated aligning the Medicare and Social Security eligibility ages through a gradual phase-in that would spare those close to retirement.

The idea gained new life when Republicans won the House in 2010, and Budget Chairman Paul Ryan, R-Wis., embraced it. Obama indicated he was open to it during budget talks with Republicans in 2011. But the president quickly retreated, and now says he's not willing to consider cutting Medicare unless Congress agrees to raise taxes on the wealthy.

The No. 2 Democrat in the House, Maryland Rep. Steny Hoyer, says raising the eligibility age and other cuts “clearly are on the table,” although he doesn’t see much chance for them if Republicans don’t yield on taxes.

For his part, House Speaker John Boehner, R-Ohio, has relented from pursuing other major changes to Medicare, such as privatization. But when it comes to the eligibility age, he is still pushing.

“It’s a structural change but it doesn’t require you to adopt a whole new model,” said Scott Gottlieb, a health policy expert with the business-oriented American Enterprise Institute. “It can be enacted quickly so you get the savings, and it can be phased in so you don’t affect people about to retire.”

AARP and other groups representing older adults are mobilizing against it.

“We are prepared to oppose this one pretty strongly,” said AARP legislative policy director David Certner. “It’s a pretty big deal.”

Raising the eligibility age is not the only Medicare cut in play. Hospitals and other service providers could see reductions in payments, drug companies may owe new rebates to the government and upper-income seniors would face higher monthly premiums. The total package could reach around \$400 billion over 10 years.

Explore Related Content

1 — 4 of 20

prevnext

Play Video

GOP: Avoiding cliff means working with ...

Associated Press Videos

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **In Obama’s Plan To Tax Rich, \$250,000 Figure May Mislead**

By Catherine Rampell And Binyamin Appelbaum

[New York Times](#), December 7, 2012

President Obama’s insistence that marginal tax rates rise for families making more than \$250,000 has convinced millions of affluent Americans that they are likely to be writing larger checks to the government next year.

But many of those families have no reason to fret.

A close look at the president’s plan shows that a large majority of families making up to \$300,000 – as well as hundreds of thousands of families with even larger incomes – would not pay taxes at a higher marginal rate.

Because the complexity of the tax code makes it difficult to draw clean lines, they are the beneficiaries of choices the administration has made to ensure that families earning less than \$250,000 do not pay higher rates.

Some of those affluent households still would pay higher taxes next year under other parts of the president’s tax plan and increases imposed by the Affordable Care Act, but not under the centerpiece, the part most frequently promote by the president and most bitterly opposed by Congressional Republicans.

John Boudreau, the president of a Connecticut construction firm who expects to make about \$300,000 this year, said that was a welcome surprise. He voted for Mr. Obama and said he was ready to pay taxes at a higher rate. But he’d rather not.

“I’m willing to, but if it works that I’m not, so be it,” he said. “I will not be a person that’s going to stick an extra check in my tax bill as my donation to my country.”

Unless the White House and Congress are able to reach an agreement, federal taxes are scheduled to rise sharply next year for a large majority of Americans. Tax cuts first passed in 2001 and 2003 under President George W. Bush are scheduled to expire. So are cuts passed during Mr. Obama’s first term.

The president’s plan would prevent most of the scheduled increase for those below an income threshold Mr. Obama generally describes as \$250,000. The Senate has passed similar legislation. But Democrats remain at loggerheads with House Republicans, who want to prevent scheduled increases for the most affluent households, too. And the parties disagree about how to prune federal spending.

The number that now divides the parties was introduced by Mr. Obama in 2007, in the early days of the presidential campaign, when he promised to extend the Bush tax cuts for families that made less than that amount.

“I can make a firm pledge,” Mr. Obama said in September 2008. “Under my plan, no family making less than \$250,000 a year will see any form of tax increase. Not your income tax, not your payroll tax, not your capital gains taxes, not any of your taxes.”

When policy makers talk about income, however, they don’t mean the amount of money a family earns; they mean the portion subject to taxes. The government does not tax contributions to retirement plans, interest payments on mortgages or

charitable donations, among other things. As a result, two families with the same incomes will most likely have different taxable incomes.

To guarantee that tax rates do not increase for any family making less than \$250,000, the Obama administration proposed in 2009 to raise marginal rates on taxable income above roughly \$230,000 – because the minimum amount of income a family is entitled to shelter from taxation is roughly \$20,000.

But the average amount families in that income range are entitled to shelter from taxation is much larger, closer to \$60,000. In other words, families with taxable income of \$230,000 on average earned about \$290,000 in 2009.

“They wanted to be able to say that ‘Absolutely nobody making less than \$250,000 could possibly pay higher taxes under our plan,’” said Bob McIntyre, the director of Citizens for Tax Justice, a liberal advocacy group “So they had to assume the most ridiculous assumptions, that even if you’re a childless couple with no itemized deductions making \$250,001, your taxes still won’t go up. They figured that if this couple existed and their taxes went up, somebody would find them and jump on ‘em.”

Furthermore, to remain consistent with the president’s original promise, the administration has adjusted the original numbers for inflation. When Mr. Obama says \$250,000, the White House says he means “in 2009 dollars.” It is now proposing to raise marginal rates on families with taxable incomes above \$246,000 – meaning, on average, families earning more than about \$305,000.

While the president has said that he wants to raise tax rates for the top 2 percent, only about 1 percent of taxpayers will face higher marginal rates, according to an analysis by the Tax Policy Center, a widely respected research group.

The restoration of the other provisions temporarily suspended by the Bush tax cuts, including limits on deductions and higher taxes on investment income, still would raise taxes for only about 32 percent of families with income between \$250,000 and \$300,000, according to an analysis by Citizens for Tax Justice. About 77 percent of families with income between \$300,000 and \$350,000 would face an increase.

Neera Tanden, domestic policy director for Mr. Obama’s 2008 general election campaign, said the president might not have succeeded in rallying popular support for any tax increase if he had not made the \$250,000 promise.

But Ms. Tanden, now president of the left-leaning Center for American Progress, said the administration should reconsider that commitment.

She co-authored a deficit-reduction plan released earlier this week recommending modest tax increases on households making as little as \$100,000.

“We think it’s reasonable to ask a couple more dollars from people who make \$150,000,” she said.

Some of the beneficiaries see good reasons why their taxes should not rise.

“I wouldn’t exactly say I’m disappointed,” said Ryan Ruby, 36, of Bothell, Wash., after learning that the president’s tax plan probably wouldn’t affect him even though he and his wife make between \$250,000 and \$300,000 a year. “I do think our tax rates should go up eventually, but right now I think the need for people to have disposable income to get the economy moving is probably more important than broadening the base.”

Most affluent households still will pay higher taxes next year for other reasons.

A two-year-old payroll tax break is scheduled to lapse at the end of this year. That would increase Social Security taxes by 2 percentage points on wage income below \$113,700.

And the Affordable Care Act levies new taxes specifically targeting married couples earning more than \$250,000 and singles earning more than \$200,000 in adjusted gross income.

## **Republicans’ Severe Lack Of Leverage On The ‘fiscal Cliff’**

By Aaron Blake

[Washington Post](#), December 7, 2012

There’s a reason President Obama has spent part of his time during “fiscal cliff” negotiations appealing to voters: They are Democrats’ ace on the hole.

In fact, poll after poll shows Democrats have the American public on their side when it comes to the major issues at hand in the fiscal cliff talks.

And more and more, it’s looking like Republicans have very little leverage — at least, when it comes to public sentiment.

House Speaker John Boehner (R-Ohio). (AP)

Here are three reasons why:

1. The central issue of the fiscal cliff talks favors Democrats overwhelmingly

So far, the dominant issue has been whether Republicans will vote to raise tax rates on the wealthiest Americans. And depending upon which poll you look at, as much as two-thirds of the American public supports this as a way to deal with the country’s budget issues.

Democrats have had better messaging on this than in previous clashes. In the past, they might have just come away looking like tax-raisers. Today, they emphasize that both they and Republicans agree on renewing the tax cuts for the 98 percent, and Republicans are preventing a deal because they want to renew the cuts for the top 2 percent. That's a winning argument, according to the polls.

It's also why a few Republicans, including Rep. Tom Cole (R-Okla.), have edged away from the party's firm anti-tax hike position. "Some people think that's our leverage in the debate; it's the Democrats' leverage in the debate," Cole said. More and more, Cole is looking like he's got his finger on the pulse.

## 2. Even the secondary issues don't favor the GOP

Aside from balking at raising taxes on the wealthy, Republicans want entitlement reforms and revenue increases from limiting deductions. But both of those ideas are unpopular too.

According to a new Quinnipiac poll, 70 percent of Americans oppose cuts to Medicaid and 51 percent oppose raising the Medicare eligibility age. And a recent Washington Post-ABC News poll actually showed that second figure significantly higher, at 67 percent.

When it comes to limiting deductions, the WaPo-ABC poll showed opposition was stronger than support, 49 percent to 44 percent. As for specific deductions, Quinnipiac shows 67 percent oppose getting rid of the mortgage interest deduction (though just 28 percent are opposed if you limit it to the first \$500,000 of the mortgage).

To be clear: These are not all the entitlement reforms and deductions being talked about, but they are among the most talked-about.

Republicans will note that the Q poll says people generally prefer limiting deductions as an alternative to raising tax rates (45 percent to 39 percent). But when you start talking about specific deductions that normal people enjoy, like the mortgage interest deduction, and compare that to raising taxes on the wealthy, the alternative doesn't look so great.

If and when the discussion begins to turn to specific deductions, it will become clear that it's much easier to talk about it as a broad goal than actually pick the deductions to eliminate.

## 3. Americans trust President Obama and the Democrats more

This Q poll says it all. Obama's approval rating is up to 53 percent, while Democrats in Congress have a 37 percent approval rating. The latter number might not seem good, but it is compared to the GOP's anemic 23 percent approval rating. Republicans in Congress don't even get the approval of a majority of their own party, with 47 percent of Republicans approving of the congressional GOP and 43 percent disapproving.

A few other numbers: While 56 percent think Obama and the Democrats will make a good faith effort on the fiscal cliff, just 43 percent think Republicans will, and matched up against one another, people trust Obama and the Democrats over the Republicans by a 53 percent to 36 percent margin. And the WaPo-ABC poll showed twice as many people would blame the GOP as blame Democrats if the fiscal cliff is breached.

The one major area where Republicans have a consistent edge in polling when it comes to the fiscal cliff talks is their reputation for cutting spending, which Americans really like and which Republicans would be wise to emphasize more as the debate lingers on. (There has also been some suggestion that the Alternative Minimum Tax could help the GOP.)

To this point, though, that point has gotten lost as the debate has focused much more on the issues where the GOP has very little leverage.

It's all a recipe for Democrats to get much more of what they want out of the fiscal cliff deal.

## Obama: Fiscal Cliff 'Solvable'

By Byron Tau

[Politico](#), December 7, 2012

President Obama stopped by the home of a Fairfax, Va. family to prod Congress into extending the lower and middle-income portion of the Bush tax cuts.

"The message we all want to send to Congress is this is a solvable problem," Obama said Thursday at the home of Tiffany and Richard Santana.

"Very important we get this done now, we don't wait. The closer it gets to the brink, the more stressed were going to be," Obama said.

According to the White House, Tiffany works as a high school English teacher, while Richard works as a porter at a local Toyota dealership. Tiffany's parents also live in their Virginia home, where they still work in child care and for the U.S. postal service. They were chosen for a presidential visit because they submitted a video to the White House, explaining what a \$2,000 tax increase means to them.

Obama emphasized that since both generations are still working, all four of their incomes would be hit.



"They have dreams and ambitions, they have a beautiful 6 year old son Noah," Obama said.

"They're keeping it together, they're working hard, they're meeting their responsibilities. For them to be burdened unnecessarily because Democrats and Republicans aren't coming together to solve those problems gives you a sense of the costs on personal terms," Obama said. "It's bad for our economy and it puts us back in a downward spiral."

(See also: Full coverage of the fiscal cliff)

Obama also repeated his vow that the tax rates on upper earners will need to go up as part of any deal over debt and deficit — something that congressional Republicans oppose.

"Everyone is going to have to share in some sacrifice. But it starts with folks who are in the best position to sacrifice," Obama said.

"Just to be clear I'm not going to sign any package that somehow prevents the top rate from going up, the top 2 percent from going up," he said.

Read more about: Barack Obama, Fiscal Cliff

## **GOP Lawmakers Opening Door To Concessions**

### **Most remain reluctant to address issue of tax rates**

By Paul Krawzak, Roll Call Staff

[Roll Call](#), December 7, 2012

A growing number of Republican lawmakers are reluctantly concluding they will have to abandon their bedrock opposition to increased tax rates to get an agreement that avoids the fiscal cliff.

No GOP leader has publicly surrendered on President Barack Obama's demand for higher upper-bracket tax rates, but Republicans are wavering. Some have spoken in favor of extending tax cuts for all but the top two income tax brackets, and others have left the door open to accepting that idea if Democrats make concessions on spending.

Both parties are heavily engaged in positioning and arranging their political cover for momentous votes that lie ahead. "I think there's going to be a lot of jockeying between now and the end of the period whenever it is," Georgia Republican Sen. Saxby Chambliss said.

One of the first Republicans to cross the tax hike line was Oklahoma Rep. Tom Cole, who advocated extending lower-bracket rates now in order to remove uncertainty and put off the battle over rates for incomes above \$250,000. And Sen. Tom Coburn, R-Okla., speaking on MSNBC this week, parted company with many in his party by saying he would rather increase tax rates than limit deductions because action on tax breaks now would make a future tax overhaul more difficult.

Democrats have been quick to exploit each break in GOP ranks, dispatching emails with quotes from any GOP lawmaker who indicates a willingness to accept higher rates as part of a fiscal bargain.

The White House indicated Thursday that Republican acceptance of higher tax rates remains a necessary part of any agreement. "We have seen increasing numbers of Republicans, including elected lawmakers, acknowledge that raising rates is going to have to be part of this, and we welcome that acknowledgement. That's progress," White House Press Secretary Jay Carney said.

Although Carney said discussions are ongoing, there was no sign of an imminent end to the standoff.

The Republican negotiating posture appeared to be evolving Thursday as the Jan. 1 cliff deadline approaches, and most in the GOP were reluctant to address the issue of tax rates, which continued to appear the largest obstacle to cutting a deal.

A bipartisan group of House lawmakers including Heath Shuler, D-N.C., Jim Cooper, D-Tenn., Mike Simpson, R-Idaho, and Steven C. LaTourette, R-Ill., are circulating a letter urging congressional leaders to put "all options for mandatory and discretionary spending and revenues" on the table. None of the letter's authors was willing to discuss their efforts Thursday.

Some Republicans in both chambers were reacting to colleagues' uncertainty by doubling down on their tax hike opposition.

Senate Republicans met privately Wednesday, and on Thursday many of them appeared to be as strongly opposed to higher rates as in the past. "Obviously there are a certain few and they've already been vocal about that," Dean Heller, R-Nev., said of the dissenters. "But as a conference overall, raising rates, I don't think the majority is there."

"I just think people are beginning to look toward the end of the year and realize where everything really is and realize there may be some ways of putting leverage back onto the situation of actually getting to entitlements," Bob Corker, R-Tenn., said.

House Ways and Means Chairman Dave Camp, R-Mich., sounded on Wednesday as if he would not rule out a tax rate increase. But Thursday, he put out a statement reaffirming his opposition to higher rates.

Chambliss, a member of the "gang of eight" who has argued that more revenue is needed to reduce the deficit, ruled out supporting a rate hike. "No," he said. "I've been opposed to it all along. There are other ways to raise revenue, but [Obama] is just fixated on raising rates and that will not energize the economy."



"I will not support anything that raises rates on individuals," Alabama Republican Sen. Richard C. Shelby said.

But some who continued to oppose higher upper-bracket rates acknowledged that they might be part of a final package.

"I think everything's being discussed," said Sen. John McCain, R-Ariz.

Republicans have been stepping up their call for the Democrats to give ground on entitlements, something even Obama has suggested will likely need to happen if Republicans agree to higher rates. Sen. Olympia J. Snowe, R-Maine, a moderate who is retiring after the current term, said she is open to a tax rate increase if it is crafted not to hit small businesses and if the growth of entitlement programs is curbed.

Democrats are as reluctant to talk about cuts in domestic spending as Republicans are about taxes. But Senate Majority Whip Richard J. Durbin, D-Ill., said he could foresee a deal emerging that has Obama granting concessions to Speaker John A. Boehner, R-Ohio.

Lawmakers are hesitant to talk about any backup plan if Republicans and Democrats remain unwilling to strike a deal on rates and negotiations fall apart. But they suggest one that could come into play.

One approach pondered by several former GOP congressional aides calls for House Republicans to pass legislation to extend all current tax rates and reduce spending. Sending that bill to the Senate would give House Republicans a chance to vote on a measure without higher rates.

Although the plan would die in the Senate, Democrats there could then put up their own version of legislation. A conference committee could resolve differences between the two bills in a matter of hours or days, according to lawmakers and staff.

"Up here anything can happen," said Shelby. "It's getting complicated and if the president wants to get involved, he wants to meet the Republicans half way, we'd get a deal."

David Harrison, Sam Goldfarb and Ben Weyl contributed to this report.

## **Fiscal Cliff Negotiations Appear To Be Inching Forward**

**Could no news be good news when it comes to talks between the White House and Boehner?**

By Steven T. Dennis, Roll Call Staff

[Roll Call](#), December 7, 2012

The adage in Washington is that if nobody is talking about what they're really talking about, that's a good sign for getting a deal.

In what may be just such a positive sign, President Barack Obama, Speaker John A. Boehner, R-Ohio, and their aides on Thursday seemed to be zipping their lips on the behind-the-scenes fiscal cliff talks after a private Wednesday phone call between the two men. Of course, both sides also continued their public relations fight over debt and taxes.

"Lines of communication are open," one House GOP leadership aide said.

White House Press Secretary Jay Carney likewise declined to give details on the call or the ongoing discussions, beyond saying that the administration still believes that there is time to reach a fiscal cliff deal — provided Republicans agree that higher tax rates on the wealthy have to be part of it.

That's something that in recent days more Republicans on both sides of the Capitol have suddenly become more flexible on as they face the potential of rates going up on everyone come Jan. 1. Boehner, however, has kept to his bottom line of preventing a rate increase in favor of trimming deductions.

Before the call, Republicans had become increasingly vocal in their complaints that the White House simply wasn't engaging in talks at all. Instead, they felt the president was waiting for the political heat to ramp up on the GOP — something that Democrats privately acknowledged to be the case.

With polls backing the president over the GOP on the cliff, Democrats don't think Republicans can sustain opposition to raising taxes on the wealthy. "Send us a memo on how you want to cave," one Senate Democratic leadership aide suggested.

That being said, the White House and top Democrats continued to suggest Thursday their own flexibility on both tax rates as well as entitlement reforms. Carney reiterated to reporters Thursday that Obama was willing to go beyond the \$600 billion in entitlement savings that he has already proposed in order to get a deal. The day before, Obama predicted the cuts part of the package could be reached in a mere week after the tax issue is dealt with.

The bottom line for the White House and Democrats is revenue, not rates — not the \$800 billion figure offered by Republicans, but something closer to the \$1.6 trillion sought by Obama.

It's worth noting that the White House had sought a \$1.2 trillion revenue increase at one point in 2011 — exactly halfway between the two offers now on the table.

House Minority Leader Nancy Pelosi suggested raising the rate on top earners to 39.6 percent could be negotiable, but the total revenue coming from the wealthy must still be achieved. "It's about the money," the California Democrat said, echoing Obama's comments earlier this week.

Still, both sides continued the showmanship Thursday, with the debt ceiling again taking center stage. The debt limit is a side argument to the larger talks on extending Bush-era tax rates and averting automatic, across-the-board spending cuts. But it's a concession the White House is demanding to prevent serial manufactured crises in which the GOP uses the threat of a government default to demand spending cuts.

Senate Democrats appeared to surprise Republicans Thursday by closing ranks behind Obama's proposal to give the president unprecedented authority to raise the debt ceiling with only limited congressional power to block him.

Senate Minority Leader Mitch McConnell, R-Ky., brought Obama's proposal to the floor and said he was prepared to hold a vote. But he subsequently objected when Majority Leader Harry Reid, D-Nev., sought to pass it by a simple majority. A Senate Democratic aide said he was "very confident" that Democrats had the 51 votes needed to pass the bill, but McConnell quickly tried to set a 60-vote, filibuster-proof threshold for passage of the measure before an agreement to vote was solidified.

"I would hope that we can work together here and get a vote on it and give his members a chance to express themselves as to whether or not they think that's a good way forward for our country, to give this president or any other president unlimited authority to borrow as much as he wants at any time he wants from the Chinese or anybody else," McConnell said Thursday morning, before he blocked Reid's counteroffer.

After, Democrats chided McConnell for the reversal. "This may be a moment in Senate history, when a senator made a proposal and when given an opportunity for a vote on that proposal filibustered his own proposal," said Majority Whip Richard J. Durbin, D-Ill.

Senate Democrats expect to bring the measure up repeatedly until the Republicans allow a majority vote, the senior aide said.

Carney shot down the idea pitched by some senior Democrats that Obama should simply raise the debt limit on his own through the 14th Amendment, which says the debt of the United States shall not be questioned. "This administration does not believe that the 14th Amendment gives the president the power to ignore the debt ceiling. Period," Carney said.

Ben Weyl and Meredith Shiner contributed to this report.

## **John Boehner Fiscal Cliff Proposal Opposed By Powerful Conservative Groups**

By Paul Blumenthal

[Huffington Post](#), December 6, 2012

WASHINGTON — Two of the most powerful and politically active conservative groups in Washington are not pleased with the fiscal cliff proposal put forward by Speaker of the House John Boehner (R-Ohio) on Monday.

Americans for Prosperity and FreedomWorks stated their disappointment and opposition to the proposal put forward by Boehner as a counter to President Barack Obama's offer because it contains \$800 billion in new tax revenue and not enough spending reductions.

"The President's proposal and Speaker Boehner's counteroffer fail to seriously deal with the reality of the problems facing the nation," Americans for Prosperity president Tim Phillips said in a statement Monday.

Matt Kibbe, president of FreedomWorks, told CNN on Tuesday, "I think (Boehner) is negotiating with himself. I wish Republicans would lay out a more substantial vision."

The two groups are among the top 10 most politically active conservative groups in the 2012 elections having combined to spend \$59 million. In 2009, they helped mobilize the Tea Party movement and propelled the Republicans into the majority in the House of Representatives with massive campaign spending.

FreedomWorks, along with the similarly conservative Club for Growth, have used their political might to enforce conservative orthodoxy in primary elections. In the most recent elections they helped Sens.-elect Ted Cruz (R-Texas) and Jeff Flake (R-Ariz.) win tough primary battles against better funded opponents. They also aided Indiana Treasurer Richard Mourdock (R-Ind.) as he unseated Sen. Richard Lugar (R-Ind.) and then went on to lose in the general election.

These conservative groups have opposed deals and proposals from Boehner and House leadership in the past and aren't going to oppose the latest plans silently.

"If the deal is a bad deal, then this will be a big part of our scorecard and we'll work very hard to educate the grassroots about why it's a bad deal," FreedomWorks legislative counsel Dean Clancy told The Huffington Post. "We're not going to be loyal soldiers and just fall in line because it's the best that could be gotten, if it's a truly bad deal."

Clancy clarified that he believes the Republican leadership is still operating in "good faith," but it has put forward an "unserious proposal."

The White House already rejected Boehner's plan outright and called on Republicans to come closer to its proposal, insisting that they accept higher tax rates for the nation's highest earners. The statements by these powerful groups, however,

help shed light on how little room Boehner actually has to maneuver as he seeks to make a deal with the White House prior to Jan. 1.

For FreedomWorks, a serious proposal, “would go somewhere in the direction of the Paul Ryan budget that passed the House,” according to Clancy. That budget included large spending cuts, the introduction of private plans to Medicare and the repeal of the Affordable Care Act, among many other provisions.

Before Republican members could face the wrath of these political groups at the ballot box, House leadership is already facing a revolt within their own ranks.

“The current leadership is skating a little bit too close to thin ice at this point,” FreedomWorks’ Clancy says.

Conservative House Republicans are calling Boehner’s offer a bad deal. Rep. Austin Scott (R-Ga.) said, “I’d like to see more cuts,” and Rep. Louie Gohmert (R-Texas) told Fox News that it was “not a good place to start.”

Influential conservative blogger Erick Erickson penned a call for political action against the leadership by these conservative groups at his web site Red State, “Freedomworks, Americans for Prosperity, Club for Growth, Heritage Action for America, Madison Project, Concerned Women of America, Susan B. Anthony, Gun Owners of America, etc. etc. etc. must start working hard immediately to find quality candidates to challenge incumbent Republicans.”

Erickson ended by saying, “Conservatives must seek retribution or become the paper tiger John Boehner, Eric Cantor, and Kevin McCarthy just declared them to be.”

The conservative group American Majority Action has already begun a campaign calling for Boehner to be removed as speaker and replaced by Rep. Jim Jordan (R-Ohio).

“Speaker Boehner has been an abysmal failure as speaker, and his latest purge is the nail in the coffin for conservatives.” American Majority Action president and CEO Ned Ryun said in a statement on Thursday, “Boehner has never won a negotiation battle with the White House or Senate—and he’s been nothing short of an embarrassing spokesman for the Conservative Movement. It’s time for him to go.”

House GOP leadership is already under fire from these conservative groups over Boehner’s decision to remove conservative Republicans from powerful committees after they split on important votes over the past two years. The deposed congressmen — Reps. Justin Amash (R-Mich.), Dave Schweikert (R-Ariz.), Tim Huelskamp (R-Kan.) and Walter Jones (R-N.C.) — blasted Boehner and Republican leadership at an event at the conservative Heritage Foundation.

Michael McAuliff contributed reporting.

## **Dems See Jobs Report As Factor In Push For Stimulus In Debt Deal**

By Peter Schroeder, Bernie Becker And Vicki Needham

[The Hill](#), December 7, 2012

Lawmakers and economists are bracing for a jobs report that could signal how much of a push short-term stimulus will get as part of a fiscal deal between Congress and the White House.

The White House and Democrats are wrestling over how much to bolster the economy as they negotiate a deal aimed at addressing the nation’s long-term fiscal challenges.

With Republicans cool to any stimulus measures, the scene is set for intense horse trading involving short-term measures — such as extending the payroll tax holiday or unemployment benefits — and longer term measures to reform entitlements or the tax code.

Rep. Sandy Levin (Mich.), the top Democrat at House Ways and Means, said the November figures would play a role in whether he would support another year of the payroll tax cut, or a reasonable substitute.

“You should keep open that option, depending on what we see on Friday,” Levin told reporters this week. “The president has proposed that we look at that or other measures, and we’ll see whether the economy is continuing to grow and unemployment continues to go down.”

Friday’s jobs report is the first since Hurricane Sandy hit the Northeast and is expected to be grim. Weekly unemployment claims have jumped because of job losses in the Northeast related to Sandy. An extremely disappointing number could bolster the case for more stimulus.

The focus of the fiscal talks has been on taxes and entitlements. Obama wants to extend Bush-era rates on annual income below \$250,000 while allowing rates above that threshold to expire. Republicans are looking to win reforms to Medicare, Medicaid and Social Security, which they argue are the main drivers of rising government spending.

The stimulus measures are a relatively small part of this battle. President Obama’s fiscal proposal to Republicans included \$110 billion for a payroll tax cut extension or something similar, plus billions more for an extension of unemployment insurance and additional stimulus.

Momentum for extending the payroll tax cut and unemployment benefits among Democrats was growing before the election.

On Wednesday, Sen. Bob Casey (D-Pa.) introduced legislation that would extend that tax holiday for one year, and Rep. Chris Van Hollen (D-Md.) has been pressing for an extension for months.

Republicans, however, have long doubted the payroll tax cut did much to stimulate the economy.

Sen. Bob Corker (R-Tenn.), who is working on his own fiscal consolidation plans, told reporters on Thursday that “the very best stimulus we could possibly have for our nation is to put this fiscal reform issue in the rearview mirror.”

Obama has called for unemployment benefits to be extended as part of the deal, and some Republicans have offered support — with caveats.

“Generally I think with unemployment still so high and so many people out of work through no fault of their own we need some sort of extension but I would like to see better links to job training and tougher job-search requirements as part of a package,” said Sen. Susan Collins (R-Maine), who has supported extensions in the past.

“We’ve got to do this, there are more than 2 million people looking over a real cliff,” Sen. Jack Reed (D-R.I.) said of the unemployed.

Reed has taken the lead on the issues and collected support from 41 other Democratic colleagues. “We’re trying to make sure the issue is on the table,” he said.

While Washington policymakers haggle over a fiscal deal, the economy has shown signs of improving. The housing market is beginning to rebound, which has been good news for the construction sector. Signs have emerged of companies beginning to spend their savings, and stocks closed higher on Thursday.

A pair of economists generally agreed Thursday that the economy seems to be gaining enough ground, which could allow government to pull its temporary support from the economy.

“You don’t want to get into a cycle of dependency,” said Mark Zandi of Moody’s Analytics. “You want to slowly phase out the support to the economy and let the private sector fill in the holes.”

Kevin Hassett, director of economic policy at the conservative American Enterprise Institute, contended Thursday that the time had come to focus on getting finances in order and shake off the stimulus.

“We’re kind of in a hangover phase from these things,” he said. “If we just now recognize that we’re out of the emergency period, and if we fix these big problems, we can get over the hangover.”

Regardless of what happens to those lifelines, Zandi was optimistic that the economy is poised for a strong 2013. That is, if Washington finds a way to avoid the fiscal cliff.

“If you address this problem reasonably gracefully, I think the fundamentals of this economy are in great shape,” said Zandi. “If we nail this down, we’ll be off and running.”

## **Centrist Democrats Flock To Tax-cut Discharge Petition**

By Mike Lillis

[The Hill](#), December 7, 2012

A long list of House Democrats who bucked their party this summer to oppose tax breaks targeting only the middle class have now thrown their support behind the same bill.

Fifteen of the 19 centrist Democrats who joined the GOP in August to kill a Senate-passed proposal extending the Bush-era tax rates only on income below \$250,000 have now endorsed a discharge petition pressing Republican leaders to bring that very bill back to the House floor this month.

The reasons could be varied. Six of the 19 aren’t returning next year, for instance, leaving them free to act outside the confines of reelection concerns.

But the most resounding explanation lawmakers gave this week for their switch is also the most simple: The imminent “fiscal cliff” deadline, they say, has simply forced a change of heart.

“With less than four weeks remaining this year, American families and small businesses are counting on Congress to meet the challenge of the so-called ‘fiscal cliff,’” Rep. Henry Cuellar (D-Texas), one of the 15 converts, said Thursday in an email.

“We have an obligation to take action on this discharge petition, or any reasonable legislative effort that ensures tax relief for the middle class and small businesses,” he added. “It is no longer an option to do nothing.”

Rep. Tim Walz, the lead sponsor of the discharge petition, sounded a smiler note. The Minnesota Democrat said he opposed the Senate bill in August over concerns that his farm-heavy district would get hit hard by the estate-tax provisions in that proposal. But with the clock ticking down toward 2013, he said addressing the middle-class tax rates is the bigger fish to fry.

“In August, I was still making the case that the estate tax needed to be changed in a positive way,” Walz said Thursday by phone. “That was August, and I need to live to fight another day on that one.”



“The greater good is to get this done for the middle class voters,” Walz added, “so I’m willing to make that compromise.”

As was the case two years ago, the question over how, or whether, to extend the Bush tax rates has emerged this month as the highest barrier to a bipartisan, lame-duck budget deal.

President Obama and the Democrats have urged a continuation of the lower marginal rates on household income below \$250,000, while allowing the rates to increase on income above that level.

Republicans, meanwhile, are warning that a tax hike on upper incomes would cripple thousands of small businesses and prevent hiring in the middle of an ongoing jobs crisis. They want to extend the lower Bush rates for all earners.

The competing proposals both came to the House floor in August. The GOP version passed easily, 256-171, but never had a chance to clear the Democratically controlled Senate. Obama’s proposal – which the Senate had passed in July – failed by a tally of 170-257. Nineteen Democrats joined every Republican to kill the bill.

Four months and a presidential election later, most of those Democrats have reconsidered. Only four of the 19 – Reps. Jim Matheson (Utah), John Barrow (Ga.), Mike McIntyre (N.C.) and Joe Donnelly (Ind.) – have not endorsed Walz’s discharge petition.

Of the 15 who have signed on, several are either retiring or were defeated in this year’s elections, meaning the “fiscal cliff” fight will be their last on Capitol Hill. Blue Dog Democratic Reps. Dan Boren (Okla.), Heath Shuler (N.C.) and Mike Ross (Ark.), for instance, are all retiring at the end of the month, while Reps. Ben Chandler (Ky.), Larry Kissell (N.C.) and Jason Altmire (Pa.) all lost their reelection bids.

Among the nine who will return to Capitol Hill next year, most cited the time crunch as their principal impetus for backing the Senate plan they opposed in August.

“It’s mostly a function of: Now it’s December and not August,” Rep. Kurt Schrader (D-Ore.), who voted against the \$250K threshold over the summer but endorsed the petition, said Thursday by phone. “We’ve got to move something along.”

Conversely, several Democrats who supported Obama’s plan in August are now declining to endorse the Walz petition. The office of Rep. Carolyn McCarthy, for instance, said the New York Democrat is concerned the \$250,000 threshold is too low considering the high cost of living in her Long Island district.

“That’s intentional,” spokesman Shams Tarek said of McCarthy withholding her signature. He could not, however, explain her support for that threshold in August.

Rep. Jim Moran is another Democrat in a tough spot over the discharge petition. Moran voted in favor of the Senate’s middle-class-only tax cut extension in August, but his Northern Virginia district is among the wealthiest in the country, and he has not endorsed the Democrats’ discharge petition.

Pressed on the issue this week, Moran’s office said only that the Virginia Democrat “is still reviewing the petition.”

As of Wednesday, Walz’s petition had attracted the support of 178 of the 191 Democrats in the House. No Republicans have endorsed the measure, even those who support an immediate middle-class tax-cut extension. But at least one, Rep. Walter Jones (R-N.C.), said he might reconsider if the impasse between GOP leaders and the White House remains next week.

Rep. Mike Thompson (D-Calif.), who voted against both versions of the Bush-rate extensions in August, said he did so because neither proposal was offset by changes elsewhere in the budget. The looming Jan. 1 middle-class tax hikes, his office said Thursday, has forced those deficit concerns to the back burner – and drew his name to the petition.

“The only thing worse than tax cuts that aren’t paid for,” said spokesman Austin Vevurka, “may in fact be going over the fiscal cliff.”

Brain Tam contributed to this report.

## **Obama Takes Tax Fight With GOP To Virginia**

By Amie Parnes

[The Hill](#), December 7, 2012

President Obama visited a middle-class family in Virginia on Thursday to underline his call for tax rates to be raised on the wealthy but not the middle class.

Obama reiterated that that he would not sign any legislation that would prevent the wealthiest individuals from paying higher tax rates.

But Obama did once again signal that there’s room to compromise on the looming crisis.

“Everyone is going to have to share in some sacrifice,” Obama said, speaking at a private home in Northern Virginia. “But it starts with folks who are in the best position to sacrifice.”

“Just to be clear,” the president reaffirmed while sitting at the family’s kitchen table as television cameras rolled, “I’m not going to sign any package that somehow prevents the top rate from going up, the top 2 percent from going up.”



Obama said going over the fiscal cliff would be “bad for our economy and it puts us back in a downward spiral,” while arguing that “this is a solvable problem.”

Obama urged Congress to act now, three weeks before the deadline, because “the closer it gets to the brink, the more stressed we’re going to be,” he said.

The president spoke Wednesday on the phone with Speaker John Boehner (R-Ohio) on the matter. The White House and Boehner have exchanged proposals as they work to avoid scheduled tax hikes and spending cuts next year that economists say could trigger a recession.

Obama wants rates on annual income above \$250,000 to be raised, while Republicans have said no tax rates should rise.

The president said that the family he met with on Thursday shouldn’t be burdened unnecessarily because Democrats and Republicans aren’t coming together to resolve those problems.

With no action, tax rates are set to rise for most households on Jan. 1.

## Peeking Over The ‘fiscal Cliff’: What’s Down There?

By Anita Kumar And Kevin G. Hall, McClatchy Newspapers

[McClatchy](#), December 7, 2012

Now just weeks away, a crisis looms that might touch every paycheck in the land, and government services from the border to national parks.

President Barack Obama and a divided Congress are trying to avert a series of end-of-the-year spending cuts and tax increases that’s been dubbed the fiscal cliff. They still disagree on how to do that.

Failure would mean that \$500 billion in tax increases take effect early next year, coupled with \$109 billion in spending reductions, the first installment toward \$1.2 trillion in cuts over two years. The nonpartisan Congressional Budget Office has said that might raise the unemployment rate to 9 percent or higher and push us back into a recession.

What is the fiscal cliff? How did we get to the edge? And what does it mean for Americans if the government goes over it?

Here are some answers.

### THE BEGINNING

The failure of Congress to reach a bipartisan deal last year to reduce projected budget deficits led to today’s predicament.

Congress agreed that if a 12-member committee failed to reduce projected deficits by \$1.2 trillion over the next decade, spending would be cut automatically. The committee did fail, and the first round of automatic reductions is set to start in January.

Federal Reserve Chairman Ben Bernanke coined the term “fiscal cliff” in February testimony to Congress, where he warned that under current law “there’s going to be a massive fiscal cliff of large spending cuts and tax increases.”

### SPENDING

Absent a deal, the 2011 law will cut nearly 10 percent of the nation’s defense and domestic spending. The cuts, known as sequestration, might lead to fewer FBI and Border Patrol agents, air traffic controllers and park rangers. Housing for low-income families would be cut, and medical research would suffer. New equipment and repairs for the military would be delayed.

The Indian Health Service faces a cut of \$356 million, leading to less care for a Native American population that already has a life span that’s 5 years shorter than any other racial group’s in the United States. The National Science Foundation would be forced to reduce research and education grants by 1,600. Financial assistance provided by the Office of Federal Student Aid would fall by \$140 million.

The list goes on and on: The agricultural disaster-relief fund, which was in the news during the brutal summer drought, stands to lose \$104 million in funding. The Centers for Disease Control and Prevention would be cut by \$464 million; the National Institutes of Health, \$2.5 billion; the Transportation Security Administration, \$429 million for airport security measures. The fund that doles out money to the families of Sept. 11 victims would shrink by \$24 million.

Judge Julia S. Gibbons, of the 6th U.S. Circuit Court of Appeals in Tennessee, told Congress that the courts would have to downsize, implement furloughs, delay civil trials and lay off court security officers to cope with the cuts.

Most defense programs would be cut by 9.4 percent, while domestic programs would see an 8.2 percent reduction. Administration officials couldn’t say how many federal employees would lose their jobs, but they said the cuts would have a “significant impact on the federal workforce.”

Medicare benefits wouldn’t be touched. Nor would veterans’ benefits and food stamps, under the law. Medicare providers would take a 2 percent hit.

### INCOME TAXES

If the temporary George W. Bush-era tax cuts are allowed to expire, the income tax code would revert to tax brackets from 2000.

The current top rate of 35 percent would rise to one of two rates, either 36 percent or 39.6 percent. The 25 percent tax bracket would rise to 28 percent, while the 31 percent bracket would rise to 33 percent.

On the low end, the current bottom tax bracket of 10 percent would disappear, reverting to a 15 percent bracket.

A married couple without children who have taxable income of \$57,462 would see their income taxes go up by \$2,262, according to a tax calculator created by the Tax Policy Center, a nonpartisan research center. A couple with \$106,059 in taxable income would pay \$4,218 more to Uncle Sam, and couples earning \$415,687 would pay an extra \$20,841.

High-income taxpayers would see their personal exemptions phased out, and their itemized deductions subjected to more limits. For married couples filing jointly, the standard deduction on their 1040 tax forms would shrink in size relative to single filers.

Investors' dividends would be taxed at the rate of ordinary income taxes, instead of the current 15 percent.

Capital gains would increase from 15 percent to 20 percent.

"The dividend tax increase alone is almost cataclysmic," Kevin Hassett, an economist with the free-market research center the American Enterprise Institute, warned Congress on Thursday, saying it might spark a recession.

The child tax credit would be cut in half, to \$500 per child under the age of 17. The child- and dependent-care credit, as well as the earned-income credit for poorer taxpayers, also would shrink.

#### DEBT CEILING

Sometime later this month, the federal government is expected to bump up against the \$16.3 trillion limit on outstanding federal debt, called the debt ceiling. The debt comes from spending already approved by Congress.

For the next two months, the Treasury Department can move money around to keep paying its creditors who bought Treasury bonds. Republicans insist they'll pass a new debt ceiling, allowing the government to borrow to pay what it now owes, only if steep spending cuts are agreed on.

Absent a deal, there'd be debt default.

In August 2011, similar negotiations went to the wire and resulted in Standard & Poor's downgrading the credit rating of the U.S. government. If its competitors Moody's Investors Service and Fitch Ratings do the same early next year, it might disrupt financial markets. Many pension funds, endowments and other big institutional investors would, under their charters, have to divest of U.S. government bonds that aren't AAA rated.

#### PAYROLL TAX

The payroll-tax holiday, first passed in 2010, reduced to 4.2 percent from 6.2 percent the percentage of worker's pay, up to \$110,100, that's subject to the tax that helps finance Social Security and Medicare. In 2012 that translated into a \$700 tax cut for a person who makes \$35,000 a year and a \$2,202 tax cut for workers who earn \$110,100 or more. Ending the cut for 160 million American wage earners would translate into \$95 billion in additional tax revenue for government coffers in 2013.

#### HEALTH CARE TAX

Under the Affordable Care Act – which some call Obamacare – a surtax of 3.8 percent will be tacked on to investment income for individual filers whose modified adjusted gross incomes exceed \$200,000 – \$250,000 for joint filers – starting Jan. 1.

#### ALTERNATIVE MINIMUM TAX

The alternative minimum tax is a parallel tax enacted in the 1960s to stop the wealthy from skirting taxes through deductions. It was never indexed to inflation, so income that was considered huge back then isn't so huge today. Congress has "patched" the AMT repeatedly but it didn't do that for 2012 income. If no bill is passed to patch it by Dec. 31, it might hit 31 million people when the April 15 tax-filing deadline arrives and taxes on 2012 income are due.

The estimated cost of a one-year patch is \$85 billion. Taxpayers most at risk are couples filing jointly with two or more children, and whose income falls between \$75,000 and \$500,000, especially those with income above \$200,000.

#### 'DOC FIX'

Doctors face cuts in Medicare payments as high as 27.4 percent.

For more than a decade, the Medicare system's funding formula has failed to match its spending, regularly leaving Congress to choose between providing additional money or cutting reimbursement to physicians. Congress has opted for a patch dubbed the "doc fix," providing additional money to ensure that doctors aren't cut off and Medicare recipients don't suffer. Last year's one-year patch cost \$19 billion.

Erika Bolstad, Michael Doyle and Rob Hotakainen contributed to this report.

## 'Fiscal Cliff' Would Cost Hundreds Of Thousands Of Federal Jobs

By Franco Ordonez

[McClatchy](#), December 7, 2012

Along with lawmakers and policy wonks, the unions that represent federal employees foresee worse consequences from the “fiscal cliff” than merely hundreds of thousands of workers losing their jobs.

The magnitude of losses to the labor force if Congress and the White House can’t reach a deal to avert \$1.2 trillion in automatic spending cuts would undermine the nation’s economy by crippling airports, federal courts and food processing plants and would jeopardize safety at federal prisons, lawmakers and policy experts say.

“I’m astounded that people haven’t estimated this and thought through the consequences more clearly,” said Scott Lilly, a senior fellow at the Center for American Progress, a liberal research center, who formerly served as clerk and staff director of the House of Representatives Appropriations Committee.

Hitting the so-called fiscal cliff would send the economy back into recession and cause unemployment to surge to 9.1 percent by the end of next year, according to a report Nov. 8 from the Congressional Budget Office, the independent budget arm of Congress. The CBO estimates that the economy would shrink by 0.5 percent next year if all the tax increases and spending cuts are enacted.

The budget cuts, known formally as sequestration, would be felt across the country. An estimated 85 percent of the federal workforce lives and works outside the Washington beltway, according to William Dougan, the chairman of the Federal Workers Alliance, a collective effort of 22 unions that represent more than 300,000 federal employees.

“If sequestration kicks in, that will be the biggest threat to the federal workforce,” Dougan said.

An estimated 277,000 federal workers and 470,000 federal contractors might lose their jobs in the next 12 months, according to a study by George Mason University, as part of cuts stipulated in the Budget Control Act of 2011, which was signed to raise the federal borrowing limit.

The District of Columbia and nine states – including California, Texas, Florida and Pennsylvania – are particularly vulnerable to federal spending cuts, as they account for more than half the expected job losses, the report found. The other states are Virginia, Maryland, New York, Massachusetts and Georgia.

Facing huge federal deficits for years to come, however, policymakers need to look more closely at trimming some of \$200 billion annually spent in federal pay, according to Chris Edwards, the director of tax policy studies at the Cato Institute, a libertarian policy group. He said excessive growth of the federal workforce, combined with overly generous benefits, kept its employees on “an elite island of secure and high-paid workers.” It’s time for some restraint, he said.

“We got a trillion-dollar deficit,” Edwards said. “We have to cut every area of the budget. So we ought to cut federal pay. Or we ought to at least freeze federal pay.”

The Department of Labor and other agencies have referred questions about department impacts to the White House’s Office of Management and Budget. Calls to the OMB weren’t returned, but an agency report says there’s “no question that the sequestration would be deeply destructive to national security, domestic investments and core government functions.”

For months, some lawmakers have discounted the possibility that Congress wouldn’t reach a deal. But concern is growing as President Barack Obama and Republican congressional leaders continue to jockey for the upper hand with four weeks left until massive tax hikes and spending cuts are to take effect.

A worst-case scenario includes as many as 100 airports shutting down because of a lack of air traffic controllers, meat processing plants closing because of lost food inspectors and unsafe prisons because of lost guards, Lilly said.

The Federal Bureau of Prisons might be forced to eliminate thousands of correctional officer positions, at least 10 percent of its correctional officer workforce, according to a report by Rep. Norm Dicks of Washington state, the ranking Democratic member on the House Appropriations Committee.

The Federal Aviation Administration might have to cut more than \$800 million from its air traffic-control system budget and lay off more than 2,200 employees, including air traffic controllers, technicians and support staff, the congressional report found.

More than 3,000 FBI, Drug Enforcement Administration and Bureau of Alcohol, Tobacco, Firearms and Explosives agents and U.S. marshals and nearly 1,000 lawyers might lose their jobs to make up for \$2.5 billion in cuts to the Department of Justice, the report said. As many as 5,400 people who work for the federal courts might be let go.

Federal workers already are under a two-year wage freeze. According to the Federal Workers Alliance, they already have contributed \$103 billion in budget savings through pay freezes, delayed raises and increased benefit contributions.

Some lawmakers have proposed extending the pay freezes as part of efforts to reduce the size of the federal government after several years of explosive growth during the George W. Bush presidency and the early part of the first Obama term.

The expectation is that federal workers will continue to share in the sacrifices. New attention has been placed on a bipartisan plan led by Erskine Bowles and Alan Simpson, former co-chairmen of Obama’s fiscal commission of 2010.

The White House and Republicans are reportedly open to the idea of increasing pension contributions from federal employees, and there’s sentiment for curbing cost-of-living adjustments. Simpson-Bowles suggested a task force to review military, federal health and retirement programs, with a goal of cutting \$70 billion over 10 years.

Dougan said federal workers already had contributed more than their fair share. It's time for time for leaders to find other ways to reduce the deficits, he said, instead of always looking to those who've dedicated their lives to public service.

Agency heads are reluctant to tell their workers to plan for pink slips, but union bosses are encouraging members to dust off their resumes, put away some cash and hold off on any big purchases until at least after negotiations conclude.

"We're encouraging people to save as much money as you can," Dougan said. "Don't go crazy, and maybe think whether you need to buy that car right now or maybe you can wait until after this passes and see if you still have a job."

## **Let's All Jump Off The Fiscal Cliff**

By Bradley Belt

[Bloomberg News](#), December 7, 2012

With less than four weeks left, reaching an agreement to avoid the negative short-term economic impact of the so-called fiscal cliff might be beyond the ability of the strained U.S. political system.

Just kicking the can down the road, averting the more than \$600 billion in automatic spending cuts and tax increases scheduled to take effect in January, requires one side to give ground on a core belief: either for Democrats to allow an extension of lower tax rates on top earners or for Republicans to accept a return to higher rates for those taxpayers. It is time to consider a backup plan.

Both parties agree that any deal will include increased revenue. They disagree over the form of that revenue.

Republicans look to limit deductions that mainly benefit people with high incomes, while extending the current 35 percent top income-tax rate. This could raise about \$800 billion over 10 years if the deduction cap is broadly applied, but considerably less if tax breaks such as for charitable giving are left untouched or if the cap is phased in gradually to avoid a huge penalty for couples crossing the \$250,000 income threshold.

President Barack Obama's plan raises twice that much through higher tax rates and limits on deductions for households with the top 2 percent of incomes. He would extend current tax rates for lower-income groups.

Democrats and Republicans know that the U.S. fiscal position is unsustainable and that reforms are needed of the tax code and entitlements, yet there is no consensus on which programs should be on the table. Two Tracks

Our view is that fiscal policy must operate on two time tracks: providing near-term support for the still-fragile recovery, while driving the political system to address the long-term imbalance. We propose to let all tax cuts expire and temporarily offset the negative economic impact.

The changes involved are unsatisfactory to all. Increased revenue comes mainly from higher tax rates rather than from a broader tax base; the higher rates affect all income levels; the alternative-minimum tax hits millions it was never intended to reach; and spending cuts are focused on discretionary programs rather than the entitlements that drive the long-term fiscal imbalance.

To avoid a recession, we propose temporary tax and spending measures to boost near-term demand without making choices between the agendas of the two parties. We see this last point as essential. Getting past the cliff with the least damage to the economy requires not making choices about fundamental long-term issues in a lame-duck setting. This means that our proposal doesn't separate upper-income tax brackets from other tax rates as sought by President Obama, but neither does it extend all rate cuts as sought by Republicans. Instead, all tax rates go up.

Our proposals are explicitly temporary. We propose a one-year, \$200 billion tax refund to support household spending, with rebate checks of about \$1,200 for a couple and an additional \$600 a child sent out in the first half of 2013. As with a similar measure enacted with bipartisan support in 2008, the tax rebates would phase out for higher-income households, focusing the cash on low- and middle-income households.

We would add \$50 billion for spending to rebuild roads, repair and modernize public schools, and fund scientific research. We see a need for a sustained increase in infrastructure spending, even in the face of the long-term fiscal adjustment. This amount is meant as a start, and in recognition that only so many high-quality projects can be initiated in 2013. Keep Patches

An additional \$50 billion would go to fiscal relief for states. This would offset some of the economic drag from their cuts but not erase all budget gaps or remove state governments' incentives to reach sustainable levels of spending and revenue.

Finally, we propose to extend the legislative patch that prevents the alternative-minimum tax from hitting tens of millions of households and the Medicare "doc fix" that averts sharp cuts in payments to doctors serving senior citizens. We also advocate turning off the sequester put in place in August 2011 that means some \$100 billion in automatic spending cuts.

The AMT patch and the doc fix both will be extended under any future fiscal package and aren't entangled in political conflicts. The spending sequester likewise is opposed by all sides. We think it can be turned off without taking a position on the disagreement over tax rates.

All of these proposals together reduce the contraction from the cliff by \$300 billion and add \$300 billion to offset the rest of the fiscal tightening and provide the economy with a near-term stimulus. We look to support the recovery and to provide time for a grand bargain to be negotiated on taxes and spending to ensure long-term fiscal sustainability.

At the same time, this isn't a "least common denominator" approach; the fiscal cliff isn't avoided, as tax rates rise and expenditures decrease in ways that are painful for people of all political persuasions.

This is an outcome preferred by none. Yet it is better than a stalemate that threatens recession.

(Bradley Belt is senior managing director at the Milken Institute and former director of the Pension Benefit Guaranty Corp. under President George W. Bush; Jared Bernstein is economic policy fellow at the institute and former economic adviser to Vice President Joe Biden; William Gale is the Arjay and Frances Miller Chair at the Brookings Institution; Phillip Swagel is a senior fellow at the Milken Institute and professor at the University of Maryland, and was an assistant secretary of the Treasury under President George W. Bush. Read more about their plan here. The opinions expressed are their own.)

To contact the editor responsible for this article: Katy Roberts at [KRoberts29@bloomberg.net](mailto:KRoberts29@bloomberg.net).

## Democrats Hint At Entitlement Program Cuts In U.S. Budget

By Heidi Przybyla

[Bloomberg News](#), December 7, 2012

Two Senate Democratic leaders signaled they may have to accept cuts to U.S. entitlement programs to secure a deficit-reduction deal, after some Republicans expressed willingness to discuss higher tax rates for top earners.

Dick Durbin of Illinois, the second-ranking Senate Democrat, said he is open to alternatives including expanded means-testing — charging higher-income seniors more — for Medicare. Republicans are seeking limits to spending on entitlement programs. Durbin and New York Senator Chuck Schumer, the chamber's third-ranking Democrat, didn't rule them out while speaking with reporters today in Washington.

More than \$600 billion in tax increases and federal spending cuts will start taking effect in January unless Congress acts. President Barack Obama has made clear that no agreement is possible on the so-called fiscal cliff without raising income tax rates for the top 2 percent of earners.

Republicans need a concession on entitlement programs, Durbin said, in exchange for any agreement on higher tax rates.

"They want something to put up on the wall and say, 'OK, we gave on taxes, they gave on'" entitlements, Durbin said. "I hope we don't go that route and we may end up facing it as the only way out of this."

"Means-testing to me is the easiest approach," Durbin said.

A few dozen Republicans have signed a bipartisan letter seeking to consider "all options" on taxes and entitlement programs, signaling they are ready to bargain on Obama's call for a tax rate increase.

Republican House Speaker John Boehner, in a \$2.2 trillion debt plan he offered this week, proposed using a new inflation yardstick that would reduce cost-of-living increases in Social Security, as well as raising the Medicare eligibility age. Other Republicans have also advocated means-testing.

Boehner has insisted that Republicans won't agree to higher tax rates for anyone.

Raising the Medicare eligibility age and the different Social Security yardstick were on the table during unsuccessful budget talks between Obama and Boehner in 2011.

A Republican leader of the petition to consider all revenue options, Representative Mike Simpson of Idaho, said he could accept higher tax rates for married couples earning more than \$500,000 a year, in exchange for an overhaul of spending in entitlement programs.

About 80 members of Congress have signed the letter, half of them Republican and half Democratic, according to Simpson spokeswoman Nikki Watts.

Separately, some House Republicans have endorsed Oklahoma Republican Tom Cole's call to extend the 2001 and 2003 tax cuts for middle-class earners while allowing the cuts for top earners to expire, as Obama has asked Congress to do by the end of the year.

Representative Kay Granger of Texas called it "just the right thing to do."

Simpson said new entitlement limits could include changing the way seniors' Social Security cost-of-living increases are calculated and raising the Medicare eligibility age.

Schumer, when asked about those alternatives, said, "Let them give it to us officially as an idea," without ruling them out.

Amid the signs of flexibility in both parties, Obama and Boehner haven't disclosed any progress in private talks.

Lawmakers of both parties must move from their ideological corners, and that is best done behind closed doors, Senate Budget Committee Chairman Kent Conrad of North Dakota, a Democrat, said yesterday.



In the Senate today, Majority Leader Harry Reid, a Nevada Democrat, and Minority Leader Mitch McConnell, a Kentucky Republican, sparred over the president's proposal to give himself authority to raise the federal debt ceiling without approval by Congress.

McConnell sought a vote on the proposal, though he quickly retreated by threatening a filibuster after Democrats determined they had the 51 votes necessary to pass the bill.

Regarding entitlement programs, Durbin said it would be "difficult" to change the calculation of Social Security cost-of-living increases, and raising the Medicare eligibility age could hurt poor seniors who retire early with health problems.

Higher-income senior citizens already pay more for Medicare benefits.

"The question is what other means-tests should apply," Durbin said. "I think that is reasonable and certainly consistent with the Democratic message that those who are better off in our country should be willing to pay a little more," said Durbin.

Republicans have "got to come through with specifics on that," he said.

Durbin was also responsive to Republican Simpson's suggestion to raise the annual income threshold Obama is advocating for a tax increase. The president wants to let tax rates increase for individuals' income above \$200,000 a year and married couples' income above \$250,000.

"If you've been around here long enough, you know there's going to be some give on both sides," Durbin said. "Some of the other elements, \$250,000, \$375,000, \$500,000, you know" he said.

"As the president said, and I'll just leave it in his words, 'I'm open to good ideas,'" Durbin said.

— Editor: Laurie Asseo, Jodi Schneider

To contact the reporter on this story: Heidi Przybyla in Washington at [hprzybyla@bloomberg.net](mailto:hprzybyla@bloomberg.net)

To contact the editor responsible for this story: Jodi Schneider at [jschneider50@bloomberg.net](mailto:jschneider50@bloomberg.net)

## **Some See Hope As Talks Resume Over 'Fiscal Cliff'**

By Janet Hook

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **It's Nothing But A Power Play**

By Charles Krauthammer

[Washington Post](#), December 7, 2012

Let's understand President Obama's strategy in the "fiscal cliff" negotiations. It has nothing to do with economics or real fiscal reform. This is entirely about politics. It's Phase 2 of the 2012 campaign. The election returned him to office. The fiscal cliff negotiations are designed to break the Republican opposition and grant him political supremacy, something he thinks he earned with his landslide 2.8-point victory margin on Election Day.

This is why he sent Treasury Secretary Tim Geithner to the Republicans to convey not a negotiating offer but a demand for unconditional surrender. House Speaker John Boehner had made a peace offering of \$800 billion in new revenue. Geithner pocketed Boehner's \$800 billion, doubled it to \$1.6 trillion, offered risible cuts that in 2013 would actually be exceeded by new stimulus spending and then demanded that Congress turn over to the president all power over the debt ceiling.

Boehner was stunned. Mitch McConnell laughed out loud. In nobler days, they'd have offered Geithner a pistol and an early-morning appointment at Weehawken. Alas, Boehner gave again, coming back a week later with spending-cut suggestions — as demanded by Geithner — only to have them dismissed with a wave of the hand.

What's going on here? Having taken Boehner's sword, and then his shirt, Obama sent Geithner to demand Boehner's trousers. Perhaps this is what Obama means by a balanced approach.

He pretends that Boehner's offer to raise revenue by eliminating deductions rather than by raising rates is fiscally impossible.

But on July 22, 2011, Obama had said that "\$1.2 trillion in additional revenues . . . could be accomplished without hiking tax rates, but could simply be accomplished by eliminating loopholes, eliminating some deductions and engaging in a tax reform process." Which is exactly what the Republicans are offering today.

You've heard of situational ethics. This is situational mathematics.

As for the alleged curative effect on debt of Obama's tax-rate demand — the full rate hike on the "rich" would have reduced the 2012 deficit from \$1.10 trillion to \$1.02 trillion.

That's a joke, a rounding error.

Such nonsense abounds because Obama's objective in these negotiations is not economic but political: not to solve the debt crisis but to fracture the Republican majority in the House. Get Boehner to cave, pass the tax hike with Democratic votes provided by Minority Leader Nancy Pelosi and let the Republican civil war begin.

It doesn't even matter whether Boehner gets deposed as speaker. Either way, the Republican House would be neutered, giving Obama a free hand to dominate Washington and fashion the entitlement state of his liking.

This is partisan zero-sum politics. Nothing more. Obama has never shown interest in genuine debt reduction. He does nothing for two years, then spends the next two ignoring his own debt-reduction commission. In less than four years, he has increased U.S. public debt by a staggering 83 percent. As a percentage of gross domestic product, the real marker of national solvency, it has spiked from 45 percent to 70 percent.

Obama has never once publicly suggested a structural cut in entitlements. On the contrary, he created an entirely new entitlement — Obamacare — that, according to the Congressional Budget Office, will increase spending by \$1.7 trillion over 11 years.

What's he thinking? Doesn't Obama see looming ahead the real economic cliff — a European-like collapse under the burden of unsustainable debt? Perhaps, but he wants to complete his avowedly transformational social-democratic agenda first and let his successors — likely Republican — act as tax collectors on the middle class (where the real money is) and takers of subsidies from the mouths of babes.

Or possibly Obama will get fiscal religion and undertake tax and entitlement reform in his second term — but only after having destroyed the Republican opposition so that he can carry out the reformation on his own ideological terms.

What should Republicans do? Stop giving stuff away. If Obama remains intransigent, let him be the one to take us over the cliff. And then let the new House, which is sworn in weeks before the president, immediately introduce and pass a full across-the-board restoration of the George W. Bush tax cuts.

Obama will counter with the usual all-but-the-rich tax cut — as the markets gyrate and the economy begins to wobble under his feet.

Result? We're back to square one, but with a more level playing field. The risk to Obama will be rising and the debt ceiling will be looming. Most important of all, however, Republicans will still be in possession of their unity, their self-respect — and their trousers.

[letters@charleskrauthammer.com](mailto:letters@charleskrauthammer.com)

Read more from The Washington Post: Robert Samuelson: The death of "tax reform" Dana Milbank: Republicans wave the white flag George Will: Bewitched by Obama E.J. Dionne: Republicans reboot Greg Sargent: Business leaders back Obama on debt ceiling Jennifer Rubin: Fiscal cliff antics

## The Death Of Tax Reform

By Robert J. Samuelson

[Washington Post](#), December 7, 2012

The story behind the story is that "tax reform," as we know it, is dying. During the 1980s, no major piece of legislation better symbolized bipartisan consensus than the Tax Reform Act of 1986, which was regarded by both liberal and conservative experts as the best tax law since World War II. The basic idea was simple: Reduce tax rates and recover lost revenue by ending (or limiting) tax breaks. The struggle between President Obama and House Speaker John Boehner over the "fiscal cliff" indicates that this beneficial consensus has collapsed.

Just the opposite is occurring. President Obama insists not only that the rich pay more in taxes (a legitimate demand) but also that their tax rates go up (questionable). This turns traditional tax "reform" on its head. Boehner says the added revenues should come through closing loopholes. The two also disagree on the amount of tax increases: Boehner has offered \$800 billion over a decade, about half of what Obama wants. But this difference is amendable to negotiation; the rates-versus-loopholes dispute is less so.

For Obama, the obsession with raising top rates (from today's 33 percent and 35 percent to 36 percent and 39.6 percent) seems an exercise in political symbolism. He wants to be seen as vanquishing the rich — and Republicans. Otherwise, why not accept Boehner's means (loophole closing) to achieve his policy ends (higher taxes on the rich)?

The White House claims that loophole closing can't raise enough revenues. This is bogus. The nonpartisan Tax Policy Center has estimated that capping all itemized deductions at \$17,000 for couples and \$8,500 for singles would produce \$1.7 trillion in added taxes over a decade. To be sure, there would be practical problems; some tax increases would fall on households under Obama's income thresholds of \$250,000 for couples and \$200,000 for singles. But these could be managed with adequate political will.

Unfortunately, it's missing. The itemized deductions most threatened would include those for charitable contributions, interest on home mortgages and state and local taxes. Howls would come from affected groups: churches, universities, hospitals (the charitable deduction); builders, real estate brokers and mortgage bankers (the mortgage interest deduction); and state and local governments (the tax deduction). Obama seems unwilling to spend his political capital opposing these groups.

The lower rates and broadened tax base of the 1986 law had explicit goals: to increase economic growth; to reduce the use of taxes to promote some activities and discourage others; to minimize lobbying for tax breaks; and to make the system simpler. With time, the appeal of these goals has faded.

Economists generally believe that taxes influence behavior and that low tax rates favor growth while high tax rates discourage it. But the overall effects are hard to measure and may be small. Several recent reports from the Congressional Research Service could find no clear relationship between changes in tax rates and economic growth rates. This is probably true, because other forces affecting the economy often overshadow the impact of taxes, for better or worse.

In the 1950s, tax rates were high but so was economic growth. The post-World War II boom, driven by pent-up demand in consumer goods and housing, dwarfed any ill effects from taxes. Asked about gains from the 1986 law, a group of economists guessed that it might have ultimately increased the economy's annual growth rate by one percentage point, if "allowed to remain in force." This would have been a sizeable gain, but the effect would have been gradual and invisible.

That's not much of an advertisement.

As important, many politicians support tax breaks for favored groups (the elderly, the poor, small business) and causes (homeownership, attending college, "green" industries). This enhances their power. The man who really pronounced the death sentence for the Tax Reform Act of 1986 was Bill Clinton, who increased the top rate to 39.6 percent rather than broadening the base. As the top rate rose, so did the value of generating new tax breaks. Ironically, many of the people who complain the loudest about Washington influence-peddling and lobbying are the same people who support higher tax rates, which stimulate more influence-peddling and lobbying.

After the 1986 law, the top statutory rate was 28 percent and rates were the same on ordinary income and capital gains (profits on the sale of stocks and other assets). The preference for capital gains — they're now taxed at no more than 15 percent and represent the biggest tax break for the wealthy — was reinstated only after the top rate rose. The 1986 law was better than what we have today and, almost certainly, better than what we will have tomorrow. It depended on bipartisan support and White House leadership. There is now little of either.

Read more from The Washington Post: Dana Milbank: Republicans wave the white flag George Will: Bewitched by Obama E.J. Dionne: Republicans reboot Greg Sargent: Business leaders back Obama on debt ceiling Jennifer Rubin: Fiscal cliff antics The Post's View: What Boehner and Obama's opening bids share

## **Obama's Famous Tax 'Victory'**

**Top marginal income tax rates may go up. But the president's second-term spending wish list will be history.**

By Kimberley A. Strassel

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Participants In Talks On A Budget Deal Shrink To Two: Obama And Boehner**

By Jonathan Weisman And Peter Baker

[New York Times](#), December 7, 2012

WASHINGTON — At House Speaker John A. Boehner's request, Senate leaders and Representative Nancy Pelosi have been excluded from talks to avert a fiscal crisis, leaving it to Mr. Boehner and President Obama alone to find a deal, Congressional aides say.

All sides, even the parties excluded, say clearing the negotiating room improves the chance of success. It adds complexity as the two negotiators consult separately with the leaders not in the room. But it also minimizes the number of people who need to say yes to an initial agreement.

"This is now the speaker and the president working this through," said Senator Richard J. Durbin of Illinois, the Senate's No. 2 Democrat.

White House aides and the speaker's staff, by mutual agreement, have largely shut down public communication about the talks to avert hundreds of billions of dollars in automatic tax increases and spending cuts set to begin in January if no deal can be reached. Both sides said on Thursday that lines of communication remained open.

For public consumption, Democrats and Republicans are engaging in an increasingly elaborate show of political theater. Mr. Obama on Thursday went to the home of a middle-income family in the Virginia suburbs of Washington to press for an extension of expiring tax cuts for the middle class — and for the expiration of Bush-era tax cuts on incomes over \$250,000.

“Just to be clear, I’m not going to sign any package that somehow prevents the top rate from going up for folks at the top 2 percent,” Mr. Obama said. “But I do remain optimistic that we can get something done.”

On Capitol Hill, Senator Mitch McConnell of Kentucky, the Republican leader, moved Thursday to vote on Mr. Obama’s proposal, in his broader deficit package, to permanently diminish Congress’s control over the federal government’s statutory borrowing limit, assuming that Democrats would break ranks and embarrass the president. Instead, Democratic leaders did a count, found they had 51 solid votes, and took Mr. McConnell up on what Senator Harry Reid of Nevada, the Senate majority leader, called “a positive development.”

Mr. McConnell then filibustered his own bill, objecting to a simple-majority vote and saying a change of such magnitude requires the assent of 60 senators.

“I do believe we made history on the Senate floor today,” Mr. Durbin said.

The government is expected to hit its borrowing limit in late January or early February, and it is an added complication in the deficit talks because some House Republicans say they will demand further spending cuts before they lift the debt ceiling. Mr. Obama has said that any deal on taxes and spending must ensure that there will not be another crisis over the debt ceiling early next year.

But the White House on Thursday gave Republicans assurances the president would not employ a potent weapon to get what he wants. Some Democrats, including former President Bill Clinton, have theorized that the Constitution gives the president the authority to raise the debt ceiling unilaterally, citing a clause in the 14th Amendment guaranteeing that the nation’s debts “shall not be questioned.”

Mr. Obama renounced such an assertion of authority on Thursday through his spokesman. “I can say that this administration does not believe that the 14th Amendment gives the president the power to ignore the debt ceiling,” Jay Carney, the White House press secretary, told reporters, reading from language that had been prepared for him.

Administration officials had long discounted the possibility that the president would claim such power, but Thursday’s statement seemed more definitive than any in the past.

The exclusion of Senators Reid and McConnell and Ms. Pelosi, the House Democratic leader, is a departure from last year’s search for a major deficit deal. Then, Obama-Boehner deficit talks coincided with side talks between Vice President Joseph R. Biden Jr. and Representative Eric Cantor of Virginia, the House majority leader, which were followed by broader talks by a special bipartisan Congressional committee. All failed.

This time, while Mr. Boehner has made himself the sole focal point, aides say he has made sure a broad leadership team is behind him. He meets every morning while the House is in session with the full slate of Republican leaders, as well as the committee chairmen who would most likely implement a deal: Representative Paul D. Ryan of Wisconsin, who heads the Budget Committee; Representative Dave Camp of Michigan, who leads the Ways and Means Committee; and Representative Fred Upton of Michigan, who heads the Energy and Commerce Committee.

White House officials have begun daily conference calls with the communications staffs of Mr. Reid and Ms. Pelosi. The White House communications director, Dan Pfeiffer, met with the Senate Democratic Caucus last week, and the director of the National Economic Council, Gene Sperling, spoke with the House Democrats late last month.

The arrangement has led to bipartisan grumbling. Senator Bernard Sanders of Vermont, an independent and perhaps the Senate’s most liberal member, said on Thursday that Senate Democrats needed to find a way to make themselves more relevant to the search for a resolution to the fiscal standoff.

Senator Jeff Sessions, Republican of Alabama, has gone to the Senate floor repeatedly to denounce “secret” deficit talks.

“Shouldn’t the president lay out his plan?” Mr. Sessions asked. “He’s the president of the United States and the only one who represents everybody. Or will that remain a secret? Will it just be revealed to us on the eve of Christmas or on the eve of the new calendar year and we will be asked to vote for it like lemmings?”

## **The Baby Boom Bump**

By Kenneth S. Baer And Jeffrey B. Liebman

[New York Times](#), December 7, 2012

CONVENTIONAL wisdom calls the 2012 presidential race the “demographic election,” attributing President Obama’s victory in large part to his commanding advantage among rapidly growing groups like Latinos and millennials.



But if demographics is destiny in politics, it is even more true for policy. Far from the headlines, the debate over the budget deficit, taxes and unemployment is being driven by large-scale changes in the American population — and in this case, it's not the new demographics of the young that are important, but rather the old demographics of the baby boom.

For decades we have known that the retirement of the baby boomers would be a monumental event for the economy. But now that it's happening, many fiscal policy makers are acting as if the boomers are eternal teenagers and are turning a blind eye to how the boomers' aging changes how we should approach economic policy. And this affects two of the central issues of the negotiations: how much the government should spend and how we can cut unemployment.

Consider the debate over spending. The Congressional Budget Office projects that if current policies continue, total federal spending will rise to 24 percent of gross domestic product in 2022. Republicans and Washington deficit hawks argue that this means spending is out of control, since over the past 40 years government spending has averaged 21 percent.

Their proposed solution is a cap on government spending as a percentage of the economy. Mitt Romney wanted to cap spending at 20 percent of G.D.P. Senator Bob Corker, Republican of Tennessee, has proposed a cap of 20.6 percent with Senator Claire McCaskill, a Democrat from Missouri. Just this week, Gov. Bobby Jindal of Louisiana, a 2016 Republican presidential aspirant, suggested an 18 percent cap.

These plans ignore the simple fact that you cannot repeal the aging of the boomers. The main reason expenditures are rising this decade is that spending on Social Security, Medicare and Medicaid is increasing by a whopping 3.7 percent of G.D.P. as the baby boomers age and retire. This demographic fact also has been driving increases in disability insurance payments as more knees give way and backs give out.

These inexorable demographic changes mask the fact that over the past four years we have experienced historic levels of fiscal discipline. While there was a temporary and necessary spike in spending from the Recovery Act, annual appropriations actually declined by 1.4 percent a year between 2008 and 2012 in inflation-adjusted dollars — after growing by 6.1 percent a year during the George W. Bush administration. Under the caps agreed to last year, discretionary spending is scheduled to reach its lowest level, as a share of the economy, since the Eisenhower administration.

This discipline, however, is being overwhelmed by demographic reality. We need to accept the fact that we simply cannot revert to historical norms in government spending and keep faith with commitments made to millions of aging workers.

But that is no excuse for inaction: in addition to the existing caps on discretionary spending, we need higher revenues along with slower spending growth in our social insurance programs.

Ignoring the economics of boomer retirement also distorts debates about the unemployment rate.

Despite the fact that the unemployment rate has dropped faster in the past year than at any time since 1995, Republicans say there has been no recovery in the job market, since the 150,000 jobs being added monthly are simply keeping up with population growth. They note that the employment-to-population rate has not recovered significantly and claim that the only reason the unemployment rate is going down is that people are giving up looking for work.

If this were the 1960s, they might have a case. But the children of the 1960s are now in their 60s, and are simply not as likely to want to be in the labor force as younger workers. The employment-to-population ratio is on a steady downward trend, regardless of the economy. The fact that the rate is flat is evidence that the labor market is recovering (though not fast enough).

With more than 200,000 boomers exiting the labor force each month through retirement, the rule of thumb that the economy needs to add 140,000 jobs per month to keep up with population growth no longer holds. The new normal is 100,000, which is why 150,000 new jobs a month has brought the unemployment rate from 9.5 percent to 7.9 percent over the last two years.

Getting this right matters. If policy makers believe that the labor market has not improved over the past three years, they will reject the stimulus approach that the president took in 2009 and oppose further efforts to boost aggregate demand — just as John A. Boehner, the speaker of the House, did last week after the administration called for a \$50 billion stimulus package.

Over the coming weeks, big fiscal policy choices will be made, and many will be looking backward for a guide on how to move forward. But just as the generation that once proclaimed “don't trust anyone over 30” has had to face the reality of gray hair and grandkids, the new economics of the baby boom dictate that we must deal with the country and economy we have today — not the one in the history books.

Kenneth S. Baer, a managing director of the Harbour Group, was a senior adviser and associate director at the Office of Management and Budget from 2009 until July. Jeffrey B. Liebman, a professor of public policy at Harvard's Kennedy School of Government, was acting deputy director and executive associate director at the O.M.B. from 2009 to 2010.

## **The Forgotten Millions**

By Paul Krugman

[New York Times](#), December 7, 2012



Let's get one thing straight: America is not facing a fiscal crisis. It is, however, still very much experiencing a job crisis.

It's easy to get confused about the fiscal thing, since everyone's talking about the "fiscal cliff." Indeed, one recent poll suggests that a large plurality of the public believes that the budget deficit will go up if we go off that cliff.

In fact, of course, it's just the opposite: The danger is that the deficit will come down too much, too fast. And the reasons that might happen are purely political; we may be about to slash spending and raise taxes not because markets demand it, but because Republicans have been using blackmail as a bargaining strategy, and the president seems ready to call their bluff.

Moreover, despite years of warnings from the usual suspects about the dangers of deficits and debt, our government can borrow at incredibly low interest rates — interest rates on inflation-protected U.S. bonds are actually negative, so investors are paying our government to make use of their money. And don't tell me that markets may suddenly turn on us. Remember, the U.S. government can't run out of cash (it prints the stuff), so the worst that could happen would be a fall in the dollar, which wouldn't be a terrible thing and might actually help the economy.

Yet there is a whole industry built around the promotion of deficit panic. Lavishly funded corporate groups keep hyping the danger of government debt and the urgency of deficit reduction now now now — except that these same groups are suddenly warning against too much deficit reduction. No wonder the public is confused.

Meanwhile, there is almost no organized pressure to deal with the terrible thing that is actually happening right now — namely, mass unemployment. Yes, we've made progress over the past year. But long-term unemployment remains at levels not seen since the Great Depression: as of October, 4.9 million Americans had been unemployed for more than six months, and 3.6 million had been out of work for more than a year.

When you see numbers like those, bear in mind that we're looking at millions of human tragedies: at individuals and families whose lives are falling apart because they can't find work, at savings consumed, homes lost and dreams destroyed. And the longer this goes on, the bigger the tragedy.

There are also huge dollars-and-cents costs to our unmet jobs crisis. When willing workers endure forced idleness society as a whole suffers from the waste of their efforts and talents. The Congressional Budget Office estimates that what we are actually producing falls short of what we could and should be producing by around 6 percent of G.D.P., or \$900 billion a year.

Worse yet, there are good reasons to believe that high unemployment is undermining our future growth as well, as the long-term unemployed come to be considered unemployable, as investment falters in the face of inadequate sales.

So what can be done? The panic over the fiscal cliff has been revelatory. It shows that even the deficit scolds are closet Keynesians. That is, they believe that right now spending cuts and tax hikes would destroy jobs; it's impossible to make that claim while denying that temporary spending increases and tax cuts would create jobs. Yes, our still-depressed economy needs more fiscal stimulus.

And, to his credit, President Obama did include a modest amount of stimulus in his initial budget offer; the White House, at least, hasn't completely forgotten about the unemployed. Unfortunately, almost nobody expects those stimulus plans to be included in whatever deal is eventually reached.

So why aren't we helping the unemployed? It's not because we can't afford it. Given those ultralow borrowing costs, plus the damage unemployment is doing to our economy and hence to the tax base, you can make a pretty good case that spending more to create jobs now would actually improve our long-run fiscal position.

Nor, I think, is it really ideology. Even Republicans, when opposing cuts in defense spending, immediately start talking about how such cuts would destroy jobs — and I'm sorry, but weaponized Keynesianism, the assertion that government spending creates jobs, but only if it goes to the military, doesn't make sense.

No, in the end it's hard to avoid concluding that it's about class. Influential people in Washington aren't worried about losing their jobs; by and large they don't even know anyone who's unemployed. The plight of the unemployed simply doesn't loom large in their minds — and, of course, the unemployed don't hire lobbyists or make big campaign contributions.

So the unemployment crisis goes on and on, even though we have both the knowledge and the means to solve it. It's a vast tragedy — and it's also an outrage.

## **Keep The State Tax Deduction**

[New York Times](#), December 7, 2012

As they continue to wrangle over the year-end fiscal deadline, both Democrats and Republicans are considering caps on federal income-tax deductions.

That could be very bad news for residents of New York, New Jersey and other states and cities that rely heavily on their own income taxes. Such a cap would reduce the value of the deduction for state and local income taxes, which has been part of the federal tax code for a century (though the deduction has been diluted by the alternative minimum tax). That could substantially reduce middle-class disposable incomes in high-tax states, which, in turn, would put pressure on those states to cut

taxes and the services they have long chosen to provide. (A cap would also affect property and sales taxes, though those are spread around more evenly among all the states.)

The theory behind the deduction was that the amount paid to states in taxes is not really part of an individual's disposable income, because it is obligatory and, therefore, should not be taxed twice. Over time, the deduction has become the equivalent of a subsidy from the federal government to states that believe in a strong and active government. That may infuriate conservatives in low-tax states like Texas, who hate subsidizing states with different views of government's role, but it's actually a good thing for the country.

The deduction is Washington's way of supporting states that support their most vulnerable citizens and neediest cities. The seven states that account for 90 percent of state and local tax deductions (including sales and property taxes) — New York, New Jersey, California, Pennsylvania, Maryland, Illinois and Massachusetts — generally do a better job of providing for the health and welfare of their citizens, and are more willing to pay for institutions that are good for society as a whole.

Rapid-transit systems in states like New York and Massachusetts, subsidized with tax dollars, save energy and improve the environment. Few cities can afford to operate their own universities, but the City University of New York, also subsidized with tax dollars, is an enormously valuable institution with national benefits. Public hospital systems and generous Medicaid programs have improved and extended the lives of tens of millions of low-income people.

Texas is proud not to have an income tax, but it also has by far the highest percentage of uninsured people in the country. It ranks last in prenatal care as well and in overall federal assessment of health quality.

In their fiscal-cliff offer, Republicans have proposed raising \$800 billion by capping deductions for the wealthy, though their proposal would inevitably affect the middle class in expensive states like New York and California. President Obama would prefer to raise tax rates, but he has also proposed deduction limits that would affect states that have chosen to impose higher income taxes. Governors, mayors and representatives of those states need to make their voices heard in support of that choice.

## Health-care Dominoes

By Ruth Marcus

[Washington Post](#), December 7, 2012

Raising the eligibility age for Medicare sounds like a fiscal no-brainer.

After all, the Social Security retirement age is rising to 67. It would seem sensible for Medicare to have the same rule.

After all, life expectancy is growing. Today, the average 65-year-old can expect to live another 20 years — about five years longer than when Medicare started.

After all, federal health-care spending is on an unsustainable course. Something's got to give.

Amid the entitlement mumbo jumbo, raising the eligibility age is attractive to politicians casting about for savings because it is tangible. It is at the top of the Republican wish list. It was part of the never-consummated deal that House Speaker John Boehner and President Obama crafted last year — although House Minority Leader Nancy Pelosi has declared her opposition.

Here's the wrinkle: This no-brainer turns out to be exceedingly complicated. The savings aren't as big as you might imagine, because costs to other government health programs would rise as a result. Meanwhile, the move could have an array of problematic effects, from leaving seniors uninsured to raising premium costs for many others.

The Congressional Budget Office (CBO) estimates that gradually increasing the eligibility age to 67 would save \$113 billion over the next decade; the savings in the second 10 years, with the cuts fully implemented, would be larger. By 2035, Medicare spending would be 7 percent lower than otherwise expected, or 5 percent when taking into account higher spending on other programs. This isn't chump change.

The Kaiser Family Foundation, calculating the effect of an immediate change, came up with a much smaller number: less than \$6 billion in 2014. Kaiser found that raising the eligibility age would reduce Medicare spending on those seniors by \$31 billion that year. But then Medicare premium receipts would drop by \$7 billion because some seniors would not be paying into the program. Meanwhile, because some of the newly Medicare-less seniors would turn to the new health-insurance exchanges to obtain insurance, federal spending on the exchanges (premium and cost-sharing subsidies for lower-income seniors) would increase by \$9.4 billion.

And federal spending on Medicaid, the health care program for the poor, would increase by \$8.3 billion as the poorest seniors enroll in Medicaid under the new expanded-coverage part of the health care law.

Of course, that full Medicaid cost might not materialize if states choose not to participate in the Medicaid expansion, as the Supreme Court has allowed. But then you'd have some poor seniors — by the way, those likely to be in the worst health — left uninsured.

Indeed, the problem of uninsured seniors is a big part of the difference between Kaiser (the organization assumed that everyone would find new coverage) and the CBO, which estimated, before the Supreme Court ruling, that 5 percent of 65- and

66-year-olds would be uninsured. Yes, you can save money on government health programs by kicking people off. Leaving more people uninsured hardly sounds like good policy.

Paradoxically, with the higher eligibility age, the federal government would spend less money, but overall national spending on health care would rise because Medicare costs are lower than those of private insurers.

Meanwhile, with the youngest seniors out of the Medicare system, Kaiser estimated, premiums for the remaining seniors would increase by 3 percent because that population becomes older and sicker. Likewise, premiums on the health-care exchanges would increase by 3 percent, as the average age of enrollees (and therefore the average cost) rises. The risk pools get messed up in both directions.

And many of the newly ineligible seniors, the CBO said, would pay higher premiums or spend more out of pocket. This is not a problem for better-off seniors who'd simply turn to their employers or their retiree health plans; indeed, it would make them more conscious of costs.

But consider the 65-year-old who makes \$46,000 a year — too much to qualify for federal insurance subsidies — and whose exchange premiums could reach \$12,000. How is this affordable?

Raising the eligibility age would make sense if the neediest seniors are protected. The University of Pennsylvania's Ezekiel Emanuel has intriguingly proposed tying age limits in Social Security and Medicare to lifetime earnings: the richer you are, the longer you wait to collect benefits. Those with earnings in the bottom half would be shielded from any age increase.

The lesson of health-care reform is that every tweak to this complex mechanism has far-reaching, often unintended, consequences. Raising the eligibility age is worth debating but not without considering the ripple effects of this seemingly simple change.

ruthmarcus@washpost.com

More on this topic: Greg Sargent: Pelosi: Democrats must say No to raising Medicare eligibility age George F. Will: Bewitched by Obama The Post's View: Opening bids on 'fiscal cliff' are too small Ruth Marcus: Feeling ill over the Medicare debates

## **Fiscal Talks Spur Charitable Giving**

By Laura Saunders And Hannah Karp

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Business Leaders Siding With Obama On Debt Ceiling?**

By Greg Sargent

[Washington Post](#), December 7, 2012

One interesting political dynamic right now is that Obama is working to enlist the support of business leaders to prevent another debt ceiling standoff next year. House Republicans are thinking about caving now on the middle class tax cuts — then coming back next year and staging another 2011 style debt ceiling battle to win the deep entitlement cuts they want. Business leaders are cool to the possibility, because such standoffs risk damaging the economy.

I've just learned that one of the most influential business groups in Washington, the Business Roundtable, is prepared to support a provision designed to dramatically minimize the possibility of another standoff now and in the future — one also supported by the White House. This is a step forward for White House efforts to prevent a 2011-style battle, which led to a credit downgrade for the United States, and widespread fears that the country would go into default.

Obama — who is refusing to negotiate over the debt ceiling again — supports a measure called the "McConnell provision," a proposal pushed by Mitch McConnell last year to try to defuse the crisis. Under the provision, the president can request a debt limit hike, after which Congress can vote to deny the request by disapproving of it. The president can then veto that request, and unless Congress overrides that veto with a two-thirds vote in both houses, it is honored. The provision transfers most control over the debt ceiling to the President and makes it far harder for the opposing party in Congress to block hikes — meaning the constant threat of default, and the ability to engage in brinksmanship around it, are effectively removed.

The McConnell provision was passed as a temporarily measure as part of last year's debt ceiling compromise but would need to be extended now. The White House has proposed extending it; if that happens, House Republicans would not be able to stage a meaningful standoff next year.

I'm told reliably that the Business Roundtable will support the McConnell provision if it's proposed again in Congress.

This underscores the rising determination among business leaders — many of whom are aligned with the GOP — to avoid a rerun of the 2011 debacle. Obama is aggressively lobbying these business leaders, publicly and privately, to make their

opposition to another standoff known. And it appears that they are doing so. As Politico's Ben White reports today, executives are privately beginning to coalesce around the McConnell provision as a means to that end.

The prospect of another debt ceiling fight puts the House GOP in an interesting spot, pitting its Tea Party wing against more pragmatic GOP-aligned interests in the business community. While the former will be spoiling for another fight, the latter appears far less willing to see the country dragged through another deeply damaging round of debt ceiling brinksmanship — with the full faith and credit of the United States, and the economy, at stake — this time around.

## **White House Rules Out 14th Amendment Option On Debt Ceiling**

By Byron Tau

[Politico](#), December 7, 2012

White House press secretary Jay Carney said that the Obama administration does not believe they can unilaterally raise the nation's borrowing limit under the 14th Amendment to the Constitution.

"This administration does not believe that the 14th Amendment gives the president the power to ignore the debt ceiling — period," Carney told reporters Thursday.

Congressional Republicans are threatening another standoff over raising the nation's debt ceiling — hoping to use congressional approval of the borrowing limit as a chip in the larger standoff with President Obama over debts and deficits.

Some legal scholars believe that the 14th Amendment — which affirms the validity of the public debt of the United States — supersedes the statutory borrowing limit set by Congress.

But the White House disagrees — saying that their legal interpretation is that only Congress can lift the borrowing limit.

"I think this is actually consistent with what we said last year," he said. "I think there was a period where this was under discussion and maybe the quote you found was before it had been looked at in that level of detail. But I believe when this was under discussion at the time, this is where we landed."

Obama has said that he is not interested in another negotiation with congressional Republicans over the debt limit.

"The only thing the debt ceiling is good as a weapon for is destroying your credit rating," Obama told a group of business leaders Thursday. "I will not play that game."

UPDATE: Still, some leading congressional Democrats believe it's a tool the White House would be able to use. "I've always thought it was an option," Sen. Dick Durbin (D-Ill.) told reporters on Thursday.

## **Tim Pawlenty Visits The White House**

By Donovan Slack

[Politico](#), December 7, 2012

Spotted entering the West Wing: former Minnesota Gov. and GOP presidential candidate Tim Pawlenty.

Pawlenty did not respond to questions from reporters as he went inside shortly before noon Thursday.

He is now CEO of the Financial Services Roundtable, a lobbying group for the financial sector.

It was unclear if he was going to meet with President Obama or other administration officials. A White House official did not immediately respond to a message seeking more information.

UPDATE: A White House official says Pawlenty is not meeting with Obama but with other administration officials. The official did not specify which officials or say what the subject of the meeting was.

## **Republicans Press, Then Drop, Bid For Senate Vote On Debt Limit Plan**

By Ben Weyl, Roll Call Staff

[Roll Call](#), December 7, 2012

The Senate on Thursday took up and then abruptly dropped a test of President Barack Obama's bid to take the sting out of the debt limit, providing a brief public showdown over an issue linked to fiscal cliff negotiations.

The matter fell apart when Republicans objected to a straight majority vote on a debt ceiling plan that Senate Minority Leader Mitch McConnell, R-Ky., had brought to the floor.

McConnell had sought the vote on a White House proposal to give the president what would amount to unlimited authority to raise the statutory limits on federal borrowing.

But McConnell, who was seemingly reviving a legislative tactic of pushing Democrats into politically tough votes, later effectively rejected an offer by Senate Majority Leader Harry Reid, D-Nev., to hold the vote Thursday afternoon. McConnell insisted on a 60 vote-threshold for passage, something Reid refused, ending the matter for the moment while leaving many senators looking confused about the rapid maneuvering on the floor.



The actions suggested that Democrats have a solid bloc of votes on at least one fiscal cliff issue that may have divided liberals from more conservative members.

A Senate Democratic aide said Thursday he was “very confident” that Democrats would have had the 51 votes needed on a simple-majority vote. Before the vote was called off, conservative Democrat Ben Nelson of Nebraska said he would back the proposal to take the threat of a government default off the table in fiscal negotiations.

Under the administration’s plan, once the president requests an increase in the debt ceiling, Congress would have 15 days to enact a joint resolution of disapproval. If both chambers passed the resolution, it would be sent to the president, who could sign or veto it. If the president vetoed the resolution, the government’s borrowing capacity would increase absent a vote to override the veto, requiring two-thirds support in each chamber.

Administration officials call it the “McConnell provision” because McConnell had proposed it as part of the 2011 law (PL 112-25) that raised the debt ceiling.

McConnell initially may have believed that he had put Democrats in a tough position by calling for a vote.

“I would hope that we can work together here and get a vote on it and give his members a chance to express themselves as to whether or not they think that’s a good way forward for our country, to give this president or any other president unlimited authority to borrow as much as he wants at any time he wants from the Chinese or anybody else,” McConnell said Thursday morning.

Afterwards, Democrats chided McConnell for the reversal.

“This may be a moment in Senate history, when a senator made a proposal and when given an opportunity for a vote on that proposal filibustered his own proposal,” said Senate Majority Whip Richard J. Durbin, D-Ill.

White House Press Secretary Jay Carney, meanwhile, shot down the idea that Obama would simply ignore the debt ceiling on his own through the 14th Amendment, which says that the debt of the United States shall not be questioned.

“This administration does not believe that the 14th Amendment gives the president the power to ignore the debt ceiling. Period.”

Carney called on Congress to “do its job” and make sure that the nation’s bills are paid, noting that the debt limit does not authorize new spending but simply allows for spending that Congress has already passed into law.

Steven T. Dennis and Meredith Shiner contributed to this report.

## **Debt Ceiling Bluff Called By Harry Reid, Leaving Mitch McConnell To Filibuster Himself**

By Michael McAuliff

[Huffington Post](#), December 6, 2012

WASHINGTON — A move to embarrass Democrats backfired on Senate Minority Leader Mitch McConnell Thursday as the Kentucky Republican proposed a vote on raising the nation’s debt ceiling — then filibustered it when the Democrats tried to take him up on the offer.

On Thursday morning McConnell had made a motion for the vote on legislation that would let the president extend the country’s borrowing limit on his own. Congress would then have the option to disapprove such hikes, in a fashion similar to one that McConnell first suggested during last year’s standoff over the debt ceiling.

The minority leader apparently did not think Senate Majority Leader Harry Reid (D-Nev.) would take him up on his offer, which would have allowed McConnell to portray President Barack Obama’s desire for such authority as something even Democrats opposed.

Reid objected at first, but told McConnell he thought it might be a good idea. After Senate staff reviewed the proposal, Reid came back to the floor and proposed a straight up-or-down vote on the idea.

McConnell was forced to say no.

“What we’re talking about here is a perpetual debt ceiling grant, in effect, to the president,” McConnell said. “Matters of this level of controversy always require 60 votes.”

Sixty votes are required to end a filibuster during debate on a bill and hold a vote.

Democrats immediately seized on McConnell’s reversal, noting it was the sort of obstruction that they think warrants changes to the rules on filibusters.

“What we have here is a case of the Republicans here in the Senate once again not taking yes for an answer,” Reid said. “This morning the Republican leader asked consent to have a vote on his proposal. Just now I told everyone we’re willing to have that vote, an up-or-down vote, and now the Republican leader objects to his own idea, so I guess we have a filibuster of his own bill.”

Democrats piled on.



Sen. Chuck Schumer (D-N.Y.) told reporters that McConnell thought he'd thrown Democrats for a loop. "It was a little too clever by half," Schumer said, adding that it "would have been a great moment."

"Sen. McConnell's usually astute political radar was a bit off today," Schumer said.

"This may be a moment in Senate history when a senator made a proposal and, when given an opportunity for a vote on that proposal, filibustered his own proposal," said Sen. Dick Durbin (D-Ill.). "I think we have reached a new spot in the history of the Senate we've never seen before."

"I don't know how the Republicans can say they're not abusing the filibuster after what we saw on the floor today," Durbin told reporters. "It's somewhat comic, but sad as well, that we've reached the point where Sen. McConnell will not even accept a majority vote on his own measure."

Democrats did, however, take up a previous offer by McConnell on a vote that he seemed to think would fail, which he then declined to filibuster. In July the Senate voted to extend the Bush-era tax cuts for 98 percent of earners, but not for the richest 2 percent.

The passage of the bill has put significant pressure on Republicans in the House, who are opposed to letting any of the tax cuts expire.

Michael McAuliff covers Congress and politics for The Huffington Post. Talk to him on Facebook.

## **Reid Rejects GOP Move To Vote On Debt-limit Powers In Obama Plan**

By Ramsey Cox

[The Hill](#), December 7, 2012

Senate Majority Leader Harry Reid (D-Nev.) on Thursday rejected GOP calls to vote on the debt-ceiling portion of President Obama's deficit-reduction package.

Reid initially signaled he could agree to a vote on the Obama plan to allow the administration to unilaterally raise the debt ceiling. But the Democratic leader withdrew that offer after he said Republicans insisted it be subject to a 60-vote threshold.

The battle continues an ongoing fight between Reid and Senate Minority Leader Mitch McConnell (R-Ky.) as the two seek the upper hand with voters in the latest tax-and-spending fight in Washington.

McConnell on Wednesday began pressing for Reid to allow a Senate vote on Obama's deficit-reduction proposal, believing it could embarrass Democrats if some voted against the president's plan.

After Reid rejected McConnell's suggestion, the GOP leader on Thursday called for a vote on just the debt-limit powers in Obama's plan.

Obama's proposal also would raise \$1.6 trillion with higher taxes, find \$400 billion in savings from entitlements and spend \$50 billion on measures to stimulate the economy.

Republicans have said it is a one-sided offer that shows the White House isn't serious about the talks. House Republicans this week made a counter offer that includes \$800 billion in new tax revenues, but the White House rejected it, demanding higher tax rates on the wealthy.

After the floor fight, Reid accused McConnell of "filibustering his own bill," adding that he'll try again to hold an up-or-down vote on the debt-limit provision.

"The Senate should pass Sen. McConnell's proposal to give the President the authority to avoid the knock-down, drag-out fight we had over the debt ceiling last year — a fight that caused the first-ever downgrade of this country's credit, and cost our economy billions," Reid said in a statement later Thursday.

"Sen. McConnell's filibuster prevented us from having this vote today, but I will continue to seek an agreement to hold an up-or-down vote on his proposal to avoid another debt ceiling debacle," Reid added.

This story was updated at 3:08 p.m.

## **Raising Debt Ceiling Is Latest 'Fiscal Cliff' Hitch**

By Susan Davis

[USA Today](#), December 6, 2012

WASHINGTON — The latest partisan battle in slow-moving negotiations to avoid the end-of-year "fiscal cliff" hinges on the debt ceiling and whether Congress should cede its role to the president in authorizing the U.S. government to increase its borrowing limit.

"Look, the only way we ever cut spending around here is by using the debate over the debt limit to do it. Now the president wants to remove that spur to cut altogether," said Senate Minority Leader Mitch McConnell, R-Ky. "I assure you: It's not going to happen."

The hardening positions on the debt ceiling are in addition to Democrats' stance that there can be no agreement unless individual tax rates rise on the top 2% of earners. Republicans continue to oppose higher tax rates and are instead proposing new revenue with a tax code overhaul. The two issues are stalling negotiations, which both parties called gridlocked this week.

**OBAMA AIDES:** President can't raise debt ceiling on his own

In his initial plan to cut deficit spending by \$4 trillion over 10 years, President Obama included a request to essentially end the requirement that Congress vote in favor of any request to increase the nation's borrowing limit. The debt ceiling does not authorize new spending. It is the money required to meet existing obligations on items such as Medicare benefits, military salaries and tax refunds.

White House spokesman Jay Carney reiterated Obama's position that no final "fiscal cliff" deal is possible without a debt ceiling resolution. "We believe that dealing with the debt ceiling ought to be part of this end-of-the-year package. It ought to be done without delay and without drama," he said.

The \$16.4 trillion debt ceiling is expected to hit its limit in mid-February. Obama, backed by congressional Democrats, wants to remove forever the threat of default as part of separate negotiations around the cliff. That is the combination of the Dec. 31 expiration of the George W. Bush-era tax cuts and the Jan. 2 triggering of \$1.2 trillion in spending cuts over 10 years that threaten to force the economy back into a recession if they occur unaltered.

Democrats have "at least" 51 votes in favor of Obama's debt ceiling proposal, Sen. Charles Schumer, D-N.Y., said.

Obama's proposal roils Republicans who view it as a rare leverage point to extract spending cuts from Democrats. Under House Speaker John Boehner, R-Ohio, the party has embraced an informal rule that any debt ceiling hike must be accompanied by an equal or greater amount of cuts. Republicans used that principle in a 2011 deal on the debt ceiling to achieve \$1.5 trillion in spending cuts, according to the latest analysis from the Center on Budget and Policy Priorities.

But that battle also rattled financial markets and resulted in a Standard & Poor's credit downgrade. The Bipartisan Policy Center released a report last month that estimated the debt ceiling battle also cost the U.S. economy \$18.9 billion due to higher interest rates related to the fight.

Allowing the debt ceiling to become a perpetual political battle could wreak havoc on the U.S. economy, Moody's Analytics Chief Economist Mark Zandi told the Joint Economic Committee Thursday.

"In terms of the debt ceiling, that at minimum needs to be increased until the other side of the election, and it would be nice to extend it past the next presidential election, and it'd be even nicer than that to get rid of it altogether," Zandi said.

The United States should not "default on the debt under any circumstance," testified Kevin Hassett, a senior fellow at the conservative American Enterprise Institute. But, he added, "there's a long history of especially parties out of power using that debt limit as a moment to extract concessions from the party in power."

McConnell made clear Thursday that Republicans will fight ceding congressional authority on the debt ceiling. "We're happy to have (that fight)," he said.

## **McConnell Takes Hard Line**

**Veteran Senate Deal-Maker Says Re-Election Isn't Behind His Tough Talk on Budget**

By Naftali Bendavid

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **White House Derides GOP Request For Budget Debate**

[Daily Caller](#), December 6, 2012

White House spokesman Jay Carney on Thursday derided renewed GOP requests for the Democrat-run Senate to draft and debate a budget bill.

The requests "aren't serious," Carney told reporters at the White House press conference Dec. 6.

The dismissal reflects the Democrats' desire to force House Republicans to negotiate a budget fix with President Barack Obama, rather than with the fragmented Democratic caucus in the Senate.

That centralized process would be contrary to the budget process outlined in the Constitution, but it would protect Senate Democrats from having to participate in unpopular floor votes and help the president use the media and cooperative businesses to increase pressure on GOP legislators.

The Democrats' strategy "is to be meeting in secret and then plop down on the floor of the Senate in the last hour with some sort of coerced agreement," Sen. Jeff Sessions, the leading Republican on the Senate budget committee, said Dec. 6.

GOP leaders have pushed for Obama to submit a budget for review by the Senate and the House. (RELATED: House speaker recruits 2011 Obama for fiscal-cliff talks)

"If the president doesn't agree with our proposals and our outline, I think he has an obligation to send one [budget proposal] to Congress — one that can pass both houses of Congress," Speaker of the House John Boehner said Dec. 5.

The Republican Senate leader, Mitch McConnell, has also pushed the Democratic Senate leader, Harry Reid, to draft, debate and pass a budget fix for the so-called fiscal cliff.

The budget committee has been sidelined since 2009, because Reid has prevented any budget debate in the Senate. Instead, Reid has used closed-door, last-minute deals between House, White House and Senate leaders to complete annual federal budgets.

That strategy has helped Reid keep the Democratic majority in the Senate, because it shields Democrats from having to publicly support unpopular spending during floor votes.

But the GOP requests for an open budget process are "the kind of political games that aren't serious," Carney told reporters Dec. 6.

Democrats face a "filibuster" because they don't have 60 votes in the Senate, Carney complained.

That's a problem for the White House, because the Democratic majority would have to compromise with the Republican minority before it could agree on a budget that would later be merged with a draft House budget.

"You're going along with the gamesmanship here," Carney snapped at one reporter, who asked him about the GOP's request for a budget debate.

"We're trying to be serious in the negotiations," he insisted, adding that "we've seen no counter-proposal" from the GOP to the president's pitch for a \$1.6 trillion tax increase.

Obama's proposed 10-year budget plan would raise taxes by \$1.6 trillion, and still push the nation's debt to \$25 trillion in 2022, Sessions said in a Dec. 6 speech on the Senate floor.

The plan trims only \$400 billion from cumulative deficits that would total \$9 trillion over the next decade, Sessions added.

The budget-busting numbers in the president's plans are hidden by careful manipulation, Sessions argued.

"This would not be possible if we had the [budget] plan on the floor so it could be voted in the light of day," he said.

## **'Great Progress' On 5-Year Farm Bill**

By David Rogers

[Politico](#), December 7, 2012

House Agriculture Committee Chairman Frank Lucas signaled new optimism that a deal could be reached on a five-year farm bill, saying "great progress" has been made on the commodity title and he is looking for a year-end budget agreement to get over the finish line.

With just weeks left before this Congress adjourns, Lucas spelled out a process in which enactment could be delayed until early 2013 as part of a larger deficit-reduction package. But a five-year bill "can be done and if the powers that be determine that it will be done, it will happen," Lucas said.

The Oklahoma Republican made his comments first before a Washington breakfast sponsored by the Farm Journal, and Senate Agriculture Committee Chairwoman Debbie Stabenow (D-Mich.) echoed his optimism in a speech at the same forum just hours later.

"We are in a room working on the final pieces...and I'm very encouraged," Stabenow said. "We're so close, and I am confident we will be ready."

If anything, Stabenow was more adamant about closing the deal this month. And while Lucas discussed the need for some transition given the complexity of the changes proposed in farm policy, Stabenow resisted the notion of any extension that would distract from completing the task at hand.

Together with their ranking members, Rep. Collin Peterson (D-Minn.) and Sen. Pat Roberts (R-Kan.), the two chairs are focused first on proposed reforms to replace the outdated and costly subsidy system of direct cash payments to producers.

The Senate bill, adopted in late June, offers new crop insurance options including a shallow loss program popular with corn and soybean farmers in the Midwest. But Lucas has insisted on also preserving traditional target price options — or "price loss coverage" as he calls it — favored by Southern wheat, rice and peanut growers.

The federal renewable fuels mandate and the rapid growth of the ethanol industry had helped underwrite corn prices. But Lucas emphasized his own family's heritage as Georgia and West Texas cotton growers and Oklahoma's bitter Dust Bowl history. And he said the new revenue insurance options favored by the Midwest don't provide adequate protection for all crops — including those more vulnerable to big price variations like the 80's.

"We have to get this right," Lucas said. "We don't control the weather but we do decide the policy....I want to be able to walk up and down the street knowing that in my part of being chairman in my tenure in this body, I didn't do things that would create another 1930's another 1980's. That's my goal. It's very personal. It's very important."

## **HEALTHCARE NEWS:**

### **NJ Rejects State-based Health Exchange**

By Elise Viebeck

[The Hill](#), December 7, 2012

New Jersey Gov. Chris Christie (R) declined to set up a state-based insurance exchange under the healthcare law Thursday — the same day he met with President Obama on Hurricane Sandy aid.

The move will be welcomed by conservatives who blamed Christie for praising Obama's response to the storm. Sandy hit just before the election and distracted national media coverage from Obama's campaign against Mitt Romney, who lost.

In a statement, Christie said New Jersey would default to a federally run exchange because the Obama administration did not provide enough information on alternatives. He also said an exchange would be "extraordinarily costly" for the state in spite of massive federal grants to build it.

"We will comply with the Affordable Care Act, but only in the most efficient and cost effective way for New Jersey taxpayers," Christie said in a statement.

"I will not ask New Jerseyans to commit today to a state-based exchange when the federal government cannot tell us what it will cost, how that cost compares to other options, and how much control they will give the states over this option that comes at the cost of our state's taxpayers."

In a technical sense, Christie vetoed a bill that would have begun to establish the exchange.

At least 17 states are declining to create their own marketplaces, and most are governed by Republicans who continue to oppose the healthcare law.

The decisions pose a huge challenge to the Department of Health and Human Services, which must step in and do the work itself. All exchanges must be up and running by Jan. 1, 2014.

Christie was in Washington Thursday to discuss recovery aid with Obama. He also met with White House chief of staff Jack Lew, budget director Jeffrey Zients and other senior officials, according to reports.

## **WAR NEWS:**

### **General Who Led Iraq Drawdown To Head CentCom**

By Lolita C. Baldor, Associated Press

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — President Barack Obama has tapped the general who oversaw the final troop withdrawal in Iraq to direct the end of the U.S. combat role in Afghanistan.

Gen. Lloyd Austin III, currently vice chief of staff of the Army, would become the next top U.S. commander for the Middle East if the Senate confirms his nomination. Austin would be the first African-American general to lead U.S. Central Command.

An experienced combat leader, Austin headed the 3rd Infantry Division that marched into Baghdad in March 2003. He returned to Iraq in February 2008 for a year, and then deployed there again in late 2010 as the top commander, directing the final troop withdrawal and the end of the war.

"Lloyd would bring an important combination of strategic thinking, regional knowledge and proven judgment to one of the most critical posts in the department," Defense Secretary Leon Panetta said Thursday.

Austin also served in Afghanistan from 2003 through 2005, leading the 10th Mountain Division.

Nearly all international combat troops are to leave Afghanistan by the end of 2014.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

### **New Commander For Tense Region**

By Thom Shanker

[New York Times](#), December 7, 2012

President Obama intends to nominate Gen. Lloyd J. Austin III to be the top officer of the United States Central Command, responsible for American military operations in the Middle East and Southwest Asia, the Pentagon announced Thursday. The command's area of responsibility includes Afghanistan, Egypt, Syria, Iran and the Persian Gulf. General Austin, currently the Army's vice chief of staff, previously served as the top commander in Iraq. In a statement, Defense Secretary Leon E. Panetta described him as "one of the military's most seasoned combat leaders." If confirmed by the Senate, General Austin would

replace Gen. James N. Mattis. Among other changes in the region, Gen. Joseph F. Dunford Jr. has been nominated to succeed Gen. John R. Allen as the commander in Afghanistan.

## **Afghan Spy Chief Is Wounded In Attack, Officials Say**

By Matthew Rosenberg, Sangar Rahimi And Alissa J. Rubin

[New York Times](#), December 7, 2012

KABUL, Afghanistan — A Taliban suicide bomber tried to assassinate the influential new chief of Afghanistan's intelligence service at an agency guesthouse in Kabul on Thursday, officials said, in a brazen attack that left him seriously wounded and underscored the insurgency's ability to go after those at the highest levels of the government.

The attack against Asadullah Khalid, who had just taken over the National Directorate of Security in September, has sidelined a man who had emerged as one of the insurgency's fiercest opponents, as well as an implacable critic of Pakistan.

In his short time at the reins, Mr. Khalid has stepped up clandestine operations against the Taliban's middle- and upper-level leadership, according to Afghan and coalition officials. He has also put his agency at the forefront of Afghan and Western efforts to clamp down on the killings of coalition troops by Afghan soldiers and the police, some of which have been attributed to Taliban infiltration.

The National Directorate of Security said in a statement that Mr. Khalid had survived a "cowardly terrorist attack." It offered no details, but his wounds appeared substantial: Afghan and Western officials with knowledge of his condition said that he had sustained injuries to his chest and abdomen. One Afghan official said that he arrived bleeding and unconscious at a hospital run by the intelligence service.

President Hamid Karzai, who is close to Mr. Khalid, visited him soon after the attack and said in a statement that his condition was improving.

Mr. Khalid was later flown to Bagram Air Base, north of Kabul, said Jamie Graybeal, a spokesman for the coalition. The move was made to take advantage of the better medical facilities available at Bagram, one of the largest coalition bases in Afghanistan.

The Taliban claimed responsibility for the attack in an e-mail sent to the news media. Some Afghan officials, aware of Mr. Khalid's public criticism of Pakistan's ambitions and influence in Afghanistan, voiced suspicions that Pakistani interests may have approved of the attack — a frequent, though mostly unprovable, pattern of blame after high-profile attacks here in recent years.

The attack took place in the Kabul neighborhood of Taimani, an upscale district that is home to many foreigners, inside one of the guesthouses that Mr. Khalid and the intelligence directorate use, according to two Western officials.

Mr. Khalid, an ethnic Pashtun from Kandahar Province who has long been close to the Karzai family, became a favorite of Western intelligence officials because of his anti-Taliban record, first as governor of Kandahar and then as the minister of border and tribal affairs.

Neighbors on the street where the bombing happened on Thursday, between 2:15 p.m. and 3 p.m., said that it was not a large explosion, but somewhat muffled, and that it appeared to have taken place inside the guesthouse.

Western and Afghan officials said that Mr. Khalid had been meeting there with the head of Department 24, which deals with borders and extraterritorial activities.

That the attack occurred inside the house suggested to some officials that whoever carried it out was trusted enough to enter without being thoroughly searched. Such a tactic would be similar to the one used in the September 2011 assassination of Burhanuddin Rabbani, a former president and the head of the High Peace Council, whose assassin was said to be a courier bringing an important message from the Taliban leadership and thus gained entrance to the house. The bomb, hidden in his turban, detonated within a few feet of Mr. Rabbani.

One neighbor who lives a few houses from the guesthouse said that Mr. Khalid frequently visited there, arriving alone with his driver in an armored vehicle. The man, who refused to give his name, said that Mr. Khalid always greeted his neighbors if they were on the street, shaking their hands.

It was not clear whether anyone was killed in the attack or whether other people were wounded.

Mr. Khalid has many enemies as well as admirers, and he was accused of human rights abuses during his time as governor of Kandahar, leading some Afghans and diplomats to raise objections about his elevation to intelligence chief. However, the potential for an intensified Taliban threat in many areas of the south and east as the Western combat mission deadline nears led many in the Afghan Parliament to eventually agree to his appointment.

## **Afghan Intelligence Chief Injured In Suicide Attack**

By Pamela Constable

[Washington Post](#), December 6, 2012



KABUL — Afghanistan's national intelligence director was badly injured Thursday in a suicide bombing in the capital that officials described as an assassination attempt, adding that the bomb exploded as he was greeting a visitor at his private guesthouse.

A Taliban spokesman asserted responsibility for the afternoon attack on Asadullah Khalid, 43, a controversial former governor and cabinet minister who was named to the top intelligence post in September by President Hamid Karzai in a cabinet shake-up.

Government officials, speaking on the condition of anonymity because they were not authorized to discuss the matter publicly, said that Khalid was rushed to a hospital operated by the National Directorate of Security and that he had suffered multiple injuries to his lower body.

A police officer described Khalid's injuries as severe, but intelligence officials said they were not life-threatening. "The director general survived a cowardly terrorist attack," the intelligence service said in a brief statement.

Karzai visited Khalid in the hospital Thursday evening, telling reporters afterward that the intelligence director's condition was good and that he was undergoing surgery. "We now have lots of hope that he will recover," the president said.

The attack recalled the assassination of Burhanuddin Rabbani, a former Afghan president and head of the High Peace Council, who was killed in September 2011 by a suicide bomber who entered his Kabul residence posing as a peace emissary from the Taliban. The man detonated the bomb as Rabbani was greeting him.

Late Thursday, a spokesman for the intelligence service, Shafiqullah Tahiri, said that the suicide bomber in the attack on Khalid had been "representing the Taliban group" as a "messenger of peace" and that he had ostensibly come to talk to the intelligence chief about "negotiations with the Afghan side."

Tahiri said the man blew himself up while meeting with the intelligence director at his guesthouse. Khalid often used the heavily guarded facility, in Kabul's residential Taimani district, for private meetings.

The attack deals a sharp blow to Afghanistan's highly regarded intelligence service, which has been intensively trained by U.S. advisers. Its function is similar to that of the FBI.

Khalid, an imposing and charismatic political figure, was known as a leading opponent of the Taliban and had served Karzai as governor of two provinces that are centers of Taliban activity, Kandahar and Ghazni. A native of Ghazni and a politician's son, he is from the same Pashtun ethnic group as Karzai and is regarded as one of his most loyal aides.

However, Khalid, who lived in Northern Virginia for several years, also drew criticism from human rights groups and Western diplomats after allegations surfaced in 2010 that he had run a secret dungeon while governor of Kandahar and was involved in drug trafficking. He denied the charges. In 2007, he survived another assassination attempt.

In November, the Taliban also asserted responsibility for a suicide bombing in Kabul that killed two Afghan guards. In that incident, two attackers dressed in military uniforms penetrated one of the capital's most highly secured zones, containing several embassies and a U.S. military base.

Sayed Salahuddin in Kabul contributed to this report.

## **Afghan Spy Chief Injured In Assassination Attempt**

By Maria Abi-habib And Nathan Hodge

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Taliban To Meet With Northern Foes**

By Yaroslav Trofimov And Nathan Hodge

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **The US Is Abandoning Its Loyal Friends In Afghanistan**

By Marshall Wilde

[Washington Post](#), December 7, 2012

The writer is a lawyer and served as Chief, Rule of Law, for ISAF.

The United States has abandoned our most effective and loyal friends in Afghanistan by deliberately failing to implement the Afghan Allies Protection Act. In 2011, I served as the chief adviser on rule of law for the International Security Assistance Force in Kabul (ISAF). I witnessed the heroism and steadfast courage of our Afghan employees as they resisted threats from the Taliban and from their own government. Now, as we draw down and leave them vulnerable, our government refuses to follow its own laws to save them.

The 2009 act provides up to 7,500 special immigrant visas for Afghans who worked for the United States for at least a year and who face an ongoing and serious threat to their safety. The U.S. Embassy resisted as soon as the law was passed, claiming that allowing these Afghans and their spouses and children to escape the threats to their lives would have a “deleterious impact” on the mission. The embassy also said it would require the strictest scrutiny of the applications, demanding “clear and convincing evidence” of the threat — a higher standard than that required by the law.

As a result, by mid-2011, no visas had been approved. As of today, 5,700 Afghans have applied for visas — and only 32 have been approved. To put this in context, since the start of our intervention in Afghanistan, more than 80 interpreters have been killed in combat.

During my time in Afghanistan, my duties included convincing the Afghan government to abide by its own laws. My country adviser, Abdul, provided invaluable assistance, interpreting my meetings with Afghan officials and giving me critical insight into Afghanistan’s tumultuous politics. Abdul — whom I do not identify further to lessen the risk to his life — had previously worked for USAID in one of the more dangerous rural areas of Afghanistan. As a result, one of his brothers was kidnapped for ransom by the Taliban. After Abdul moved to Kabul, he continued to face threats from both the Taliban and the Afghan government, who wanted him to reveal classified U.S. military information. He was followed around Kabul by elements of the security forces and the National Directorate of Security and received threatening phone calls from phone numbers in Iran and Pakistan.

One day, upon returning from work at ISAF, Abdul discovered a Taliban member in his house, searching for information. He called the police; they promptly arrested the intruder but then detained Abdul, his wife and his children for more than 12 hours. ISAF had to intervene to secure his release. The police allegedly took a bribe to release the Taliban member, and Abdul subsequently received dozens of death threats. In a separate incident, Abdul’s sister was detained by the Taliban, who called Abdul to try to force him to secure the release of insurgents from Afghan custody.

Abdul continues to work for the U.S. government, promoting democracy and the rule of law in Afghanistan. He and his family face death every day. More than a year ago, they applied for U.S. visas: They have not yet been approved.

I found it difficult to tell the Afghan government to obey its laws when it was clear to me that the United States was not doing the same. It is apparent that the State Department has no intention of implementing the Afghan Allies Protection Act to save Abdul, his family or the thousands of Afghans who help us every day.

This abject moral failure reflects poorly on us as a country and threatens our ability to recruit allies in the future. How will we prevent another Ben-Ghazi-style attack when no locals will work with us because we won’t protect them? How will we capitalize on the Arab Spring without locals to help us understand the local language and politics? How can we push other countries to observe the rule of law when we so clearly do not follow our own?

While I made it home safely, Abdul continues to face danger every day.

## **Not Yet Time For Women To Serve In Infantry**

By Robert H. Scales

[Washington Post](#), December 7, 2012

The writer, a retired Army major general, is a former commandant of the Army War College.

Recently The Post reported that four women serving in the Army, two with Purple Hearts, had filed a federal lawsuit seeking to overturn the military’s combat exclusion policy. “Combat exclusion” is code for being kept from serving in the close-combat arms of the Army, Marines and special forces. These units are made up of soldiers whose purpose is to kill the enemy directly. They also do virtually all of the military’s dying: Since the end of World War II, four out of five combat deaths suffered by men and women serving in the U.S. military have been in the infantry, which includes more than 6 percent of the active-duty military.

I’m torn by this issue. My family has served in the military for three generations. My father fought in World War II and retired a colonel. Both of my kids served as officers. Both commanded their ROTC battalions, at Wake Forest and Notre Dame, respectively. Both were paratroopers. Both served in combat divisions, one in Bosnia and Kosovo. And both are women.

So I have some emotional skin in this game. First, I’m disturbed that these four soldiers are using the courts to decide the issue. The courts know the law of the land, but they know nothing about close combat and the intimacies of fighting and dying within a small unit. Second, while the ground services have done a spectacular job of integrating minorities including African Americans, Hispanics and now gays, they still have a long way to go to achieve perceptual equality for the female rank and file. One need only read the statistics about personal assaults among serving women to make the case.

Today women are excluded from three branches of the ground services: artillery, armor and infantry. I have no problem with integrating women into the artillery. I commanded an artillery brigade in the 1980s where women served as gunners. Fifteen of my battery commanders were women, and they performed spectacularly. I still hear from some of them who retired recently as colonels. Artillery is okay for women because the purpose of the guns in battle is to deliver firepower against a distant enemy, not

to engage in close combat. Some do, to be sure. I received the Silver Star for defending my artillery firebase in Vietnam. But artillery close combat is incidental.

Infantry and armor soldiers alone do virtually all the intimate killing. Here's where the issue gets hard for me. Intimate killing is done in small units, normally squads and teams. In these engagements they fight and often die not for country or mission but for each other. We borrow a phrase from Shakespeare's "Henry V" and term this phenomenon the "band of brothers effect." This is the essential glue in military culture that causes a young man to sacrifice his life willingly so that his buddies might survive. Contemporary history suggests that U.S. infantry units fight equally well when made up of soldiers of different ethnicities, cultures, intelligence and social background. The evidence is also solid that gays make just as good infantrymen as do straight men.

I've been studying the band of brothers effect for almost 40 years and have written extensively on the subject. We know that time together allows effective pairings — or "battle buddies," to use the common Army term. We know that four solid buddy pairings led by a sergeant compose a nine-man, battle-ready squad. The Marine squad is slightly larger. We know from watching Ranger and special forces training that buddy groups form often spontaneously. But the human formula that ensures successful buddy pairings is still a mystery, and that's the key stumbling block in the debate. Veteran SEALs, special forces, Rangers, tankers and line infantrymen will swear that the deliberate, premeditated and brutal act of intimate killing is a male-only occupation. But no one can prove it with data from empirical tests because no such data exist from the United States. They just know intuitively from battlefield experience that it's true.

To be sure, women soldiers may be fit, they may be skilled and they may be able to "hang." Many have proved with their lives that they are willing to make the ultimate sacrifice. But our senior ground-force leaders, as well as generations of former close combat veterans from all of our previous wars, are virtually united on one point: The precious and indefinable band of brothers effect so essential to winning in close combat would be irreparably compromised within mixed-gender infantry squads.

The military has only about 7,000 squads. This thin red line is already fragile from overuse in Iraq and Afghanistan. For the moment I have to side with my infantry comrades in arms. Let's get the data, study the band of brothers effect to make absolutely sure women will fit in before we take the plunge — and for heaven's sake keep the decision away from lawyers and judges. Of course, one of my combat daughters is now a lawyer. But both of them reluctantly agree with my caution.

## Two Important Steps For Women

[New York Times](#), December 7, 2012

The version of the National Defense Authorization Act approved this week by the Senate contains two important provisions promoting equitable treatment of women. Both merit retention in the final bill now being negotiated by a House-Senate conference committee.

The first provision would end an injustice to women who serve in America's military. Offered by Senator Jeanne Shaheen, a New Hampshire Democrat, it would lift the statutory ban that denies female service members coverage for abortions in cases of rape and incest. Under current law, military health plans pay for abortions only when a pregnancy endangers a woman's life.

The change should not be controversial, given the serious problem of sexual assault among service members. All it would do, essentially, is give military women the same coverage now afforded civilians who work for the federal government, rely on Medicaid or women who are raped while serving time in prison.

The provision was supported by Senator John McCain of Arizona, the ranking Republican on the Senate Armed Services Committee, when the committee approved it earlier this year. His insistence that it remain in the final bill will be critical to ensuring that sexual assault victims in the military be treated with fairness. But the determination of Republican members of the House to block abortion services should not be underestimated.

The other provision offers hope for the Afghan women who fear they will be even more vulnerable to harsh customs and the men who impose them after American troops withdraw from Afghanistan.

Women's rights have made modest gains in the past decade as more women attended school, received better health care and were allowed to move about their communities more freely. But these advances could be eroded without continued support from Afghan and American leaders.

A valuable amendment to the Senate bill sponsored by Senators Bob Casey, a Democrat of Pennsylvania, and Kay Bailey Hutchison, a Republican of Texas, and championed by Amnesty International, would require the Pentagon to develop a strategy to protect these gains and promote security for women as troops are withdrawn.

There is no good reason to drop this provision, which calls for the collection of data on women's security and using that data in decisions about transferring areas of the country from American to Afghan control. It also calls for training Afghan security forces on women's rights, holding forces accountable for violations, recruiting more women for the Army and police and providing semiannual status reports to Congress.

## **OTHER NEWS:**

### **Leading Conservative DeMint Resigning Senate Seat**

By Donna Cassata, Associated Press

[Associated Press](#), December 6, 2012

WASHINGTON (AP) — Sen. Jim DeMint, patron saint of the tea party and a would-be Republican kingmaker, announced suddenly Thursday he would resign his South Carolina seat to head Washington's conservative Heritage Foundation think tank, a shift that reverberated through a soul-searching GOP.

Just two years into a second, six-year term, DeMint said he would step down on Jan. 1 to helm Heritage while continuing the conservative fight. The 61-year-old lawmaker, known to hurry home to South Carolina nearly every weekend, had signaled that this term would be his last, but his abrupt announcement shocked even his closest Republican colleagues.

"When he told me this morning, I about fell off my couch," said South Carolina's other senator, Republican Lindsey Graham. "I didn't see this coming."

Prizing ideology over electability, DeMint sometimes infuriated fellow Republicans, picking sides in GOP primaries with decidedly mixed results. He had no patience for centrist Republicans, pushing the party to the right while bankrolling candidates with millions from his political action committee, the Senate Conservatives Fund.

In 2010, candidates he ardently supported cost the GOP eminently winnable seats. This year, DeMint had better success.

"One of the most rewarding things I've done in the Senate is work with the grassroots to help elect a new generation of leaders who have the courage to fight for the principles of freedom that make this country so great," DeMint said in his statement announcing his departure. "I'm confident these senators will continue the legacy of conservative leaders before them."

DeMint also has sometimes been a thorn in the GOP side on legislation, just this week criticizing House Speaker John Boehner's "fiscal cliff" counteroffer to President Barack Obama that would raise tax revenue \$800 billion as crushing for American jobs.

DeMint's departure creates an opening for a new generation of hard-charging conservatives in the Senate — Rand Paul of Kentucky, Mike Lee of Utah and soon-to-be Sen. Ted Cruz of Texas. The strong conservative element is pitted against the establishment as the Republican Party tries to figure out its next moves after this year's defeat in the presidential race and the loss of congressional seats.

Shocked Senate Republicans were too courteous to say good riddance to DeMint, but a few made it clear that there were still hard feelings over the senator's political moves.

"I won," Sen. Lisa Murkowski, R-Alaska, said tersely when asked about DeMint backing her Republican primary rival Joe Miller in 2010, forcing her to run as a write-in candidate.

Democrats pointed out that they increased their numbers in this year's elections and will hold a 55-45 edge in the Senate next year.

"His effect on the system may have been more beneficial to Democrats than to Republicans," said Sen. Chuck Schumer, D-N.Y.

Sen. John Cornyn, R-Texas, who headed the National Republican Senatorial Committee in 2010 and this year, said he and DeMint agreed as conservatives "on 95 percent of the issues, it's a lot of it has to do with tactics to advance the conservative cause through the electoral process. I wish him well."

Delaware and Colorado in 2010 are sore points for Republicans who were certain they could win the Democratic-held seats. DeMint backed Christine O'Donnell who prevailed over the more electable Rep. Mike Castle in the GOP primary; Democrat Chris Coons easily beat O'Donnell that November.

In Colorado, DeMint supported conservative Ken Buck who stumbled in his race against Democratic Sen. Michael Bennet.

Yet for the defeats, there are several Republicans who owe their seats to DeMint, and they expressed appreciation for a man they consider the chief instigator of the tea party movement.

"We have a much bigger liberty caucus in the Senate than we did before," Paul said. "I think a lot of that is thanks to Jim DeMint."

Said Florida's Marco Rubio: "I would not be in the U.S. Senate had it not been for Jim DeMint taking a shot on me."

In an interview with conservative radio host Rush Limbaugh, DeMint said he was frustrated with the Republican Party when it held the majority during the George W. Bush administration.

"It's part frustration, but I am also reassured that we have now stocked the Senate with some of the strongest conservatives in the country today and that's a big change. So I'm leaving the Senate better than I found it," DeMint said.

Senate Republican leader Mitch McConnell of Kentucky said DeMint forced Washington to address economic issues.



"There is no question in my mind that he raised the profile of important issues like spending and debt and helped galvanize the American people against a big government agenda," McConnell said in a statement.

DeMint's exit ensures a far more lucrative future for him than the annual Senate salary of \$174,000. Edwin Feulner, the man DeMint will replace, made more than \$1.2 million last year.

DeMint's decision creates an opening in South Carolina and the prospect of two elections in November 2014.

Republican Gov. Nikki Haley will pick a successor to serve two years until the next election. Among the potential candidates are several House members, including Rep. Tim Scott, who would be the first African-American Republican senator in decades.

The opening also ensures that much of the state's attention will be focused on that race while Graham seeks another term. A primary challenge to Graham now seems unlikely although he and DeMint have clashed at times.

"You could say what you like about the tea party, but without the tea party none of us would be talking about fiscal issues like we are today," Graham said. "Jim's biggest legacy is creating energy for those who believe in limited government."

Graham called DeMint "a strong voice. He didn't mind disagreeing with his colleagues. At the end of day I think the movement that Jim helped start is going to be alive and well in 2014."

DeMint had recently stepped aside as head of the Republican Steering Committee, handing off the chairmanship to first-term Sen. Pat Toomey, a conservative he backed for the Pennsylvania seat held by Sen. Arlen Specter.

DeMint was poised to become the top Republican on the Senate Commerce, Science and Transportation Committee with the retirements of Sens. Kay Bailey Hutchison of Texas and Olympia Snowe of Maine. The position would have given him a major say over highways, the Coast Guard and navigation issues.

Republican Sen. Richard Shelby of Alabama, who has been in the Senate since 1987, said DeMint's decision reflects the markedly different outlooks of various lawmakers.

"People have different mind-sets, different goals," Shelby said. "Some people come up for a term or two terms, or a term and a half and leave and go on to different things. Some people come up to be long-distance runners, to make a difference, to work within the institution."

Joked Sen. Roy Blunt, R-Mo.: "I think it's actually a good fit and it moves me up in the Commerce Committee."

Explore Related Content

1 — 4 of 20

prevnext

Play Video

Sen. DeMint resigns to head conservative ...

Associated Press Videos

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## DeMint Will Leave Senate To Run The Heritage Foundation

By Jennifer Steinhauer

[New York Times](#), December 7, 2012

WASHINGTON — Senator Jim DeMint, the conservative Republican from South Carolina who helped ignite the Tea Party movement, will leave the Senate to become president of the Heritage Foundation, a conservative research group.

Mr. DeMint — who has fashioned himself into a bit of a kingmaker for conservative Republicans, often at the expense of his own Republican colleagues — now finds himself with a comfortable and well-paying perch that will provide a platform to continue his efforts to push the Republican Party to the right.

His imminent departure will allow him to oppose even more loudly a big budget deal that includes higher tax revenues sought by President Obama. He has been among the biggest critics of a deal proffered by House Speaker John A. Boehner to address the impending fiscal crisis by generating at least \$800 billion in new tax revenue.

"I'm leaving the Senate now, but I'm not leaving the fight," Mr. DeMint said in a prepared statement. "I've decided to join The Heritage Foundation at a time when the conservative movement needs strong leadership in the battle of ideas. No organization is better equipped to lead this fight, and I believe my experience in public office as well as in the private sector as a business owner will help Heritage become even more effective in the years to come."

A hero to many Republicans for his fund-raising abilities, Mr. DeMint frustrated Senate colleagues by eagerly backing Republican candidates like Sharron Angle of Nevada in 2010 and Richard Mourdock of Indiana this year, contenders who proved too conservative to be elected statewide. The losses by Ms. Angle and Mr. Mourdock and other candidates endorsed by Mr.



DeMint hurt Republicans in the last two elections in their efforts to retake the Senate, though he successfully backed conservative candidates in Florida, Texas and Utah.

"The truth is that Jim DeMint's philosophy on everything from Medicare to women's reproductive rights, as embodied by his handpicked candidates for Congress, has been rejected by voters," said Senator Patty Murray of Washington, who headed the Democratic Senatorial Campaign Committee this year.

The costly Senate defeats, as well as Mr. DeMint's proclivity for gumming up legislation on the floor, stunted his chances for leadership in the Senate, and his influence may well be enhanced from the outside.

Gov. Nikki Haley of South Carolina, a Republican, will now be compelled to appoint a successor who would then run to maintain the seat in a special election in 2014, when the Republican Senator Lindsey Graham, the senior senator from the state, will also be up for re-election. Aides said that Ms. Haley was surprised by Mr. DeMint's sudden announcement.

South Carolina is a small state, politically speaking, and almost every Republican member of the House delegation, many of them close to Mr. DeMint politically and personally, are possible fill-ins.

Representative Tim Scott is a popular freshman from Charleston who is well known around the state from his year in the South Carolina General Assembly. The first African-American Republican to serve his state since Reconstruction, Mr. Scott could give Republicans a high-profile black member in the Senate, which currently has no African-American member from either party. Mr. Scott is believed to have other ambitions, including a possible run at the governor's mansion.

Ms. Haley could also look to Representative Mick Mulvaney, also a freshman, whose politics align closely with Mr. DeMint but who is viewed by House Republican leadership as less of a obstructionist, even as he often votes against its leaders. Mr. Mulvaney is among the more active members of his delegation and House freshmen. But, unlike Mr. Scott, Mr. Mulvaney has no pre-existing relationship to Ms. Haley in a job and state where relationships matter, making Mr. Scott perhaps a more likely choice.

Mr. DeMint "has served South Carolina and the national conservative movement exceptionally well," said Ms. Haley in a statement. "His voice for freedom and limited government has been a true inspiration. On a personal level, I value Jim's leadership and friendship. Our state's loss is the Heritage Foundation's gain. I wish Jim and Heritage all the best in continuing our shared commitment to America's greatness."

Representative Trey Gowdy, another South Carolina freshman, said he was not interested. "I know Gov. Nikki Haley will make the decision that is best for South Carolina," he said in a statement, "and I pray the Lord will give her wisdom. There are scores of talented women and men in South Carolina who are qualified to be considered. I hope she will consider my four Congressional colleagues Tim Scott, Mick Mulvaney, Jeff Duncan, or Joe Wilson."

The distraction of a new seat may well save Mr. Graham, who has taken some positions that have drawn fire in his very conservative state. Mr. Graham told a local radio station Thursday that when Mr. DeMint, whom he called "irreplaceable in many ways," told him the news, he said, "Don't tell me what you're about to tell me."

Mr. DeMint will depart the Senate in January. He replaces Edwin J. Feulner, 71, who will continue part-time as chairman of the foundation's Asian Studies Center.

## **Jim DeMint Resigning From Senate To Head Conservative Think Tank**

By Paul Kane And David Fahrenthold

[Washington Post](#), December 6, 2012

Sen. Jim DeMint (R-S.C.), a leading conservative voice in the Senate, will resign his seat in January to become the next president of the conservative think tank the Heritage Foundation, a sudden move with far-reaching implications.

"It's been an honor to serve the people of South Carolina in the United States Senate for the past eight years, but now it's time for me to pass the torch to someone else and take on a new role in the fight for America's future," DeMint said in a statement Thursday morning.

"I'm leaving the Senate now, but I'm not leaving the fight," he continued. "I've decided to join The Heritage Foundation at a time when the conservative movement needs strong leadership in the battle of ideas. No organization is better equipped to lead this fight and I believe my experience in public office as well as in the private sector as a business owner will help Heritage become even more effective in the years to come."

DeMint's departure comes during a critical moment for the conservative movement and leaves uncertainty among its ranks in the Senate. After the tea party movement left a deep impact on the 2010 midterm elections, its influence faded in 2012. Meanwhile, the debate over the "fiscal cliff" is raging in Congress, with Democrats pressing Republicans to join them in supporting tax increases for the wealthy, a proposal conservatives have decried.

The Wall Street Journal first reported the news of DeMint's resignation. DeMint will succeed Ed Feulner, who has been president of the foundation since 1977. Feulner will depart in April.

"This is a crucial moment for America and for the conservative movement — and we are seizing it," said Thomas A. Saunders, chairman of the Heritage Foundation's board. "Ed Feulner has made Heritage not just a permanent institution on Capitol Hill, but the flagship organization of the entire conservative movement."

DeMint elaborated on his decision in an interview with conservative talk radio host Rush Limbaugh on Thursday afternoon, underscoring a desire to use his new platform to improve the way conservatives communicate their ideas, an area where he thinks they have fallen short.

"I think the problem is, as conservatives, we have not taken enough control of our message and our ideas and communicated them directly to the American people," he told Limbaugh. "That's what we want to do at Heritage."

First elected in 2004 and easily reelected in 2010, DeMint has led the conservative charge in the upper chamber, a role he has embraced and one which has often put him at odds with Republican leadership.

Seen heading to his office near the Senate chamber Thursday morning, Senate Minority Leader Mitch McConnell (R-Ky.) did not respond to questions about DeMint, keeping to his tradition of ignoring reporter questions while walking the halls.

But McConnell later released a statement thanking DeMint, "for his uncompromising service to South Carolina and our country in the United States Senate. Jim helped provide a powerful voice for conservative ideals in a town where those principles are too often hidden beneath business as usual."

According to a Washington Post analysis of congressional wealth, DeMint is among the poorest members of Congress. His estimated wealth in 2010 was \$40,501. He could stand to receive a significant bump in pay in his new position. Feulner's total 2010 compensation package from Heritage was more than \$1 million, tax records show.

Finances also may have been a factor in Heritage's decision to bring on DeMint. The group's financial model is built upon a foundation of direct mail to conservative activists, over whom DeMint exercises great influence.

Before joining the Senate, DeMint represented South Carolina's 4th District in the House of Representatives. Prior to entering politics, he worked in market research, and he told the Wall Street Journal that he is excited about Heritage Foundation research and working to "translate those policy papers into real-life demonstrations of things that work."

Leadership aides said DeMint called McConnell on Thursday morning with his news. DeMint will serve as the boss of McConnell's wife, Elaine Chao, the former labor secretary, who is a Heritage distinguished fellow.

The responsibility to fill DeMint's vacancy in the Senate will fall to his state's Republican governor, Nikki Haley. Haley will appoint a replacement to serve until the next general election, in 2014. That means South Carolina will have two Senate elections in 2014, with Sen. Lindsey O. Graham (R) also up for reelection that year. Graham thanked DeMint for his service on the Senate floor on Thursday.

Some names that are likely to be tossed around as possible replacements include Rep. Tim Scott, who would become the only black senator and the first black Republican senator since the 1970s, and members of the state's House delegation, which includes Reps. Joe Wilson, Jeff Duncan and Mick Mulvaney.

DeMint privately has told state Republican officials that he wants Scott to succeed him, according to a South Carolina Republican operative with knowledge of the conversations.

"Jim DeMint has said he wants Tim Scott — period," the operative said. "The ball is in Governor Haley's court. Does she go with the status quo and appoint Scott? I think it would be hard not to."

But the operative, who requested anonymity because he was not authorized to speak publicly about internal deliberations, said Haley also may appoint a placeholder to serve until the 2014 election; two names under discussion are former attorney general Henry McMaster and former ambassador David Wilkins. That would set off what the operative called "a massive brawl" of a GOP primary for the open seat.

In a statement, Scott said: "I first want to thank Senator DeMint for the tremendous work he has done on behalf of South Carolina and the nation. His commitment to conservative principles leaves a true legacy, and I have greatly enjoyed getting to know and work with him over the past two years. Looking forward, Governor Haley will now appoint a new Senator, and I know she will make the right choice both for South Carolina and the nation."

Matt Hoskins, a longtime DeMint aide who heads the Senate Conservatives Fund political-action committee that the senator started but that now operates independently, denied that DeMint is playing favorites. "Senator DeMint does not have a favorite in terms of who replaces him. He knows Governor Haley will select someone good and trusts her to make that decision. Anyone who says differently doesn't know what they're taking about," Hoskins said.

In the Senate and on the campaign trail, DeMint has charted his own path, which has often agitated fellow Republicans. Through the Senate Conservatives Fund PAC he started, DeMint has often helped provide financial support to conservative candidates in GOP Senate primaries who ran against establishment-backed Republicans.

During the 2012 cycle, the group's record was mixed. In Texas, it scored a big victory when it backed Ted Cruz (R), the recently elected senator who won a substantial upset over Lt. Gov. David Dewhurst (R). In Wisconsin and Nebraska, though, DeMint backed candidates who wound up losing their primaries.

In 2010, DeMint threw his support behind Ken Buck (R) in Colorado, Sharron Angle (R) in Nevada, and Christine O'Donnell (R) in Delaware. All three lost in the general election. He also backed now-Sen. Marco Rubio (R-Fla.), who was then engaged in a primary against Charlie Crist, the preferred choice of Senate Republicans' campaign arm at the time. Rubio said Thursday that DeMint is "one of the main reasons" he's in the Senate today.

"When I ran for the U.S. Senate two and a half years ago, no one thought I had a chance to win. Jim DeMint was the first person in Washington that believed in me and invested in me, and I'm eternally grateful," said Rubio in a statement.

DeMint won praise from a host of other conservative leaders Thursday. The head of the Club For Growth, an anti-tax organization which, like DeMint, has often been at odds with Republican leadership, lauded the senator's work and wished him well in his next endeavor.

"Senator DeMint has done more to advance the cause of freedom and liberty in Congress than anyone else since his election," said Club for Growth president Chris Chocola in a statement congratulating the senator. "We wish him nothing but the best in his new role at Heritage."

"Senator Jim DeMint will be sorely missed as a leading voice in the Senate for limited government and spending restraint," said Tim Phillips, president of the conservative group Americans For Prosperity. "While he will be missed in the Senate, the conservative movement and The Heritage Foundation have gained a strong new voice and brilliant leader."

Ed O'Keefe, Philip Rucker and Aaron Blake contributed to this report.

## **DeMint Shook Up The Senate But Leaves A Disenchanted GOP Leadership**

By David A. Fahrenthold

[Washington Post](#), December 6, 2012

Sen. Jim DeMint (S.C.) created a new role in the modern Congress: He was a cheerful starter of civil wars — a Republican who assembled candidates and money to beat other Republicans.

By now, DeMint's tactics have changed the face of the Senate and made the junior senator from South Carolina into a power broker independent of the party hierarchy. DeMint-backed conservatives such as Rand Paul (Ky.), Mike Lee (Utah) and Marco Rubio (Fla.) won their races and have pulled the chamber's GOP caucus to the right.

Still, DeMint's strategy came with serious limitations. And Thursday, some of his closest associates said these may have spurred DeMint's decision to leave Congress during his second term as a senator. The Senate's ultimate outsider, they said, may have decided he needed to go farther outside.

"Jim is the guy who's passionate, [with] conviction, [an] idea guy who has a vision for the country and believes it's one worth fighting for," said former senator and presidential candidate Rick Santorum (R-Pa.), who was an ally of DeMint's in the Senate.

"I think that was his motive to go to the Senate" in the first place, Santorum said. "What this shows is that maybe he's looking at the Senate as not the best place to do that right now."

DeMint, 61, is a native of Greenville, S.C., and a small businessman who founded a market research firm in his hometown before he was elected to the U.S. House in 1998. Five years later, he won the Senate seat vacated by retiring Democrat Ernest F. Hollings, a change that reflected South Carolina's broader political shift from bastion of the Democratic "Solid South" to epicenter of a deep-red modern conservatism.

Out of that environment, DeMint became one of the first elected officials to channel the money and energy of the Tea Party, rising as the movement's elder statesman in Washington. Along with Paul and Lee, DeMint was a founding member of the Senate Tea Party Caucus.

In the Senate, DeMint has been distinguished by his strident attacks on Democrats: The health-care debate, he predicted, would be President Obama's "Waterloo." DeMint said Obama was the "world's best salesman of socialism."

But many of DeMint's most important confrontations have been with Republicans. Under President George W. Bush, he helped derail an immigration proposal supported by Bush and Sen. John McCain (R-Ariz.). He also harangued his fellow Senate Republicans to support a moratorium on earmarks.

Rep. Mick Mulvaney (R-S.C.), a conservative who said he considered DeMint a mentor, said the senator told him not to be co-opted in Washington. "Be true to yourself," Mulvaney said DeMint told him. "And he said, 'You're going to have to try and figure out if you're going to fix this from within the system or without the system.'"

By "system," Mulvaney said, DeMint meant the Republican mainstream.

DeMint's political action committee, the Senate Conservatives Fund, drew big donations from hedge funds, manufacturers and the well-known conservative donors at Koch Industries. In all, it gathered 4,740 contributions of more than \$200, according to the Center for Responsive Politics. The PAC raised money — \$13.7 million in 2012 — for a string of long-shot conservative candidates, who often defeated mainstream Republicans in party primaries. DeMint's money helped create a new brand of Republican senator, focused, like DeMint, on shrinking the federal government, cutting spending and supporting conservative social causes.

But in general elections, DeMint's people lost more often than they won. In 2010, he helped nominate three Republicans — Sharron Angle in Nevada, Christine O'Donnell in Delaware and Ken Buck in Colorado — for Senate seats that had seemed within reach. All three lost their races. In 2012, it happened again, with candidates Josh Mandel in Ohio and Richard Mourdock in Indiana losing to Democrats.

These losses were cold comfort to Republicans whom DeMint had helped undermine before, such as former South Carolina congressman Bob Inglis. Inglis had been a friend of DeMint, but DeMint declined to endorse him in a 2010 Republican primary fight against a former prosecutor, Trey Gowdy, whose politics were closer to DeMint's.

That strategy may work in South Carolina, Inglis said Thursday, but it is dangerous to attempt on the national level. "We've got to get into the business of addition and multiplication, and out of the business of subtraction and multiplication," Inglis said. "Because it ain't working out for us."

The defeat of DeMint's allies this year helped keep Republicans as the Senate minority and left DeMint with little trust from the GOP leadership. During DeMint's eight years in the Senate, none of the bills he has authored have been signed into law.

"He hasn't been terribly successful as a politician or as a senator," said Mark Tompkins, a political science professor at the University of South Carolina who has followed DeMint's career. "At the end of the day, he just wasn't temperamentally a man of the Senate."

DeMint will move to head the Heritage Foundation, a place where he has deep ties. In fact, in 2009, the head of that think tank said of DeMint: He "may be the junior senator from South Carolina, but here we call him the senior senator from the Heritage Foundation."

## **The Case For Tim Scott**

By Aaron Blake

[Washington Post](#), December 7, 2012

The choice of who will replace Sen. Jim DeMint (R-S.C.) for the next two years rests with one person and one person alone: Nikki Haley.

And it's much harder to handicap an appointment than an election.

But when it comes to the choice before Haley, one candidate quickly stands out as making a whole lot of sense to join the upper chamber: Rep. Tim Scott (R-S.C.).

Rep. Tim Scott (R-S.C.) speaks a June 8, 2010, primary election night gathering at The Hilton Garden Hotel in North Charleston, S.C. (Brad Nettles – AP)

"The only way that she doesn't pick Tim Scott is if she picks herself," said South Carolina GOP strategist Wesley Donehue. "It makes all the sense in the world."

The reasons Scott's name has quickly risen the the top are legion (and for more on the man himself, see the National Journal magazine's recent profile):

\* Given the premium the Republican Party has placed on diversification since the 2012 election, adding Scott to its Senate caucus would be nothing but good. He would be the only current black senator and the first Republican black senator since the 1970s.

What's more, this is the state of longtime Sen. Strom Thurmond (R-S.C.), where having a black senator would make a huge historical statement. (Further symbolism: Scott easily dispatched Thurmond's son, Paul Thurmond, in an open primary for his House seat in 2010.)

\* Scott and Haley are friendly. They even recently crashed the Democratic National Convention together. And they share a top political adviser and pollster, Jon Lerner.

\* Scott has a down-the-line conservative record that few in the party would balk at. The Club for Growth likes him, and the tea party likes him. In addition, he's a member of the House leadership and thus has ties to the establishment wing of the party.

"Tim Scott has an excellent record on our issues, but right now we're not even thinking about who the replacement will be," Club for Growth spokesman Barney Keller told The Fix.

Added conservative blogger Erick Erickson: "Gov. Nikki Haley now has the ability to give the US Senate its only black Senator — a conservative from South Carolina named Tim Scott."

\* DeMint has reportedly told state Republican officials that he wants Scott to become his successor, according to a South Carolina Republican operative with knowledge of the conversations.

"Jim DeMint has said he wants Tim Scott — period," the operative said. "The ball is in Gov. Haley's court. Does she go with the status quo and appoint Scott? I think it would be hard not to."

(Update: Longtime DeMint aide Matt Hoskins denies this, saying "Senator DeMint does not have a favorite in terms of who replaces him. ... Anyone who says differently doesn't know what they're taking about.")

\* Scott is pretty clearly interested in taking the next step, telling the National Journal in March: "The House is training for whatever the good Lord has for me next. I know that this is not the end itself. ... I know where I'm supposed to be three and a half years from now."

\* It would be difficult for Haley to appoint herself. She's not very popular in South Carolina right now, and voters have often balked at the idea of governors appointing themselves. In fact, no governor has appointed himself since the 1970s, and before that, only one who appointed himself won the next election.

In addition, she would be allowing her rival, state Senate Pro Tem Glenn McConnell (R), to become governor, which as we've written before is a tricky situation and could harm the party more broadly (McConnell is a Confederate history buff who was once photographed alongside two African-Americans dressed as slaves).

\* Haley's unpopularity means she could also benefit from such an historic appointment.

Haley does have some motivation not to pick Scott — particularly, if she would prefer a placeholder for the seat rather than someone who will run in 2014 and have a potential leg up on the competition.

Two names under discussion are former state attorney general Henry McMaster and former ambassador David Wilkins. That would set off what the operative above called "a massive brawl" of a GOP primary for the open seat in two years — and could potentially take some heat off Haley herself, who is up for reelection in 2014.

Scott's office put out a statement Thursday in which it didn't say whether he would seek the job.

"Looking forward, Governor Haley will now appoint a new Senator, and I know she will make the right choice both for South Carolina and the nation," Scott said.

Over the next few hours and days, expect the conventional wisdom to settle around the idea that Scott is the right choice.

Philip Rucker contributed to this post.

## What Jim DeMint Tells Us About Washington Power

By Manu Raju And Scott Wong

[Politico](#), December 7, 2012

South Carolina Sen. Jim DeMint accomplished very little in the Senate in the traditional sense: He wasn't a legislator, has no signature laws to his name and has never been part of any major bipartisan negotiations.

But the fact that DeMint leaves the chamber as one of its best known conservative senators shows how a message man relying on the outside P.R. game can become a powerhouse in his party — often with more influence than the Senate's old bulls and their laundry list of accomplishments.

(Also on POLITICO: With a new leader, Heritage rising)

It also shows how the powerful, ideologically rigid voices off of Capitol Hill urging Republicans to stay true to their conservative principles tend to be the real driving forces in the halls of Congress. And it underscores how both parties have seen their respective caucuses grow younger and more partisan, overtaking the consensus-minded senior senators who are more inclined to compromise.

As Congress grapples with a debt crisis it must resolve before year's end, DeMint's sudden announcement Thursday that he'd quit his seat in January to head the conservative Heritage Foundation shows where he thinks the real power center in his party resides.

"I honestly think I can do a lot more on the outside than I can on the inside," DeMint said after delivering a speech to an enthusiastic crowd at the Heritage Foundation.

(PHOTOS: Jim DeMint's career)

It's a striking acknowledgment for a man who was poised to ascend to the top Republican spot on the Commerce, Science and Transportation Committee in the next Congress. If he were to stay, DeMint would have a major hand rewriting the nation's highway policy and overseeing the country's aviation, passenger rail and telecommunications laws.

But given his emphasis on messaging over legislating, the 61-year-old's move to one of Washington's most influential conservative think tanks after a 14-year congressional career appears to be a natural choice.

"He's a good messenger; his skills as he says are in marketing and public relations," Sen. Lamar Alexander (R-Tenn.) said after DeMint briefly addressed his colleagues at a party lunch.



(Also on POLITICO: Think tank jobs a lucrative landing spot)

"I think it gives him the chance to play the kind of advocacy role that he really enjoys," said Maine Sen. Susan Collins, one of the few remaining GOP moderates.

DeMint had long promised to quit after his second term, which is up in January 2017. But virtually no one knew he would resign his seat this soon. After Heritage made DeMint the job offer on Wednesday, he informed a handful of his most trusted aides later that day. On Thursday morning, he stunned the rest of his staff with the news, as he did when he told Senate Minority Leader Mitch McConnell and South Carolina Gov. Nikki Haley (R), who will select an interim senator before a 2014 special election to fill out DeMint's term.

"I almost fell off my couch," said Sen. Lindsey Graham (R-S.C.), who met privately in his office Thursday morning in the Senate Russell building. "I didn't see this coming."

## **With A New Leader, Heritage Rising**

By Dylan Byers

[Politico](#), December 7, 2012

Four decades after its launch, the most powerful conservative think tank in Washington is getting new blood.

Jim DeMint's surprise departure from the Senate reinvigorates the 39-year-old Heritage Foundation at a time when much of the ideas and policy output flowing from conservative think tanks has become predictable, uninspiring and often lacking in influence.

(Also on POLITICO: Jim DeMint to resign to head Heritage Foundation)

The ultimate impact of DeMint's move remains to be seen, but in round-robin interviews with The Wall Street Journal, CNN, Fox News and Rush Limbaugh, he is already showing how a marquee name can raise the profile of the already venerable foundation.

But DeMint's appointment is raising concerns among conservatives that, given his past experience on the political battlefield, the former senator will be tempted to turn Heritage into a weapon against Democrats, rather than as a fount of bold new ideas to inspire the right.

(Also on POLITICO: Think tank jobs a lucrative landing spot)

"Heritage under Jim DeMint could well be a powerful political force," Bill Kristol, founding editor of the Weekly Standard, told POLITICO. "But will it be a powerful think tank, a source of new policy ideas and fresh thinking? I hope so."

Because DeMint is founder of the Senate Tea Party Caucus, his appointment also bodes well for more conservative members of the Republican Party who champion Heritage's recent moves further to the right, including the creation in 2010 of Heritage Action for America, which made an aggressive push for the repeal of President Barack Obama's health care law.

(Also on POLITICO: All eyes on Nikki Haley to pick Jim DeMint successor)

"Republican congressmen have been deeply upset by the aggressiveness of Heritage Action for America, which sprung from The Heritage Foundation. There had been hope that HAFa would not be as forceful in the new year," Erick Erickson, founder of conservative blog Red State, told POLITICO.

"DeMint not only ensures HAFa will continue to be forceful but also ensures The Heritage Foundation will continue being the conservative standard-bearer instead of trying to find ways to fit general Republican policies under a conservative banner," Erickson added.

Meanwhile, DeMint will have greater influence on conservative policy than he ever could as a senator, those on the right said.

As president of Heritage, and freed from the constraints of lawmaking, DeMint will now have more than \$80 million at his disposal to shape and push a conservative agenda and lead an aggressive opposition to Democrats.

## **Tim Scott's Bio Raises Senate Appeal**

By Kate Nocera And Seung Min Kim

[Politico](#), December 7, 2012

Rep. Tim Scott already brought a remarkable personal story to his first term in the House: a conservative black Republican, raised poor in the corner of South Carolina where the Civil War started.

But if the buzz in Washington and South Carolina is right, Scott might soon be the first African-American senator from the South since Reconstruction if Gov. Nikki Haley decides to appoint him to the seat vacated by Sen. Jim DeMint, who abruptly resigned Thursday to take a job running The Heritage Foundation.

(Also on POLITICO: All eyes on Haley to pick DeMint successor)

It seems to be a logical fit: DeMint and Scott are close, personally and ideologically, and Scott has the conservative bona fides that are undoubtedly DeMint-approved. He's risen in the House quickly since his election in 2010, serving on the powerful Rules Committee and working closely with GOP leadership as a liaison for the freshman class, while maintaining good relationships with the tea party wing of House Republicans.

At least for the moment, DeMint is staying mum on his preferred pick, saying he'll leave the decision to Haley. Likewise, Sen. Lindsey Graham (R-S.C.) said he isn't going to speculate on who might join him in the upper chamber.

(See also: Sen. DeMint, tea party leader, resigning)

"Tim is a great guy. I don't know what the governor is doing; it's her call. Jim and I are going to talk among ourselves about that issue," Graham said. "The good news for South Carolina is we've got a deep bench."

Scott, along with fellow South Carolina GOP freshmen Trey Gowdy, Mick Mulvaney and Jeff Duncan, quickly became known as the "fab four," or more ominously, "the four horsemen," who came to Washington ready to shake things up. They've remained united on most issues and are all steadfastly conservative.

But Scott also has the kind of personal story that's undoubtedly appealing to a party that's trying to diversify its base: He worked his way out of poverty to become a successful small-business man, local politician and eventual congressman. If appointed, Scott would be the only black senator to currently serve in the chamber, and the first since Illinois Democrat Roland Burris left the Senate in 2010.

At the crux of his conservative beliefs is the idea that capitalism and hard work can help the poor move up the economic ladder. And he tells that story at every opportunity.

"As a poor kid growing up in a single-parent household in North Charleston, S.C., I felt like I didn't have much going for me," Scott said in a speech at the Republican National Convention this summer. "I did have a mom who believed in tough love, and that love comes at the end of a switch ... and [a] small-business owner, who was my mentor, who taught me I could think my way out of poverty."

Scott's mentor taught him that "having a job is a good thing, but creating jobs was even better."

## **DeMint's Hiring Elevates Heritage's Profile**

By Janie Lorber, Roll Call Staff

[Roll Call](#), December 7, 2012

Sen. Jim DeMint's move to The Heritage Foundation will elevate the public and political profile of the 39-year-old research institute.

The fiery South Carolina conservative, who established the Senate Tea Party Caucus, provides a dramatic stylistic shift from Edwin Feulner, the quiet 71-year-old president and founder he will replace.

"It's just like having a think tank run by me and then handing it off to Ben Affleck. You know, all of a sudden it has a real profile," said Jeffrey Taylor, a Republican lobbyist at U.S. Government Relations International.

The move publicly solidifies the think tank's gradual move further rightward. Heritage established an advocacy arm in 2010 in an effort to capitalize on tea party enthusiasm and has since become an increasingly prominent player in the national political debate, weighing in on most major legislative issues.

Heritage Action, organized under tax code 501(c)(4) as a tax-exempt social welfare organization, has been particularly vocal in its efforts to repeal President Barack Obama's health care law and in its opposition to any and all international agreements, including the United Nations treaty on the rights of the disabled, which the Senate rejected this week. The nonprofit raised more than \$3 million in its first year of operation, its tax returns show, and it used some of that money to run advertisements pressuring Republicans to sign a measure to repeal the health care law.

Wonkish Washington think tanks have become increasingly action-oriented in recent years, favoring the mold of the Democratic Center for American Progress over a more passive policy tack. A conflict over the control of the libertarian Cato Institute earlier this year centered around this very question.

DeMint told the Wall Street Journal he did not intend to politicize The Heritage Foundation, but some Republican lobbyists worried that the senator, known for bucking Republican leadership on Capitol Hill, could be just as disruptive to the Republican Party in his new role outside of Congress.

"I'm hoping they broaden the conservative horizon and become the catalyst for developing new ideas based on the principles below, rather than attack Republicans for being insufficiently conservative," said Jack Howard, vice chairman of Wexler Walker Public Policy Associates. "They need to focus on making it easier for people to embrace the conservative agenda rather than harder."

Taylor said he did not expect such a shift, but warned of the risks to the well-funded organization.

"I think if Heritage moves in a dramatically more activist role, it might lose some of the supporters," he said.

The think tank raised just less than \$74 million in 2011, only 4 percent of which came from corporations, according to its most recent annual report. Unlike some other think tanks, Heritage does not do contract work for companies, Heritage Vice President of Development John Fogarty told Roll Call last year.

Prominent conservative activist Paul Weyrich and Joseph Coors, president of Coors Brewing Co., both now deceased, helped Feulner found Heritage in 1973. Throughout the 1980s, it remained small, focusing primarily on tax and trade issues. When President Bill Clinton took office, it became an outpost for displaced Republicans and started to attract larger donations.

Feulner had been planning to step down for more than a year. He will be named chancellor of Heritage, a new position, and will continue in a part-time capacity as chairman of the foundation's Asian Studies Center.

## **Jim DeMint Going From 4th-poorest Senator To Heritage Millionaire**

[Daily Caller](#), December 6, 2012

In his new role as Heritage Foundation president, Republican South Carolina Sen. Jim DeMint may very well become a newly-DeMinted millionaire.

Senators are all assumed to have some wealth and while the stereotype is often true, it isn't always. DeMint, for instance, is barely a thousandaire, according to financial records.

As of 2010, of the 101 members of the Senate — including Vice President Joe Biden, who is officially President of the Senate — DeMint ranked as the fourth poorest senator with an estimated net worth between \$16,002 on the low end and \$65,000 on the high end, according OpenSecrets.org. His average estimated net worth placed him above only Democratic Sens. Debbie Stabenow of Michigan, Mark Pryor of Arkansas and Republican Sen. Mike Lee of Utah.

If DeMint were to pull a similar salary to outgoing Heritage Foundation President Ed Feulner, he would quickly become a millionaire. According to The Heritage Foundation's 2010 IRS filing, Feulner made nearly \$1,100,000 in total compensation that year. DeMint currently makes \$174,000 a year as a senator.

"As of this point, money has not been discussed," Heritage Foundation Vice President of Communications Mike Gonzalez told The Daily Caller when asked what DeMint's salary would be.

"I'm sure money will be discussed soon," he added laughing.

Gonzalez said that DeMint made the jump because it was the "right move for him" to engage in the "battle of ideas" he cares about.

DeMint will reportedly resign from the Senate in January and officially take the helm of The Heritage Foundation in April.

Follow Jamie on Twitter

URL to article: <http://dailycaller.com/2012/12/06/jim-demint-going-from-4th-poorest-senator-to-heritage-millionaire/>

## **DeMint Gave Few Colleagues Short Notice Of Move To Heritage**

By Alexander Bolton

[The Hill](#), December 7, 2012

Republican senators were shocked to hear Thursday morning that Sen. Jim DeMint (R-S.C.), a prominent Senate conservative, would retire at the end of the year.

DeMint said he would leave the Senate to take over as president of The Heritage Foundation in January, four years before his second Senate term is due to expire in 2016.

DeMint informed his staff of the decision Thursday morning and it caught many of them completely by surprise.

He called Senate Republican Leader Mitch McConnell (Ky.) at 9 a.m. with the news, about an hour before The Wall Street Journal broke the story to the public.

DeMint also gave a heads up to his colleague from South Carolina, Sen. Lindsey Graham (R-S.C.), who later said he was so surprised, "I about fell off of my couch."

"Everybody was really surprised," said Sen. Susan Collins (R-Maine).

DeMint announced his retirement to the editorial page of The Wall Journal's editorial page. Daniel Henninger, the deputy editor of the editorial page, posted a story about it shortly after 10 a.m.

After DeMint spoke to his Senate staff, he crossed Massachusetts Avenue NW to meet with the staff of The Heritage Foundation, according to a source familiar with his day.

He and outgoing Heritage president Ed Feulner then did a radio interview with conservative talk show host Rush Limbaugh.

"I believe that I can do more good for the conservative movement outside of the Senate in leveraging the assets of The Heritage Foundation to communicate a more positive, optimistic message to the American people," DeMint told the host.

Reporters caught DeMint after his talk at Heritage, but he spoke to them only briefly.

At noon, Senate Democratic Leader Harry Reid (D-Nev.) told reporters that DeMint had personally informed him of his plans to retire early.

"Sen. DeMint came and talked to me just a short time ago, to tell me what he was going to do. I've read his book. He's read my book. We're friends," Reid said.

"We spent a half hour within the past week talking about the Senate. At that time, I didn't know that he was considering leaving. I'm not sure that he'd made the decision at that time. I rather doubt it. But I've always liked the guy," Reid said.

"And, even though I disagree with so much of what he's done, I appreciate — I personally believe he does this out of a sense of real belief, it's not political posturing for him, as it is for a lot of people," he added.

DeMint had confirmed the story to Limbaugh.

"This may surprise you, but Harry Reid's a good friend of mine. I just walked into his office and talked to him," DeMint said.

"The problem is not Harry Reid. I think the problem is, as conservatives, we have not taken enough control of our message and our ideas and communicated them directly to the American people," he said.

DeMint voted for legislation to normalize trade relations with Russia and against a judicial nomination for the northern district of Florida before slipping into a Republican lunch in the Senate's Lyndon Baines Johnson Room shortly after noon.

He dined at the same table as Sens. Bob Coker (R-Tenn.), Mike Crapo (R-Idaho), Ron Johnson (R-Wis.) and retiring Sen. Dick Lugar (R), who lost the Senate Republican primary in Indiana to Richard Mourdock, a candidate DeMint backed in the general election.

He slipped out of the lunchroom through a back door, avoiding reporters who had assembled outside the Senate chamber until well past 2 p.m. to interview him.

## **Sen. Jim DeMint's Resignation A Sign Of Bad Times For Tea Party**

**Sen. Jim DeMint's surprise resignation comes as the political winds appear to be blowing against the South Carolina Republican and the conservative movement he has spoken for.**

By Paul West, Washington Bureau

[Los Angeles Times](#), December 7, 2012

WASHINGTON — The surprise resignation of Republican Sen. Jim DeMint of South Carolina on Thursday could prove to be a marker for a decline in the influence of the tea party movement he has helped lead.

His departure from Congress, effective next month, comes as the political winds appear to be blowing against the 61-year-old lawmaker and the movement he has spoken for. Some of the movement's most fiery members lost reelection bids last month, including Reps. Allen West of Florida, Joe Walsh of Illinois and Chip Cravaack of Minnesota. Earlier this month, the House GOP leadership unceremoniously removed three conservatives from key committee assignments.

And polls have shown declining support for the movement. A wide survey in DeMint's very conservative home state, released this week, found that more South Carolinians now disapprove of the tea party movement than approve of it. Even among the state's Republican voters, fewer than 1 in 12 said they considered themselves tea partiers, according to the Winthrop University poll.

"This may be an indication that the movement is truly waning," said Jennifer Duffy, an analyst with the independent Cook Political Report. "This should also be frustrating" for DeMint.

DeMint, who sought to carve out an influential role as the leader of the Republican right in the Senate, will take over in April as president of the Heritage Foundation, a conservative think tank based in Washington. In a statement, he said he was "leaving the Senate now, but ... not leaving the fight." Later, he joked during an appearance before the foundation staff that his new job was "a big promotion," according to an account on the Heritage website.

DeMint positioned himself as an unyielding foe of Republican efforts to compromise with President Obama over government spending, aggressively opposed efforts to provide a pathway to citizenship for millions of undocumented immigrants, and alienated at least some Republican colleagues by threatening to back primary challenges against those who deviated from conservative positions.

On Tuesday, he criticized a proposal by House Speaker John A. Boehner (R-Ohio) to raise \$800 billion in additional tax revenue, made as part of negotiations designed to avert spending cuts and increased taxes that would otherwise take effect next month. DeMint said Boehner's "tax hike will destroy American jobs and allow politicians in Washington to spend even more."

DeMint's influence was at its zenith last year during the Republican presidential primary contest, in which tea party sentiment helped push Mitt Romney and other contenders to the right. Hoping to gain his endorsement, five presidential candidates, including Romney, flew to Columbia, S.C., to court the senator, answering his questions at a nationally televised Labor Day forum that he organized.



But Republican losses in the election weakened his position. The party had hoped to win control of the Senate, but instead lost ground. DeMint played a role in some of the worst defeats. He embraced the candidacy of Todd Akin, even after the Missouri congressman's controversial remark about "legitimate rape" sent the Republican establishment fleeing. And in Indiana, he provided financial support for Richard Mourdock, a conservative who ousted longtime Republican Sen. Richard G. Lugar in the GOP primary but proved too extreme for voters in the general election.

Similarly, in 2010, DeMint provided endorsements and financial encouragement for Sharron Angle of Nevada and Christine O'Donnell of Delaware, both tea-party-backed candidates for the Senate who lost to Democrats.

On Thursday, tea party leaders pushed back against the notion that their movement was in decline. Republican Sen. Patrick J. Toomey of Pennsylvania, who took over for DeMint as chairman of the influential Senate Republican Steering Committee, said he did not see the end of the line for the tea party.

"We had a number of terrific advocates for limited government and freedom who won elections to the Senate — Ted Cruz and Jeff Flake and Deb Fischer," Toomey said. "The cause is still strong."

South Carolina Gov. Nikki Haley, a Republican, will appoint DeMint's successor, to serve until the 2014 election, when voters will fill the remaining two years of the senator's term. Speculation about DeMint's replacement centered on a cadre of young conservative Republican congressmen, including Rep. Tim Scott, who was reported to be DeMint's choice and would be the only African American member of the Senate if chosen.

DeMint's decision could also open the way for him to run for the GOP presidential nomination. As recently as last month, he had refused to discuss a 2016 candidacy, saying only that he wasn't ruling anything out.

In the meantime, his decision to join the Heritage Foundation could provide a measure of financial security for a man who is among the least wealthy members of the Senate, according to financial disclosure reports. His predecessor, Edwin J. Feulner, who helped found Heritage in the 1970s, was paid more than \$1 million in 2010, according to the foundation's most recent filing with the Internal Revenue Service.

paul.west@latimes.com

Lisa Mascaró, Kathleen Hennessey and Morgan Little in the Washington bureau contributed to this report.

## **Senator Quits For Think Tank**

### **GOP Conservative DeMint, Who Helped Bring Tea Party to Prominence, Will Run Heritage Foundation**

By Patrick O'Connor And Valerie Bauerlein

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **DeMint Says His Replacement Could Be Named Within A Week**

By Mary Orndorff Troyan

[USA Today](#), December 6, 2012

WASHINGTON — Republican Sen. Jim DeMint of South Carolina, who stunned his colleagues when he announced Thursday he will leave the Senate to head a conservative think tank, said he expects his successor to be named within the next week.

DeMint's replacement in the Senate will be selected by South Carolina Gov. Nikki Haley, a Republican.

**MORE: GOP Sen. DeMint to resign, run Heritage Foundation**

In an interview Thursday in his Capitol Hill office, DeMint said the decision is completely up to Haley.

"I told Governor Haley that I would support her recommendation and that I trusted her," he said. "It's her decision, not mine."

Rob Godfrey, a spokesman for Haley, declined comment on whom she might name.

"Today is about Sen. DeMint's service to our state and nation, and that's where the focus should remain," he said.

DeMint, a hero of the tea party movement who occasionally clashed with GOP leaders he found insufficiently conservative, will leave the Senate in January to take the top job at the conservative Heritage Foundation.

The foundation, based in Washington, said DeMint will take over as president in April. DeMint will manage a staff of 250 with an annual budget of more than \$80 million.

DeMint was scheduled to complete his second term in January 2017. The person Haley will appoint will serve a term ending Jan. 3, 2015.

A special election will be held Nov. 4, 2014 to fill the last two years of DeMint's term, and an election will take place in 2016 for the next full six-year term.



DeMint's plans to leave the Senate promise plenty of election-year drama in South Carolina in 2014. In addition to the special election to fill the last two years of DeMint's term, both Haley and South Carolina's senior senator, Republican Lindsey Graham, will be up for re-election that year.

Haley has a number of names to choose from in choosing DeMint's successor.

South Carolina's congressional delegation includes GOP Reps. Mick Mulvaney, Jeff Duncan, Trey Gowdy and Tim Scott — all viewed as potential contenders for higher office.

Scott, who is black, had been eyeing a run for governor and his name has come up frequently in news accounts as a possible DeMint replacement.

Other potential contenders include former ambassador David Wilkins, former South Carolina attorney general Henry McMaster, state Sen. Tom Davis, who served as chief of staff to former governor Mark Sanford, and state Treasurer Curtis Loftis.

DeMint did not express a preference for who should replace him.

"Certainly I'm close to the delegation here so I feel good about them, but that doesn't mean there are not other people in South Carolina I would be happy with too," he said.

Haley told News Radio WORD in South Carolina on Thursday she will not appoint herself to replace DeMint.

Experts say Haley must decide whether to appoint a caretaker in the office or someone who would run for the seat during the special election in 2014.

Haley said DeMint "has served South Carolina and the national conservative movement exceptionally well. His voice for freedom and limited government has been a true inspiration."

DeMint said the deal with Heritage was reached Wednesday, which is what he indicated on ethics forms he filed about 11:30 a.m. Thursday.

DeMint said he began notifying family and friends Wednesday night and called Haley Thursday morning. He also met with Graham a few minutes before addressing the staff at the Heritage Foundation.

Graham, in an interview off the Senate floor, said he was stunned by DeMint's news.

"When he told me, I about fell off my couch," he said.

Graham said he hasn't had time to think about how his own political future will be affected by DeMint's departure.

"Jim's biggest legacy I think is creating energy for those who believe in limited government," Graham said.

DeMint said he will support Graham from his new post at the Heritage Foundation.

"Despite what people read back home, we've been great partners," he said. "We've worked the system pretty well ... He kind of throws things out and gets people all churned up, but if you look at his record, we generally vote the same way. He's a player and he's been fun to work with."

DeMint said his move to the foundation doesn't mean he's leaving his constituents behind.

"I wouldn't be doing it if I didn't think the opportunity at the Heritage Foundation would allow me to do more to improve the lives of the people of South Carolina but also all over the country," he said, wearing a blue tie with the Heritage symbol on it. "I think I'll have more impact outside the Senate for South Carolina than if I stay."

He said his new job will be to sell policies at a national level that he believes "make life better for people — poor, rich, every race, in every family situation."

The Heritage Foundation was founded in 1973. Its web site says its mission is "to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense."

"Jim DeMint has shown that principled conservatism remains a winning political philosophy," Heritage Chairman of the Board Thomas A. Saunders said in a statement. "His passion for rigorous research, his dedication to the principles of our nation's founding, and his ability to translate policy ideas into action make him an ideal choice to lead Heritage to even greater success."

DeMint first ran for the Senate in 2004 after limiting himself to three terms in the U.S. House. Although he was re-elected in 2010, he was never certain whether he would run for a third term.

He will replace Ed Feulner as president of the Heritage Foundation. Feulner was paid just over \$1 million in 2010, according to tax forms filed by the foundation.

DeMint, who earns \$174,000 a year as a senator, is one of the least affluent members of the Senate. The personal financial disclosure form he filed in May this year reported individual retirement account assets for 2011 worth between \$2,002 and \$30,000.

It also says he earned \$43,755 from a book advance last year and lists two residential mortgages, one between \$100,000 and \$250,000, and one between \$250,000 and \$500,000.

The Club for Growth, a conservative think tank that advocates for lower taxes and limited government, called DeMint "a champion of economic freedom (and) a defender of free markets."

The Senate Conservatives Fund, the political action committee that DeMint founded, issued a statement Thursday saying DeMint “has consistently fought for conservative policies and he’s helped elect a new generation of conservatives who will continue this legacy.”

DeMint used the fund to financially support the candidacies of conservatives such as Pennsylvania’s Pat Toomey, Florida’s Marco Rubio and Sen.-elect Ted Cruz of Texas.

The fund was three-for-nine in picking conservative Senate candidates this year after spending more than \$8.7 million.

DeMint is no longer affiliated with the fund, but comments he made after the 2012 election suggest tea party Republicans have no intention of compromising on core issues just because President Obama won a second term.

“We will certainly face many battles in Congress in the coming months that will give us the opportunity to clearly articulate the failures of liberalism and the common sense of conservative alternatives,” DeMint wrote on his Facebook page. “We must not shrink from the fight on Capitol Hill or in drawing these distinctions for the American people, regardless of the attempted distortions by the mainstream press.”

Contributing: Tim Smith and David Dykes, the Greenville (S.C.) News, and Catalina Camia and Susan Davis, USA TODAY

## **Jim DeMint Leaves The Senate**

[Washington Post](#), December 7, 2012

WE’RE HAPPY TO accept Sen. Jim DeMint’s stated reason for quitting the Senate seat he has held for eight years: to become president of the Heritage Foundation think tank. The South Carolina Republican says he’s moving on “because the conservative movement needs strong leadership in the battle of ideas,” and running Heritage is, for him, the way to provide it.

Among the thoughts Mr. DeMint has expressed as a senator include his observation that the 2008 financial rescue package that saved American capitalism was a step toward “the pit of socialism,” and his support for a constitutional ban on same-sex marriage.

But Mr. DeMint’s decision also may have consequences for the Senate, for the Republican Party and for the country. Mr. DeMint has been trying to leverage his position as the tea party’s uncompromising man in Washington into broader power over the GOP, and his resignation suggests that this effort has failed, or at least stalled.

With Republicans not having captured the Senate in November, as they once expected to do, Mr. DeMint has neither hope of becoming majority leader nor, apparently, of displacing his rival, Sen. Mitch McConnell of Kentucky, as leader of a shrunken minority.

Furthermore, there’s a case to be made that Mr. DeMint helped put the Senate GOP in its present predicament. To be sure, his political apparatus helped several of the Senate’s most conservative members win the seats they now hold, but he also backed candidates who were so far right that they lost winnable races and damaged the party’s brand.

We have no particular stake in the GOP’s electoral fortunes, much less its power struggles, which are undoubtedly just beginning. The party is still badly divided over how to recover from its 2012 defeat.

But everyone has a stake in a Senate whose members, of both parties, are neither ideologically inflexible nor politically cowed by the threat of primary challenges from the ideologically inflexible. Solutions to many of the nation’s problems, its fiscal challenge most of all, will require give and take. That’s true for substantive, as well as political, reasons. Republicans who don’t see compromise as a dirty word could both move their party in the right direction and better influence Democrats to give up some of their unsustainable orthodoxies.

From that point of view, Mr. DeMint’s departure may be a sign that a chastened GOP could shift in a more pragmatic direction on Capitol Hill — which is to say, it may be a hopeful sign.

## **The Republican Glasnost**

By David Brooks

[New York Times](#), December 7, 2012

Senator Marco Rubio won the Jack Kemp Foundation’s Leadership Award earlier this week. In his speech accepting the award, he sketched out his Republican vision. Some of the policies he mentioned were pretty conventional for someone of his party: limiting regulations, approving the Keystone XL Pipeline. Some were less conventional, at least as the Republican Party has recently defined itself: creating more community health centers, investing in more teacher training, embracing Pell grants.

But the speech really began to sing toward the end. Rubio made an oblique rebuttal to some of the Republican gaffes during the campaign: “Some say that our problem is that the American people have changed. That too many people want things from government. But I am convinced that the overwhelming majority of our people just want what my parents had: a chance.”

Then he recalled an episode: “I was giving a speech at a fancy hotel in New York City. When I arrived at the banquet hall, I was approached by a group of three uniformed employees from the hotel’s catering department. They had seen my speech at

the Republican convention, where I told the story of my father the banquet bartender. And they had a gift for me. They presented me with this name tag, which says, "Rubio, Banquet Bartender."

As he was telling this story, Rubio motioned to some of the service staff at the Kemp dinner. They stopped to listen to him. "It all starts with our people," Rubio continued. "In the kitchens of our hotels. In the landscaping crews that work in our neighborhoods. In the late-night janitorial shifts that clean our offices. There you will find the dreams America was built on. There you will find the promise of tomorrow. Their journey is our nation's destiny. And if they can give their children what our parents gave us, the 21st-century America will be the single greatest nation that man has ever known."

People at the dinner say that there was a hushed silence for a second as Rubio concluded with this refrain. Then a roaring ovation swelled and filled the room.

The Republican Party has a long way to go before it revives itself as a majority party. But that speech signifies a moment in that revival. And I would say the last month has marked a moment.

Over the past month, the Republican Party has changed far more than I expected. First, the people at the ideological extremes of the party have begun to self-ghettoize. The Tea Party movement attracted many people who are drawn to black and white certainties and lock-step unity. People like that have a tendency to migrate from mainstream politics, which is inevitably messy and impure, to ever more marginal oases of purity.

Jim DeMint, for example, is leaving the Senate to go the Heritage Foundation. He is leaving the center of the action, where immigration, tax and other reforms will be crafted, for a political advocacy organization known more for ideological purity and fund-raising prowess than for creativity, curiosity or intellectual innovation.

Second, politics is being reborn. For a time, Republican candidates like Richard Mourdock of Indiana proudly declared that they didn't believe in compromise. Political activists spent more time purging deviationists than in trying to attract new converts.

But that mania has passed. There are increasing signs that House Republicans are willing to unite behind Speaker John Boehner so he can cut a deal to avert the "fiscal cliff." There has been an epidemic of open-mindedness as Republicans try to win minority votes and create a version of their party that can be competitive in states like Connecticut and California.

Finally, there has even been some shifting of economic values, or at least in how the party presents those values. The other speaker at the Kemp dinner was Representative Paul Ryan, who spoke about how to alleviate poverty. He didn't abandon any of his fundamental beliefs, but he framed those beliefs in a more welcoming way and opened up room for growth and new thinking.

The obligations to combat poverty, Ryan said, are beyond dispute. "The real debate is how best we can meet them. It's whether they are better met by private groups or by government — by voluntary action or by government action. The truth is, there has to be a balance. Government must act for the common good, while leaving private groups free to do the work that only they can do."

Like Rubio, Ryan projected a more balanced and attractive vision. He spoke with passion about those who long to rise.

The Republicans may still blow it. If President Obama is flexible and they don't meet him partway, Republicans would contribute to a recession that would discredit them for a decade. But they are moving in the right direction and moving fast. These are first steps, and encouraging ones.

## **Two Senate Seats In South Carolina, But Few Democratic Prospects**

By Nate Silver

[New York Times](#), December 6, 2012

The unexpected retirement of Senator Jim DeMint, a conservative Republican from South Carolina who will vacate his seat to become head of the the Heritage Foundation, will create an unusual circumstance in which both of the state's Senate seats are on the ballot in 2014.

A special election will be held to fill out the remaining two years of Mr. DeMint's term, which was originally set to expire after the 2016 election. In addition, South Carolina's other senator, the Republican Lindsey Graham, who was re-elected in 2008, will also be on the ballot in 2014.

Mr. DeMint's retirement could conceivably help Mr. Graham, whose approval ratings in South Carolina are middling. Mr. Graham also draws the ire of some Republicans for being seen as too willing to compromise with Democrats, making him potentially vulnerable to a primary challenge.

If the stronger Republican candidates are drawn toward competing for Mr. DeMint's former seat instead, Mr. Graham could be spared a difficult test. On the other hand, some of the candidates whom Gov. Nikki R. Haley might appoint to fill Mr. DeMint's seat for the next two years, like Representative Tim Scott, are viewed as having bright political futures while being more reliably conservative than Mr. Graham, meaning that Mr. Graham could still be the more vulnerable target in a Republican primary.

Opportunities for Republicans to ascend to the Senate in South Carolina ought to yield competitive primaries because there is a large supply of well-qualified candidates.

All nine of South Carolina's elected executive officials, from the governor, Ms. Haley, to the agriculture commissioner, Hugh Weathers, are Republicans. In addition, six of the seven representatives that South Carolina will send to the United States House in January are Republicans; the exception is the Democrat James E. Clyburn, who represents South Carolina's majority-black Sixth Congressional District.

The abundance of Republican elected officials in South Carolina precludes Democrats from having much of a "bench" in the state — and may prevent them from making a strong run at either Senate seat in 2014.

The statistical models that FiveThirtyEight uses to forecast Senate and gubernatorial races include, among other factors, a variable to designate a candidate's credentials, which is based on the highest office that he or she has been elected to. The more prominent the races that the candidate has won, the better he or she tends to do when running for the Senate or for governor.

We divide the offices into three tiers, which might be thought of as tantamount to professional baseball's system of major and minor leagues.

In the top tier are candidates who have already done the equivalent of ascend to the majors by having been elected to a United States Senate seat or a governorship at some point. But these candidates are hard to find unless they are already the incumbents in those races. (An exception is when a governor crosses over to run for the Senate, or vice versa.)

So in practice, parties draw more heavily from the second tier of elected officials, which provide them with their top prospects when they want to compete for a Senate or gubernatorial seat. In this group are United States representatives and statewide elected officials, like attorneys general and secretaries of state.

Because almost none of these officeholders have been Democrats in South Carolina, the party has had to draw from the third tier of candidates, which consists largely of state senators and state representatives. These candidates face a far bigger transition when trying to compete for a major elected office like United States Senate or governor, in terms of raising funds, building name recognition and developing platforms that allow them to appeal to enough voters to win statewide.

And in some cases in South Carolina, Democrats have nominated candidates who have not held elected office at all. In 2010, their candidate for the United States Senate was Alvin Greene, an Army veteran who had never run for public office and who was unemployed when he was chosen as the nominee.

It is not mere happenstance that Democrats have had trouble fielding competitive candidates for statewide elections in South Carolina. Much of it has to do with the demographics and the geography of the state.

President Obama won 44 percent of the vote in South Carolina this November, more than he did in 19 other states. However, in South Carolina, it can be exceedingly difficult for a Democrat to go from winning 44 or 46 percent of the vote to 50 percent.

This is because of a concept we call elasticity, which is related to the number of swing voters in each state who might consider voting for either party.

Some red states like Alaska are also fairly elastic, meaning they have their fair share of voters who are political independents or who have moderate or mixed political views. Democrats usually lose in these states — but they can compete with the right candidates and under the right circumstances.

In South Carolina and some other states in the Deep South, however, there are very few swing voters. African-Americans vote for Democrats in overwhelming numbers, while the vast majority of whites are conservative and vote Republican.

This makes the outcome of elections in these states much more predictable. Democrats have a high floor for how many votes they receive, but also a low ceiling, and they almost always wind up coming up short of 50 percent.

Democrats' problems are compounded in South Carolina because of the geographical distribution of black voters, who are heavily concentrated in certain cities, counties and Congressional and legislative districts.

This year, Mr. Clyburn, the Democrat, won overwhelmingly in South Carolina's Sixth Congressional District, taking 94 percent of the vote and facing no Republican opposition. But Democrats lost the other six United States House races, and their candidates won no more than 45 percent of the vote in any of them.

This does not just make it difficult for Democrats to win elections in South Carolina. When they do, it is often in overwhelmingly Democratic districts. The candidates may have little practice in appealing to a broader constituency of voters, and they may accumulate liberal voting records that make them unacceptable to the few moderates in South Carolina.

Instead, the closest thing South Carolina has to a crossover candidate may be Mr. Scott, who won re-election this year in the First Congressional District. He is African-American — and Republican.

## **A Tricky Task: Ted Cruz As NRSC Link To Tea Party**

By David Catanese

[Politico](#), December 7, 2012

Ted Cruz's tea party cred is about to be put to the ultimate test.

The Texas senator-elect's decision to take a formal role at the National Republican Senatorial Committee places him squarely inside an organization many on the right view with suspicion, if not outright disdain.

His title will be vice chairman, but it could just as easily be ambassador — to the ideological grass-roots wing of the party, which helped propel Cruz's long-shot bid over a sitting lieutenant governor this year.

(PHOTOS: Meet the 12 newly elected senators)

It's a high-wire act for the political neophyte. As an NRSC deputy, he'll have to balance the political pragmatism of a quintessential inside-the-Beltway institution without tarnishing his brand as an anti-establishment constitutional conservative.

"I don't see a conflict at all," said incoming NRSC Chairman Jerry Moran. "He brings a respect from the grass-roots part of our party that I think is very helpful to us as we recruit candidates and try to educate ... our nominees, how to get elected in [general elections]."

Yet unless the GOP can halt its recent history of bloody primaries, it's inevitable that the 41-year-old Cuban-American will find himself in some touchy situations.

If the campaign arm decides to bless a candidate over an insurgent challenger, it's Cruz who will most likely be tasked with smoothing over any bad feelings — and potentially be accused of bigfooting the locals.

Conversely, if the committee opts to stay on the sidelines in a race in which a tea party contender is gaining steam, Cruz could come under pressure to show fealty to the movement.

"I honestly don't see how he can balance the two," said a GOP strategist who is an admirer of Cruz but is skeptical of his new role. "If he were the chairman and had complete control, that would be one thing, but the NRSC is still run by the leadership and is still biased against the grass roots and conservatives.

"The leadership didn't tap him for this role to recruit conservative candidates. They did it to use him as a human shield to defend themselves against attacks from the right when they mess up," the strategist added.

Cruz declined an interview request for this story. But sources close to him say the idea of bringing Cruz under the NRSC umbrella was originally hatched by Senate Majority Leader Mitch McConnell in conjunction with Moran.

Tapping an eloquent Hispanic who's well-connected to the grass roots — and from a state integral to Republican fundraising — was a no-brainer, Capitol Hill sources with knowledge of the negotiation said. But once the offer was extended in the week following the election, Cruz wanted to be assured of real responsibilities.

"Cruz did not lobby for the position. He was not interested in having a figurehead-type role. His view was, 'I'm not going to take something just for you to slap my name on,'" said a Republican consultant privy to the conversation.

But in accepting the NRSC job, which is still somewhat undefined despite his wishes, Cruz showed a pragmatic streak that could be crucial to any national ambition he harbors. He hasn't denied interest in eventually running for president.

## **GOP Senators Press Obama Official On FHA Losses**

By Associated Press

[Associated Press](#), December 7, 2012

Republican senators are pressing the U.S. government's housing official to take steps to shore up the federal agency that insures mortgages for millions of borrowers. An audit shows the agency faces \$16.3 billion in losses and might require a taxpayer bailout.

Shaun Donovan, secretary of housing and urban development, said Thursday at a hearing of the Senate Banking Committee that the agency, the Federal Housing Administration, has already taken action to strengthen its finances.

Republican senators said more must be done, such as ending the FHA's backing of reverse mortgages. They said the FHA has sustained big losses from defaults on those loans, which allow homeowners age 62 or older to borrow against their home's equity. They also urged reducing the maximum amounts of mortgages that can be insured by the FHA.

The independent audit showed that the FHA's estimated losses were steeper than earlier projections. High numbers of mortgage defaults triggered by the housing crisis have reduced the agency's reserve funds, it showed. Mortgages insured by the FHA that were issued in 2007 and 2008 caused a major part of the losses, Donovan said.

There is "clear potential now for a taxpayer bailout," said Sen. David Vitter, R-La.

The agency has expanded so-called short sales — when a home sells for less than what is owed on the mortgage. And it has raised annual insurance premiums paid by FHA borrowers by an average of \$13 a month.

"Based on those steps, I believe we have significantly decreased the chance of having a bailout at the end of 2013," Donovan said.

But Sen. Richard Shelby of Alabama, the committee's senior Republican, said the agency must do more.



"It is time for serious reform of the FHA before it needs a taxpayer bailout, if it isn't too late already."

Donovan agreed the changes would be helpful. But he said that HUD lacks the legal authority to make those changes in the FHA's operations and Congress would have to revise the law to make it possible.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **NAACP Seeks To Mount Shakeup In US Education**

By Suzanne Gamboa

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — The NAACP is going on the offensive on education, deploying volunteers across the country in its biggest push for a public education overhaul since the nation's classrooms were ordered desegregated in 1954, the civil rights group said Thursday.

The volunteers, who have been trained for the past two years, will lobby at the state and county levels for four educational priorities:

Such changes for all children, not just minorities, are the only way to ensure an educated American workforce and a thriving economy, said NAACP president and CEO Ben Jealous.

"We will always play defense on Brown (vs. Board of Education)," Jealous said, invoking the 1954 Supreme Court decision that ended legal school segregation and became a civil rights milestone. "We will always play defense when folks who are disproportionately disciplining our children harshly in ways that do not help them. You know what we are playing offense on? We are playing offense on these four things."

Without desegregation, "You don't get a Gen. Colin Powell ... you don't get a President Barack Obama," Jealous said.

"We are seeking to ensure that our nation can lead the world in job creation again. We are seeking to ensure that our nation can lead the world in innovation again," Jealous said.

"Maybe when this country was founded, you could get away with only educating a portion of your population and succeed in the world, but you can't do that anymore," he added.

The current education system is leaving out hundreds of children of all races, said Education Secretary Arne Duncan, who gave his support to the NAACP agenda.

Twenty-five percent of all children, about 1 million children, drop out of school each year, Duncan said. In the African American and Latino communities, he said, the number is closer to 40 percent to 60 percent.

"This is not just devastating individuals and families. This is devastating entire communities," Duncan said.

Duncan and others said a system with those kinds of results puts the nation at a competitive disadvantage. But if the NCAA could ban the University of Connecticut's men's championship basketball team from postseason play next year because of poor athlete graduation rates, Duncan said, surely activists could take on "this sacred cow."

Jealous said for most of his life the NAACP has focused on implementing and defending the Supreme Court's desegregation decision. But increasingly, branches of NAACP in 38 states have pushed for changes in education laws and legislation, he said.

For example, Adora Obi Nweze, president of the Florida state NAACP conference, helped push for reform of "zero tolerance" laws that governed school discipline in her state. She said the Florida conference was successful in getting the law modified so other steps must occur before a student is suspended, expelled or arrested.

Jealous said volunteers have been trained to be able to make presentations to a local Baptist Church and to a local Kiwanis Club so the reforms will not be perceived as only benefitting African American children.

He emphasized that the report released Thursday was not another study, but a plan. Volunteers were trained for two years in the tenets of the report, which was based on two years of research about what makes the best schools perform so well.

---

Follow Suzanne Gamboa on Twitter at <http://www.twitter.com/APsgamboa>

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Feds: New Student Loan Repayment Options Set**

By Justin Pope

[Associated Press](#), December 7, 2012

A new version of the income-based federal student loan repayment program that's more favorable to many borrowers will go into effect starting Dec. 21, according to regulations scheduled for publication Friday.

The “Pay as You Earn” program will allow eligible student-loan borrowers to cap monthly payments to 10 percent of discretionary income, and have their loans forgiven after 20 years. An earlier version of the program capped payments at 15 percent and offered forgiveness after 25 years. Congress had scheduled the new program to phase in in 2014, but the Obama administration took regulatory measures to make those options available sooner. It’s estimated 1.6 million borrowers could take advantage of the program.

To qualify, borrowers must have started taking out federal loans after October 1, 2007, and received at least one disbursement after October of last year. They also must qualify for partial financial hardship based on the portion of their income standard repayments would cost. The program applies only to certain direct federal loans, and not to private loans from banks and other non-federal lenders.

The program will set maximum monthly payments based on income and family size, which can adjust each year. Typically those monthly payments could be lower, though there are also possible downsides: By choosing a so-called Income-Based Repayment borrowers could end up paying more over the life of a loan, and they will have to submit documentation each year. Some critics have also argued the program could encourage students to borrow more than they should.

But President Barack Obama has touted the program as a way to ensure borrowers aren’t crushed by student debt burdens at a time when outstanding student debt has by some estimates surpassed \$1 trillion.

Two-thirds of the national college class of 2011 finished school with loan debt, and those who borrowed walked off the graduation stage owing on average \$26,600 — up about 5 percent from the class before, according to recent figures from the Project on Student Debt.

The Pay as You Earn program also offers loan forgiveness after 10 years to those involved in public service who have made all their payments on time.

The department has also developed a tool allowing borrowers to have their tax data transmitted directly from the Internal Revenue Service into their Income-Based Repayment application.

---

Online: <http://www.studentaid.ed.gov/repay-loans/understand/plans/pay-as-you-earn>

Follow Justin Pope at <http://www.twitter.com/JustinPopeAP>

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **S.E.C. Weighs Suit Against Netflix Over Improper Disclosure**

By Michael J. De La Merced, New York Times "DealBook" blog

[New York Times](#), December 6, 2012

Netflix has stirred up the ire of its customers with controversial business decisions before. But a seemingly innocuous post by the online video company’s chief executive on his Facebook page may have gotten him hot water with regulators.

Netflix disclosed on Thursday that the Securities and Exchange Commission has sent both it and its chief, Reed Hastings, so-called Wells notices, indicating that the agency may file civil lawsuits against them.

The Wells notices, according to the company, are tied to information that Mr. Hastings disclosed in a Facebook post on July 3 about the one billion hours of video that subscribers watched through the service the previous month.

Shares in Netflix were down 1.3 percent in after-hours trading on Thursday, at \$85.02.

What was behind the S.E.C.’s move, according to (what else?) a new Facebook post by Mr. Hastings, was a concern that the post violated the agency’s “fair disclosure” rules. According to securities rules, information that could be material to a company’s business should be made available to all investors, usually through a news release or a regulatory filing. The rule is meant to prevent selective disclosure of important information.

But Mr. Hastings argues that he has a few defenses. One is that he disclosed the information fairly broadly: his Facebook feed is publicly viewable and has more than 200,000 subscribers. Moreover, the specific post was shared by some of those followers, and the information was subsequently reported by several media outlets.

Another defense is that Netflix simply didn’t view the information as material. In Thursday’s post, Mr. Hastings wrote that, several weeks before the Facebook message in question, the company had announced on its corporate blog that it was serving nearly one billion hours of video a month.

And while Netflix’s stock rose on July 3, it was already getting a rise from a positive analyst note published the night before, according to Mr. Hastings’ latest post.

“We remain optimistic this can be cleared up quickly through the SEC’s review process,” he wrote.

## **Stocks Finish Modestly Higher**

By Staff And Wire Reports

[USA Today](#), December 5, 2012

Stocks ended the day up Thursday after a trading session marked by changes in direction throughout the day. Investors seem to be continuing their focus on negotiations in Washington over avoiding the tax increases and spending cuts of the "fiscal cliff."

"Everybody is paying close attention to the soap opera in Washington," said John Canally, investment strategist and economist at LPL Financial.

The Dow Jones industrial average ended up 39.62 points, 0.3%, to 13,074.11. The broader Standard & Poor's 500 index finished 4.66 points higher, 0.3%, to 1,413.94. The tech-heavy Nasdaq composite index closed up 15.57 points, 0.5%, to 2,989.27, just shy of the psychologically significant 3,000 level.

President Obama said Wednesday that the White House and Republicans could reach an agreement "in about a week" if Republicans drop their opposition to raising taxes on those making more than \$250,000 a year. That helped give the stock market its first gain of the week.

Most investors believe Obama and Congressional Republicans will strike a budget deal to avoid the "fiscal cliff" before the year is out. Until they reach an agreement, however, the stock market will likely be hostage to news out of Washington.

"Yesterday was a good day," Canally said. "But we'll probably have a lot of bad days before we're through."

For the month, the S&P 500 is down 0.5% and the Dow is up 0.1%. The Nasdaq has lost 1.2%.

The Labor Department said unemployment benefits applications dropped 25,000 last week to 370,000, a level consistent with modest hiring.

The report comes a day before the government releases its closely watched monthly employment report. Private economists forecast that hiring in November sank sharply from the previous month. The unemployment rate is expected to remain unchanged at 7.9%.

Apple (AAPL) shares end up \$8.454, 1.6%, to \$547.24, a day after taking its worst fall in four years. In separate interviews, CEO Tim Cook said Apple will produce one of its existing lines of Mac computers in the United States next year and will spend \$100 million in 2013 to shift production of the line from China.

The price of crude oil fell \$1.57, or 1.8%, to end at \$86.31 a barrel Thursday, while the price of gold ended up \$6.50, 0.4%, to \$1,698.90 an ounce.

The yield on the 10-year Treasury note dropped modestly to 1.58% as the national average rate for 30-year fixed-rate mortgages edged up last week to 3.34%, just above the record 3.31% low hit two weeks ago.

In currency trading, the euro slipped 0.8% against the dollar, finishing at 1.2868, while the dollar held steady against the yen at 82.40.

Europe's Central bank left its benchmark interest rate unchanged at record lows. The central bank cut its growth forecast for next year from positive to negative.

In overseas trading, major stock indexes in Germany and France finished higher Thursday, surprising market-watchers who say both markets are at 52-week highs despite ongoing concerns about Europe's economy and budget negotiations in the U.S. along with worries about whether China's slowdown is beginning to reverse. A key stock index in London ended Thursday modestly higher.

In Asia, major stock indexes in most countries closed higher, with the exception of stock indexes in Shanghai and Hong Kong.

TRACK STOCKS: Get real-time quotes with our free Portfolio Tracker

In other major stock action:

H&R Block (HRB) shares closed up 5.1% after posting revenue and earnings that beat analysts' estimates. The largest U.S. tax preparation company reported a smaller loss, helped by cost-cutting efforts. It typically turns in a loss in the August-to-October period because it takes in most of its revenue during the U.S. tax season. H&R Block gained 65 cents to \$18.02.

Men's Wearhouse (MW) stock ended down 2.7% after the men's clothing company's third-quarter results missed Wall Street's estimates. The company also cut its full-year and fourth-quarter profit forecasts.

Boeing (BA) finished down 0.2% to just under \$74. United Airlines said a failed electrical generator in one of its new Boeing 787s caused the plan to make an emergency landing in New Orleans, shortly after taking off from Houston.

Lululemon Athletica (LULU) shares rose 7.3%. The Canadian yoga wear maker said it expects sales growth to slow. Its fourth-quarter earnings and revenue forecasts also came in below Wall Street's expectations.

Despite Apple's gains Thursday, a day earlier its stock (AAPL) dragged down the entire Nasdaq composite index.

If you bought a technology ETF to diversify your tech holdings, you may have noticed that Apple's woes are yours as well. And that's because Apple is such a big slice of the largest technology ETFs.

Powershares QQQ, Qubes, as they're called, have 18.8% of their assets in Apple, according to Morningstar. QQQ fell 1.1% Wednesday though they did recover 0.6% Thursday.

Technology Sector Select SPDR (XLK) has 19.2% of its assets in Apple. It fell 1.0% Wednesday, recovering 0.6% Thursday.

Vanguard Information Technology ETF (VGT), 20.5% in Apple. It fell 1% Wednesday, and regained 0.7% Thursday.

iShares Dow Jones U.S. Technology (IYW) has 22.9% in Apple. The fund fell 1.3% Wednesday, rebounding 0.8%.

These funds' huge positions in Apple point to a problem with indexing in a stock sector, especially when the index gives greater weight to stocks with larger market capitalization — stock price multiplied by shares outstanding.

Apple is a behemoth, weighing in at over \$500 billion. Rival Microsoft, the second-largest holding in QQQ, has a market cap of just under \$225 billion. The tech sector is so top-heavy by capitalization weighting that the five-largest members of the Nasdaq 100 index are 41.5% of the index. But if you buy a tech ETF, your biggest slice by far is Apple.

Contributing: Associated Press; USA TODAY's John Waggoner

Copyright 2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

## In Shift Of Jobs, Apple Will Make Some Macs In U.S.

By Catherine Rampell and Nick Wingfield, New York (NY) Times

[New York Times](#), December 7, 2012

Apple plans to join a small but growing number of companies that are bringing some manufacturing jobs back to the United States, drawn by the growing economic and political advantages of producing in their home market.

On Thursday, Apple's chief executive, Timothy D. Cook, who built its efficient Asian manufacturing network, said the company would invest \$100 million in producing some of its Mac computers in the United States, beyond the assembly work it already does in the United States. He provided little detail about how the money would be spent or what kinds of workers might benefit.

Apple, which long manufactured parts in the United States but stopped about a decade ago, has been under pressure to create more jobs here given its market power. It sold 237 million iPods, iPads, Macs and other devices in the year ended in September.

"I don't think we have a responsibility to create a certain kind of job," Mr. Cook told Bloomberg Businessweek. "But I think we do have a responsibility to create jobs."

Some analysts are hopeful that the move by a big, innovative company like Apple could inspire a broader renaissance in American manufacturing, but a number of experts remain skeptical.

"I find it hard to see how the supply chains that drive manufacturing are going to move back here," said Andre Sharon, a professor at Boston University and director of the Fraunhofer Center for Manufacturing Innovation. "So much of the know-how has been lost to Asia, and there's no compelling reason for it to return. It's great when a company says they want to create American jobs — but it only really helps the country if those are jobs that belong here, if it starts a chain reaction or is part of a bigger economic shift."

Over the last few years, companies across various industries, including electronics, automotive and medical devices, have announced that they are "reshoring" jobs after decades of shipping them abroad. Lower energy costs in America, rising wages in developing countries like China and Brazil, quality control issues and the desire to keep the supply chain close to the gigantic American consumer base have all factored into these decisions.

"Companies were going abroad in pursuit of cost reduction, and it turns out there were a lot of unintended costs," said Diane Swonk, chief economist at Mesirow Financial. "America has been looking a lot more competitive lately."

Even so, the impact on the American job market has been modest so far. Much of the work brought back has been high-value-added, automated production that requires few actual workers, which is part of the reason America's higher wages are not scaring off companies.

American manufacturing has been growing in the last two years, but the sector still has two million fewer jobs than it had when the recession began in December 2007. Worldwide manufacturing appears to be growing much faster, even for many of the American-owned companies that are expanding at home. General Electric, for example, has hired American workers to build water heaters, refrigerators, dishwashers and high-efficiency topload washers, but continues to add more jobs overseas as well.

Apple has not announced plans to move the complex, faster-growing portions of its product lines. Macs now represent a relatively small part of Apple's business, accounting for less than 20 percent of its nearly \$36 billion in revenue in its most recent quarter. The company's iPad and iPhone products, which amount to nearly 70 percent of its sales, will continue to be made in low-cost centers of manufacturing like China, mostly on contract with outside companies like Foxconn.



Mr. Cook's statements suggested Apple was planning to build more of the Mac's components domestically, but with partners. He told Bloomberg Businessweek that the plan "doesn't mean that Apple will do it ourselves, but we'll be working with people, and we'll be investing our money."

Whether Apple's newly announced plan might help create other higher-paying jobs along the supply line depends on the nature of the manufacturing.

Other computer manufacturing has been trickling back to the United States after largely shifting overseas in the 1990s.

In October, Lenovo, the computer giant based in China, said it would begin making its Think-branded computers, including notebooks, desktops and some tablets, at a facility in Whitsett, N.C. The move will create 115 manufacturing jobs at the plant, the company said.

Mark Stanton, director of global supply chain communications for Lenovo, said that moving the jobs to the United States would allow Lenovo to offer faster turnaround times for its customers in North America than if the machines were coming from overseas, and that the company was not specifically creating the American jobs because of any political pressure.

"We're certainly not unaware of the economic situation and political environment," he said. "It's an added benefit, but we didn't go in with that premise. We went in with a business case."

The globalized model of the electronics industry was shaken last year by supply chain disruptions after floods in Thailand. The auto industry faced similar challenges after the tsunami in Japan. Not coincidentally, Ford recently announced that it was adding 1,200 jobs in Michigan, and foreign-owned auto manufacturers like Honda and Volkswagen have also invested in more hiring and training in Indiana and Tennessee.

For the most part, companies seem to be stepping up production in the United States for domestic customers, as opposed to exports, said Chad Moutray, the chief economist at the National Association of Manufacturers. (Companies are moving their production closer to where their customers are in Europe, too. Five years ago, Hewlett-Packard supplied all of Europe's desktops from China, but today it manufactures in the Czech Republic, Turkey and Russia instead, according to Tony Prophet, senior vice president for operations for H.P.'s PCs and printers.)

But the United States is also becoming a more attractive place to manufacture goods destined for overseas markets. While the National Association of Manufacturers and other business groups complain about an antibusiness tax and regulatory environment in America, an international ranking from the World Bank on the "ease of doing business" placed the United States near the top of the list, and countries like Brazil, India and the Philippines near the bottom.

"If you ask how many days does it take to open a business, to get electricity, things like that, you realize there are a lot of reasons why the business environment is really much better here than in places where labor happens to be really cheap," said Torsten Slok, chief international economist at Deutsche Bank Securities.

On Thursday, the White House said it was encouraging to see more big American companies bringing back manufacturing.

"Policy matters, and our country is pushing policies that encourage manufacturing, R.& D., infrastructure, skills and the support for growing supply chains," said Gene Sperling, director of the president's National Economic Council. "I think what you want is a mutually reinforcing cycle, where basic economic trends that make the U.S. more competitive for manufacturing and for creating supply chains is encouraged and supported by policies that recognize those location decisions have broader spillover impacts that benefit the economy beyond specific companies."

Charles Duhigg and Quentin Hardy contributed reporting.

## **US Reps. Expect Deeper Look At NJ Derailment**

By Geoff Mulvihill

[Associated Baptist Press](#), December 7, 2012

CLARKSBORO, N.J. (AP) — Federal regulations require inspections of rail bridges and other infrastructure and reports on accidents, but leave it to freight railroad owners to do the work themselves.

After a derailment that released thousands of gallons of a hazardous chemical into the air last week in New Jersey, forcing dozens of households to be evacuated, a congressman said Wednesday that it is time to end what he called "a culture of self-regulation" for the industry.

"We've got to come up with a sensible set of regulations," U.S. Rep. Rob Andrews, a Democrat whose district includes Paulsboro, the site of the derailment, told The Associated Press on Wednesday.

Andrews, and Republican Reps. Pat Meehan of Pennsylvania and Frank LoBiondo of New Jersey, met Thursday at a command center in nearby Clarksboro with officials working on the accident response. The congressmen said they expect to hold hearings looking at both the causes of the derailment and the response to it.

An industry spokeswoman said the rail companies have specific requirements from the Federal Railroad Administration and other regulators, and that it makes sense for companies to conduct their own inspections and report on their own accidents.



"We are the only mode of transportation that owns, maintains and repairs its own infrastructure," said Holly Arthur, a spokeswoman for the Association of American Railroads. "It is in the railroad's interest to ensure that infrastructure is world-class."

Many standards for rail operation, she said, are laid out in federal regulations and the FRA has the power to go after noncompliant railroads with civil penalties. She said that the industry is required by law to haul hazardous chemicals and that leaks are rare.

Last Friday, seven cars on an 84-car train derailed on or near a swivel-style bridge over Mantua Creek in Paulsboro. A tanker car carrying vinyl chloride, a gas used to make PVC plastic, was ruptured, sending thousands of gallons of the chemical into the atmosphere.

Dozens of people who live or work nearby were checked out at an emergency room and none showed serious health effects. Since then, more than 200 homes in the industrial town across the Delaware River from Philadelphia International Airport have been evacuated. Vinyl chloride levels have intermittently risen high enough that workers trying to recover the remaining chemical, which naturally hardened into a solid, have been pulled off the scene.

On Thursday, the Coast Guard said it had removed all the vinyl chloride from the breached tanker and was moving in a 150-ton crane to move the derailed cars onto a barge. The evacuation was expected to remain in effect until Sunday because other cars containing the chemical still had to be moved.

Meanwhile, Paulsboro residents are growing frustrated. At a raucous meeting with officials Wednesday night, hundreds showed up with concerns that they were getting inconsistent information about whether the air was safe to breathe and when everyone could return to their homes.

Andrews said one area he wants to explore is the structure of the government's response team, which includes several federal, state and local agencies coordinated by the U.S. Coast Guard.

"When everyone's in charge," he said, "no one's in charge."

He said that for future problems like this, perhaps one specific agency should be given broad powers the way the Federal Emergency Management Agency is after natural disasters.

"I'm certainly aware of the fact that people in the community have had too much misinformation and too many false deadlines," he said.

Meehan said that's one of the issues he wants to explore after the accident investigation is complete.

The National Transportation Safety Board is investigating the crash and has not ruled on its cause.

But board chairman Deborah Hersman has laid out how the bridge, originally built in 1873, had problems in the weeks leading up to the derailment. When the train pulled up to the swivel-style structure on Friday, the signal light was red. She said that was an indication that all four locking mechanisms on the bridge were not secured. But after the train's conductor looked at the structure, he received permission from a dispatcher several miles away to cross even under a red light.

Hersman was careful to say that the train crew members followed their training.

But Andrews said that guidance may have been incorrect.

He said it's a similar story with other railroad matters. Conrail and the FRA may have been following their protocol, he said, but the rules themselves could be flawed.

There was a derailment on the same bridge in August 2009, but from the publicly available documents, it's hard to tell whether it was similar to last week's.

Consolidated Rail Corp. and Norfolk-Southern, at the time co-owners of the line, each filed the requisite one-page form on the accident, which caused \$480,000 in damage when nine coal cars derailed. According to a code on the form the cause was found to be "bridge misalignment."

Each form contained just one sentence of written description of what happened.

Neither the FRA nor the NTSB investigated the accident — and neither was required to do so.

Railroad experts agree that there are relatively few swivel-type bridges remaining out of an estimated 75,000 to 100,000 freight rail bridges across the country.

But FRA spokesman Kevin Thompson said the agency does not keep a complete inventory of bridges, either.

Andrews said he believes that an independent agency should have a greater role in rail safety, especially for trains carrying hazardous materials that, if spilled, can jeopardize public health.

He said it's Congress that needs to force such changes.

Bob Comer, an Ohio man who has investigated 300 train accidents, most on his own and some as an expert witness for plaintiff's lawyers in lawsuits, said the problems run deep.

"All the way back to 1825 when the railroad industry started in the United States," he said, "they have put money ahead of safety."

Follow Mulvihill at <http://www.twitter.com/geoffmulvihill>

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Jeb Bush To Lead National Constitution Center**

By Maryclaire Dale, Associated Press

[Associated Press](#), December 7, 2012

PHILADELPHIA (AP) — It might not be the White House, but former Florida Gov. Jeb Bush will follow in his father's footsteps as head of the National Constitution Center in Philadelphia.

The younger Bush on Thursday was named the next chairman of the Philadelphia museum, a job former President George H.W. Bush held from 2007-2008. Another former president, Bill Clinton, has held the post the last four years.

Bush, 59, said he feels a cultural shift brewing in the United States. He's been reading up on U.S. and world history to try to prepare for it.

"I think ... there's going to be a time of cultural change in our country," Bush said, "and typically these have been done in ways that people didn't anticipate.

"I want to learn about the past so I can think about the future," he said.

But asked if a run for president is in his future in 2016, Bush demurred and politely changed the topic.

Bush himself is bilingual, and led a diverse, immigrant-rich population as governor of Florida from 1999-2007.

He said he hopes to fill "a critical void in our country" as he carries out the center's mission of improving civic education and engagement.

And he joked that he was honored to follow Clinton as chairman because the Democrat and sometime Bush family rival has become like "a brother from another mother."

"He has developed a relationship with my dad that is very moving," Jeb Bush said. "These guys have become really close."

In 2006, both Clinton and the elder Bush received the Constitution Center's Liberty Medal, an annual award given to those whose actions represent the founding principles of the United States. They were honored for their efforts helping victims of Hurricane Katrina and the tsunami in southeast Asia.

Prior to becoming governor, Jeb Bush worked in banking in Texas and Venezuela. He is also the state's former commerce secretary.

Former Pennsylvania Gov. Ed Rendell, the board's vice chairman, said he knows Bush to be a consensus builder who will bring a fresh vision to the Constitution Center's mission. They worked together when their gubernatorial terms overlapped, Rendell said.

The center explores constitutional ideals through its museum exhibits, which include rare artifacts, a theater, and Signers' Hall, which holds 42 life-size, bronze statues of the Founding Fathers. The Constitution Center also hosts public lectures and debates, and houses the Annenberg Center for Education and Outreach.

Bush said the country's problems may seem daunting, but pale in comparison to those faced by the nation's founders, disparate people who came together and forged a constitution.

"If they were to have done that, we can solve the fiscal cliff problem and we can solve other problems," Bush said.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **MSNBC's Chris Hayes Promises More Cuomo Commentary**

By Mackenzie Weinger

[Politico](#), December 7, 2012

MSNBC's Chris Hayes says he's not done taking on New York Governor Andrew Cuomo.

Hayes has slammed Cuomo on his Saturday show "Up with Chris Hayes" for not supporting fellow Democrats in the state senate — and he told Crain's New York on Thursday he'll keep following the story.

"Yes, I will," Hayes told Crain's Insider. "I will probably do an update on the [state Senate] deal, to keep viewers filled in on the deal that was struck this week, and the [governor's] op-ed. But I think we'll continue to cover it, particularly [the push for] public [campaign] financing, because that's extremely important, and it's a structural shift, and it's a shift that I think we really need."

"There is a general frustration, which is that New York state should be a kind of laboratory for ambitious, progressive solutions to problems—the demographic profile, the party ID numbers. And it has not been," Hayes added.

And Hayes told Crain's that viewers of his show can expect more commentary on the New York governor, especially as Cuomo is considered a potential 2016 presidential candidate.

"If the governor's people decide that they're mad at me and they never want to talk to me again—which they haven't, I've been in contact with the office—but if they decide that I'll never be able to interview Andrew Cuomo, that's fine," Hayes told Crain's. "I'm operating in a universe where I just don't have to worry about that stuff. I cover what I want to cover, and I say what I think is true."

Cuomo's office had no comment.

## **Final Campaign Reports: 2012 Election Nears Record**

By Stephen Braun And Jack Gillum

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — Final campaign finance tallies trickled out Thursday for a presidential race expected to be the most expensive in U.S. political history, showing a last-minute \$10 million contribution to a political action committee backing Republican candidate Mitt Romney from a billionaire Las Vegas casino magnate who has been the election's biggest moneyman.

The \$10 million donation by Sheldon Adelson to the Restore Our Future "super" PAC raised the casino owner's total contributions for the 2012 campaign to at least \$72 million, all for Republicans.

The new campaign finance filings to the Federal Election Commission were among newly-released records covering the final two weeks of the race, when campaign organizations for Romney and President Barack Obama, along with a slew of super PACs, raised and spent millions toward an expected \$2 billion campaign.

By late October, both campaigns already had neared \$1 billion in expenditures, and super PACs supporting Obama and Romney had spent more than \$500 million in media ads. Politically-oriented nonprofit "social welfare" organizations that do not have to declare their finances or identify their fundraisers have spent hundreds of millions more on so-called issue ads.

Adelson, who owns casinos in Las Vegas, Singapore and the Chinese territory of Macau, has been the top donor in the 2012 race. He has provided more than \$54 million supporting Romney and other GOP presidential candidates and an additional \$18 million for other Republicans.

The latest \$10 million figure for donations for Adelson and his wife, Miriam, was released Thursday only for the pro-Romney Restore Our Future, but the couple's totals could grow as more campaign finance tallies are reported.

Adelson vowed early on in the presidential race that his political donations would top \$100 million by the November election. His postelection super PAC total does not match that figure, but the casino magnate also hinted he would also give millions more to GOP-leaning nonprofits that do not have to report their war chests to the FEC, but instead provide confidential figures to the Internal Revenue Service.

Along with his dominant presence in the presidential race, Adelson also poured money into super PACs backing several GOP Senate candidates in the final weeks of the election. More than \$1.5 million in Adelson money went to a super PAC backing GOP candidate George Allen in Virginia, \$1 million to a committee aiding Michigan candidate Peter Hoekstra and \$500,000 to a super PAC supporting Sen. Scott Brown. All were defeated.

Other top last-minute donors to the pro-Romney Restore committee included Larry Ellison, head of software giant Oracle Corp., who gave \$3 million, and Houston Texans owner Robert McNair, who gave \$1 million. The Renco Group, a New York company headed by investor Ira Rennert, also gave \$1 million.

Adelson recently told The Wall Street Journal that he would double his \$100 investment in GOP causes by the next election and he has the financial muscle to do it. His massive campaign donations are backed by his lucrative casino holdings in the U.S. and Macau. The most recent November quarterly statement of his Las Vegas Sands Corp. estimated that Adelson's casino revenues surged \$1.11 billion in the first nine months of 2012 compared with the same period in 2011.

In late November, Adelson's company announced a special dividend of \$2.75 a share in anticipation of the threatened "fiscal cliff" rise in federal tax rates. The dividend move netted Adelson — who owns more than half of Sands' 820 million shares — an estimated personal gain of as much as \$1.2 billion, according to financial analysts.

Adelson's role as the premiere fundraiser in American politics could be complicated by his casino company's continuing struggles with the federal government over tax revenues and Justice Department and Securities and Exchange Commission investigations focusing on possible violations of the Foreign Corrupt Practices Act, which targets money-laundering and international bribery.

Sands' recent quarterly statement acknowledged the federal probes as well as negotiations with the IRS over "unrecognized tax benefits" highlighted by a tax audit of the company's Macao and Singapore casino earnings between 2005 and 2009.

Sands cited a “possible settlement of matters presently under consideration at appeals in connection with the IRS audit.”

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Romney Raised \$86 Million In Closing Weeks**

By Tarini Parti

[Politico](#), December 7, 2012

Mitt Romney's victory effort raised \$86 million between Oct. 18 and Nov. 26, his campaign said Thursday.

The total reflects a combined fundraising effort by the Romney campaign and the Republican National Committee.

According to the email from the campaign, although the reports will show that the campaign still has \$24.4 million in the bank, that number “does not take into account spending currently in process. The campaign continues to process invoices for pre-election expenses and forecasts that there will be less than \$1 million at year end.”

About 91.8 percent of donations during that time period were \$250 or less, and the campaign raised \$28 million from checks less than \$250.

“Romney Victory continued its strong fundraising through the final weeks of the campaign. Every dollar we raised was put to use in the effort to elect Mitt Romney,” said Romney Victory National Finance Chairman Spencer Zwick in the email.

Official numbers and details regarding how the money was spent will be released by midnight Thursday when both committees file campaign finance reports with the Federal Election Commission.

## **Obama Outspent Romney In Final Days**

By Dave Levinthal

[Politico](#), December 7, 2012

In late June, his fundraising machine struggling, President Barack Obama darkly declared to supporters, “I will be outspent.”

So much for that: As the presidential election reached its climax, Obama's campaign spending dwarfed that of Romney's campaign, outspending its Republican counterpart by more than \$71 million between Oct. 18 and Election Day, according to documents filed Thursday night with the Federal Election Commission. Continue Reading

Such spending, coupled with the late, but heavy support from friendly super PACs and union groups, boosted Obama's fortunes in key swing states such as Florida, Virginia, Iowa, New Hampshire, Colorado, Nevada and Ohio, all of which he won.

For perspective, the \$176.4 million Obama's campaign spent during this brief but critical period could run all city government operations in Dayton, Ohio, for more than a year.

As it was, the bulk of Obama's money went toward campaign advertisements, production and consulting — more than \$85 million from Oct. 18 to Nov. 26, according to the campaign's filings. Online advertising accounted for another \$22.66 million in spending.

Travel (\$9.6 million) and payroll (\$4.44 million) also constituted major 11th hour expenses for the campaign.

The \$111 million raised by Obama's committees and the Democratic National Committee in the weeks immediately before and after the election also boosted their collective fundraising total to more than \$1.12 billion, POLITICO's calculations of federal filings indicate. Obama's campaign alone raised more than \$88 million of that from Oct. 18 to Nov. 26.

Romney's committees and the Republican National Committee raised about \$86 million during the same period, federal records show.

As of Nov. 26, Obama's campaign committee had \$5.4 million remaining in its account versus \$7.22 million in debt, his filing shows.

This means his committee will likely continue fundraising even though Obama has no further campaigns to run.

Kenneth P. Vogel contributed to this report.

## **Liberal Donors Gave To Priorities USA Action Super PAC At 11th Hour**

By Dave Levinthal

[Politico](#), December 7, 2012

Once-bedraggled, pro-Barack Obama super PAC Priorities USA Action saved its best fundraising efforts for last, reaping riches from liberal donors and labor unions during the presidential election's final three weeks.

Investor Henry Laufer and Renaissance Technologies Chairman James Simons each gave Priorities USA Action \$1.5 million between Oct. 18 and Election Day, federal documents filed with the Federal Election Commission on Thursday night show. Continue Reading

Media mogul Fred Eychaner, law firm chief Steve Mostyn and Renaissance Technologies Chief Executive Stephen Robert each added \$1 million, helping Priorities USA Action raise nearly \$15.2 million for the period as it pummeled Republican presidential candidate Mitt Romney with relentless negative advertisements during the campaign's final days.

Union entities also ponied up serious 11th-hour cash, including the Laborers International Union of North America (\$1 million on Nov. 5), International Brotherhood of Electrical Workers (\$500,000) and the United Brotherhood of Carpenters and Joiners's Working for Working Americans super PAC (\$500,000).

In all, Priorities USA Action spent nearly \$21 million between Oct. 18 and Nov. 26 while ending the period with \$4.33 million cash on hand and no debt.

While most of the money it spent in late October and early November funded anti-Romney ads, the super PAC did spend six-figure amounts on research and media strategy services, it report indicates.

Such spending is remarkable considering Priorities USA Action began the year destitute, barely raising any money at all as Democrats, largely on principle, shunned supporting super PACs, which by law may raise and spend unlimited amounts of money to promote or attack candidates.

But Obama in February gave tacit approval to his funders backing Priorities USA Action, which is run by two of his former White House staffers, Bill Burton and Sean Sweeney.

From that point forward, cash slowly began to roll in, even if Priorities USA Action never competed dollar-for-dollar with its main Republican super PAC counterparts, pro-Romney Restore Our Future and Karl Rove-backed American Crossroads. In August, it had raised \$10.13 million, and in September, it raised \$15.2 million, adding another \$13 million during the first 17 days of October, its federal reports show.

## **Casino Owner Aided Romney In Late \$10 Million Bet**

By Stephen Braun And Jack Gillum

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — New campaign finance figures for the final two weeks of the 2012 campaign show that Las Vegas casino magnate Sheldon Adelson and his wife gave \$10 million to a “super” political committee supporting losing GOP presidential candidate Mitt Romney.

Adelson, who owns casinos in Las Vegas, Singapore and the Chinese territory of Macau, has been the top donor in the 2012 race, providing more than \$54 million supporting Romney and other GOP presidential candidates and an additional \$18 million for other Republicans. The new \$10 million figure for Adelson and his wife, Miriam, is for the pro-Romney Restore Our Future super PAC, but their totals could grow as final campaign finance tallies are reported Thursday.

Adelson had vowed to spend more than \$100 million on GOP causes this election cycle.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Sheldon Adelson Gave Another \$10 Million To Pro-Romney Super PAC**

By Dave Levinthal

[Politico](#), December 7, 2012

Billionaire casino mogul Sheldon Adelson kept giving and giving to the bitter end of Republican Mitt Romney's doomed presidential campaign.

Adelson, along with wife, Miriam, poured \$10 million into the account of pro-Romney super PAC Restore Our Future on Oct. 19, new documents filed today with the Federal Election Commission indicate. Continue Reading

The massive donation represents nearly half the \$21.15 million Restore Our Future raised between Oct. 18 through Election Day on Nov. 6 — an amount that exceeds what nearly every other super PAC in the nation collected during the past two years.

An eclectic mix of notable businesspeople also made big-dollar, 11-hour contributions to Restore Our Future, including Oracle Corp. Chief Executive Officer Lawrence Ellison (\$3 million), Houston Texans Chairman Robert McNair (\$1 million) and Jimmy John's sub shop founder James Liautaud (\$500,000).

Others include Pittsburgh Tribune-Review Publisher Richard Scaife (\$417,500), former Price is Right game show host Bob Barker (\$174,200), Dick's Sporting Goods Chairman Edward Stack (\$100,000) and Mary Brock, co-owner of the WNBA's Atlanta Dream (\$100,000).

Several corporate entities also made big-dollar contributions, including the New York City-based holding company Renco Group (\$1 million), which is led by investor, miner and industrialist Ira Rennert, and auto sales, rental and service company Penske Corp. (\$250,000).



Restore Our Future spent \$45.5 million between Oct. 18 and Nov. 26. Most of that funded advertisements, although \$1.33 million went to the Podium Capital Group for “fundraising consulting services.”

As of Nov. 26, the super PAC reported \$842,061 left in its coffer and no debt, having extinguished nearly all of the \$153 million it raised during the election cycle primarily on advertisements slamming President Barack Obama, or earlier, Romney’s Republican primary foes in Newt Gingrich and Rick Santorum.

Overall, the Adelsons gave \$30 million in the 2012 cycle to Restore Our Future. That doesn’t count tens of millions of dollars more the Adelsons gave to several other Republican-supporting super PACs, including \$15 million to the previously pro-Newt Gingrich Winning Our Future committee.

Although the Adelsons’ massive amounts of cash largely went toward supporting candidates who lost, Sheldon Adelson is remaining quite visible, meeting this week with top Republican congressional and campaign leaders.

He told the Wall Street Journal this week that he’s considering spending at least \$100 million or more during future campaigns.

## **Republican National Committee Finished 2012 Cycle Debt-Free**

By Sean Sullivan And Aaron Blake

[Washington Post](#), December 7, 2012

The Republican National Committee will release a report later tonight showing zero debt and \$3 million cash on hand after the 2012 election cycle, a committee source tells The Fix. The committee outraised its Democratic counterpart \$293 million to \$181 million this year, and the DNC ended the election with more than \$20 million in debt and \$9.7 million cash on hand, according to its report. It’s normal for committees to go into debt at the end of the election; the question is usually how much. The RNC had \$25 million in debt at the start of Chairman Reince Priebus’s tenure in 2011.

## **In Private Meeting, RNC, GOP Digital Strategists Look To Improve**

By Kyle Trygstad

[Roll Call](#), December 7, 2012

Several dozen Republican digital strategists met at the Capitol Hill Club on Thursday to hear what worked and what didn’t from the digital heads of the Mitt Romney campaign and the Republican National Committee.

According to three sources in the room, the two-hour meeting was a review of the key metrics from the campaign and a discussion about how the party can improve its digital strategies and prepare for 2016. It is widely acknowledged that President Barack Obama’s re-election victory was built in part on a vastly superior digital effort.

The “entire GOP digital world” was there, one source said, plus representatives from Google, Facebook and Twitter. The meeting was led by Romney Digital Director Zac Moffatt, RNC Digital Director Tyler Brown and RNC Chief of Staff Jeff Larson.

Both the RNC and the Romney campaign have been criticized for their digital effort in 2012, especially for Romney’s much-hyped Project ORCA “get-out-the-vote” tool, and specifically that Obama raised more money online and had a more integrated digital operation.

But one source said they emerged from the meeting with a better understanding of what happened and the insurmountable odds Moffatt faced in trying to build a digital effort in five months that could compete with the Obama team.

The takeaway, sources said, was that the RNC needs to remain committed to building a digital infrastructure or else the party’s next presidential nominee will face the same disadvantages that Romney did. That, of course, depends in part on how much data the Obama campaign hands over to the Democratic National Committee.

To that end, the Romney campaign has given the RNC 1 million online donor emails and 2.2 million new active emails. More than 300 pages of memos on analytics and optimization will also be handed over to the RNC, along with framework infrastructure for Facebook and mobile apps.

One source said the meeting was so positive that it was almost as if Romney had won, and another source said most of the attendees emerged shaking hands and feeling mostly good about the discussion.

Part of the reason for that is Moffatt laid out how difficult it was to compete with the Obama team. One source said it was clear how “herculean” the task was for the Romney campaign and that it’s “probably unrealistic to put together an entire digital infrastructure for a billion-dollar operation in five months.” The Romney campaign’s digital team went from 14 staffers in April to 160 by November, the source said.

“The refrain that Zac basically said over and over again is that they had an enormous amount of work to do and not a lot of time to do it,” the source said. “And they were disadvantaged vis-a-vis Obama because Obama was the incumbent and had years to work on this, and they had to get through a primary.”

When asked to comment, an RNC official said the discussion delved into the RNC and Romney digital operations, the structure and how digital interacted with the communications, political and finance departments, plus the intricacies of the effort — online fundraising and advertising, mobile apps, social media, program development and analytics.

“Clearly what we did this cycle wasn’t enough, but we did a lot of good things with the time and resources we had and our efforts have steadily improved over the past decade,” the RNC official said. “This is the first step in a multistep process as we lay out the direction our party goes with its digital presence and how we get there.”

## **NRSC Spent Big Late In Missouri**

By John Bresnahan And Manu Raju

[Politico](#), December 7, 2012

The National Republican Senatorial Committee quietly sent \$760,000 to the Missouri Republican Party in early November, just as the state GOP was mounting a last-minute TV ad blitz to boost Rep. Todd Akin’s sagging Senate campaign, according to records released Thursday.

The NRSC funds appear to have helped pay for the pro-Akin TV ads as he was struggling to narrow Sen. Claire McCaskill’s lead at the polls. The disclosure is highly significant because the Senate GOP campaign committee promised to abandon Akin after failing to push the conservative congressman out of the race following his August declaration that “legitimate rape” rarely leads to pregnancies because female bodies often shut down.

The NRSC declined to comment Thursday night.

When asked in September if the committee would consider reversing course and backing Akin, Texas Sen. John Cornyn, the NRSC chairman, flatly told POLITICO, “We’re done.” Akin was thus left without potentially millions of dollars in financial support he would have received from the NRSC in his challenge to McCaskill.

But as November began, Senate Republicans were facing a crisis. The once-bright 2012 landscape had shifted on them. Instead of winning a Senate majority, they were fighting to keep seats. McCaskill, once seen as the most vulnerable Democratic incumbent, was leading Akin by a solid margin in the polls.

As the Missouri Senate race dragged on and Akin made up some ground in the contest, the NRSC was in a quandary: Does it stick to its word and hope Akin could rebound on his own? Or should it flip-flop and send an infusion of cash into the race in a last-ditch bid to save his campaign?

Now it appears to have been the latter, certain to give fodder to Democrats eager to hit Senate Republicans on hypocrisy charges.

The NRSC sent \$760,000 to the Missouri GOP on Nov. 1-2, according to post-election filings by the state party. The Missouri GOP, along with Akin’s campaign, dumped those funds into a large TV buy seeking to boost his campaign.

As word broke about the Missouri GOP’s late investment into the McCaskill-Akin race, the NRSC adamantly refused to say whether it was involved at all.

And even after Election Day, top Republicans declined to comment, telling reporters to wait until campaign filings were released a month later.

Asked about the matter in a post-election interview, Cornyn would not say if the NRSC quietly got involved in Missouri, but hinted that it did.

“We needed to do what we needed to do to help win Senate seats,” Cornyn told POLITICO.

But the late TV ad blitz or reversal by the NRSC appeared to make little difference anyway, as McCaskill cruised to a 15-point win on Nov. 6. Akin will leave Capitol Hill at the end of the 112th Congress.

And Cornyn, despite the poor showing by Senate Republicans — they ended up losing two seats, a huge win day for Democrats — was elected minority whip.

## **Fox's Correspondent On Front Lines With Obama**

By David Bauder

[Associated Press](#), December 6, 2012

NEW YORK (AP) — Ed Henry’s assignment covering the White House would be a challenge for any journalist, no matter his employer.

Yet Henry works at Fox News Channel, home base for viewers who longed for President Barack Obama’s defeat. More than anyone, he understands how the natural adversarial role of reporting on the highest level of government has become complicated in recent years by the rise in partisan media and online critics who parse every word reporters and anchors say.

“It definitely puts pressure on all of us,” Henry said, “and if you step out and ask tough questions, you’re somehow seen as a partisan now — even if it’s a substantive question and even if it’s a fair question.”

Henry, 41, is preparing for four more years on the beat and would like to cover the Obama administration from beginning to end. He came to Fox in 2011 from CNN, for whom he had worked in Washington since 2004 (his wife, Shirley Hung, is a CNN producer). Prior to getting into television, the Queens, N.Y., native worked in print at Roll Call.

He said he brings to his coverage the desire to hold public officials of each party accountable for their actions, and no ideological point of view.

Fox has never denied that prime-time stars like Bill O'Reilly and Sean Hannity are opinionated. Daytime hours and programs hosted by Shepard Smith and Bret Baier are set aside for news, although it's naive to suggest there's no point of view.

Three recent episodes illustrate the point. Fox aired 27 minutes of Obama speaking during four days just before the election — compared to 168 minutes of Republican challenger Mitt Romney, the liberal watchdog Media Matters for America noted. Author Thomas Rick's interview on Fox last week was abruptly cut short when he accused the network of "operating as a wing of the Republican Party" with its coverage of the September terrorist attack in Benghazi, Libya. The Washington Post reported Tuesday that Fox News chief Roger Ailes encouraged David Petraeus to run for president, although Ailes said he was joking.

For a reporter like Henry, Fox "frames the work, you can't escape that," said Frank Sesno, a former CNN Washington bureau chief and professor at George Washington University. The setting adds another layer of scrutiny.

"It's very difficult when you work for an organization where the opinion page is on the front page," said Sesno, who hired Henry as a paid fellow at George Washington last year.

Henry has had two tense moments with Obama at news conferences. At one, Henry asked Obama why it had taken the president several days to express anger about bonuses given to AIG insurance executives. Obama responded that "it took us a couple of days because I like to know what I'm talking about before I speak."

When Henry asked Obama to respond to a Romney comment that "if you do not want America to be the strongest nation on Earth, I am not your president," Obama said that, "I didn't know you were the spokesman for Mitt Romney."

The first incident happened while Henry worked at CNN, the second when he was at Fox.

Arguably, for an interview subject, the first question would be more objectionable: it infers that Obama has been slow to move on an issue. The second was simply asking for a response to a critic's statement, something reporters do every day.

Henry and White House Press Secretary Jay Carney have gone back-and-forth in some briefings, with Carney once suggesting that "you're creating a thing here for Fox." But they appear to have a solid working relationship. Henry said the White House has never retaliated against him for any of his work, or because of anger at his network.

"Like every other professional journalist who covers the White House, we don't like every word that Ed has said on camera, but we work with him every day to provide the access and information that he needs to communicate to a sizable audience what's happening at the White House," said White House spokesman Josh Earnest.

Benghazi has proven an interesting case study. Henry rejects the notion that he works off Fox marching orders in discussing the issue, but said, "I wouldn't lie to you. I see that we're covering Benghazi a lot, and I think that should be something that we're asking about."

He said other news outlets have under-covered the story, since four Americans were killed and there's still some mystery about what the administration knew and when they knew about the attack.

"We've had the proper emphasis," he said. "But I would not be so deluded to say that some of our shows, some of our commentators, have covered it more than it needed to be covered."

Henry is keenly aware of the "noise machine," bloggers like Media Matters who quickly pounce on work they consider objectionable. He suggested that MSNBC host Chuck Todd, who also works for NBC News, doesn't get the same level of critical attention paid to his work even though MSNBC is clearly slanted left.

As a young reporter, Henry said he looked up to former White House correspondents like Sam Donaldson, famed for shouting questions at President Ronald Reagan. "Now if you shout a question at Obama, you're somehow seen as a bad guy," he said. "I think some people have been cowed."

Donaldson, now 78, recalled angry letters he had gotten from Republicans about his coverage of the Reagan administration. When he covered President Bill Clinton's second term from ABC and asked tough questions, Republicans wrote to compliment him on his maturity, he said.

He had his boss' support and didn't have to look over his shoulder at blogs, said Donaldson, who considers Henry "one of the best" on the beat now.

"It's not that they are all afraid and cringe, because they don't," Donaldson said. "But it's so much tougher to do it in every way."

His advice on dealing with the critics: "You just have to try to ignore them."

Henry said he tries.

For all of the attention that Henry's work gets from people with strong political points of view, Sesno said it would probably have been more difficult for him if Romney had won the election.

His theory is that most Fox viewers don't mind if Henry is tough on Obama. Showing such toughness on someone that many of his viewers are sympathetic toward would be a lot harder.

---

EDITOR'S NOTE — David Bauder can be reached at [dbauder\(at\)ap.org](mailto:dbauder(at)ap.org) or <http://twitter.com/dbauder>.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **With Rove's Face Time Reduced On Fox, Is Sun Setting On Career As Power Broker?**

By Lee-Anne Goodman, The Canadian Press

[Associated Press](#), December 7, 2012

WASHINGTON — Word that Fox News has moved to limit Karl Rove's appearances in the aftermath of U.S. President Barack Obama's decisive re-election victory in November has fuelled speculation that the longtime Republican operative's grip on the party is finally slipping.

Nicknamed "Bush's brain" when he was a top aide to George W. Bush, Rove was apparently given a time-out by Fox from his most visible pulpit as president Roger Ailes apparently attempts to undo some of the damage inflicted upon the network by Romney cheerleaders last month.

Network officials have confirmed that Fox producers must now get pre-clearance before booking either Rove or Dick Morris, another Republican pundit who predicted a landslide win for Mitt Romney over Obama on Nov. 6.

According to Rove's website, he's still scheduled to appear on two Fox News shows next week.

But even Ailes was startled by Rove's infamous on-air meltdown on election night when the network declared Obama the winner.

Ailes later recounted in an interview that he'd had a "what the?" reaction as he watched Rove challenge his network's election callers on-air.

"Rove was wrong," Ailes said. "He backed down. Our guys were right."

In the days following the election, Rove also accused Obama of "suppressing the vote" by criticizing Romney's policy proposals. As well, he's been facing tough questions for weeks from wealthy Republican donors who forked out US\$300 million to Rove's pro-Romney Super PAC, Crossroads, and had nothing to show for it on Nov. 7.

One of those donors, legendary conservative activist Richard Viguerie, called for Republicans to purge both Rove and Ed Gillespie from their ranks. Gillespie helped found Crossroads before leaving to manage Romney's ill-fated campaign.

"In any logical universe, no one would give a dime to their ineffective super PACs," Viguerie said in a statement in the days following the election.

Rick Tyler, a former strategist for a pro-Newt Gingrich Super PAC, agreed, calling Crossroad a "colossal failure."

"Rove has too much control over the purse strings," Tyler fumed to the St. Louis Post-Dispatch. "I don't think donors are ever going to invest in that level again because it turns out that the architect didn't know what he was talking about."

Rove was the public face of the \$1 billion effort to deny Obama a second term and return the U.S. Senate to Republican control. Since Romney's defeat, he's spent the last few weeks making amends.

One Republican consultant says Rove's heyday is far from over.

"Obviously when you're high profile and you make a bold prediction that proves to be off base, it hurts your credibility," Matt Mackowiak said in an interview.

"But Crossroads played a major role in the campaign, and will continue to be the biggest Republican organization of its kind, and I agree with Rove that if there hadn't been as many donations as there were, the result of the election would have been much, much worse."

Cal Jillson, a political scientist at Southern Methodist University in Dallas who has long watched Rove's career, says the Republican operative's "access to a bottomless pool of dumb money in Texas" will ensure he remains a party mover and shaker for years to come.

"That money was the foundation of his fundraising for Crossroads in the early going of the campaign, and some of the biggest contributors to Crossroads were from Texas," Jillson said.

"Those donors aren't going to abandon him, and since he lacks the embarrassment gene, he's not likely to take himself out of the game."

Another political observer, however, argues that the sun is setting on Rove's career as a Republican soothsayer. Rove had developed a name for himself as a brilliant political strategist, but the 2012 election has tainted that reputation.

"American politics is rife with people who were in the right place at the right time at a critical moment — you had James Carville behind Bill Clinton in 1992, for example, and you had Rove behind Bush in 2000 and 2004," said James Heaney, an assistant professor of organizational studies and political science at University of Michigan.

"These were people who truly understood a particular moment in political history; they were able to put their finger on the pulse and develop brilliant strategy."

But the world changes, Heaney added.

"And so people like Karl Rove are now out of date. They have had their moment in the sun, but now the party needs someone new, and it's not Karl Rove or Dick Morris."

There are future Karl Roves out there, Heaney said, who possess a better understanding of the rapidly changing face of America and ideas that will appeal to the party's base while attracting voters traditionally wary of Republicans.

"Karl Rove had eight years of making a huge difference in the way politics was played in America, but those years are gone," he said.

"He's not a nobody, but there are other people out there who get what's going on with the electorate, and they have ideas, and they are not people like Karl Rove and Dick Morris."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Karl Rove Returns To Fox News**

By Mackenzie Weinger

[Politico](#), December 7, 2012

Well, that didn't last very long — Karl Rove will be back on Fox News next week.

Rove, who was reportedly benched from the cable network, has two upcoming media appearances listed on his website: He'll be on Fox News's "Special Report with Bret Baier" Dec. 10 at 6 p.m., and on Fox Business Network's "Varney & Co." Dec. 13 at 9:20 a.m.

New York's Gabe Sherman reported earlier this week that Fox News president Roger Ailes told staff to keep those faces associated with the election — namely, Rove and Dick Morris — off the air for a while. According to his report, producers were ordered to get permission before booking either pundit.

Fox News has not responded to a request for comment.

## **Allen West Spent \$18 Million In Losing Effort**

By Tarini Parti

[Politico](#), December 7, 2012

Rep. Allen West spent nearly the same amount in the final days before the election as his opponent spent during the entire election — and still lost.

In all, the Florida Republican spent \$18.1 million in the 2012 cycle, which was more than four times as much as his opponent Patrick Murphy, who spent \$4.2 million.

West dropped \$4.1 million between Oct. 18 and Nov. 26 alone, according to federal reports filed Thursday.

Murphy, a 29-year-old construction company executive who had never sought office before this year, spent \$880,000 during that same period.

West still has \$1.5 million left in his campaign coffers — more money than the average amount raised by House GOP freshmen in 2010, when West was first elected, according to the Center for Responsive Politics.

## **Priebus To Run Again For RNC Chair**

By Emily Schultheis

[Politico](#), December 7, 2012

Republican National Committee Chairman Reince Priebus officially launched his reelection bid Thursday, with a YouTube video and an e-mail sent to members of the committee.

"I am formally announcing my campaign for a second term as RNC Chairman today," Priebus wrote in his e-mail to the 168-member committee, according to a copy of the email obtained by POLITICO. "This is not a decision I made lightly, but we have unfinished business and our country and Party need our leadership over these next two years."

J.C. Watts escalates attacks on Priebus



Priebus was elected to the post in January 2011, ousting previous chairman Michael Steele. The Wisconsin native has been credited with turning around the RNC's precarious financial situation, and has strong support from a majority of the 168-member committee.

In his email to RNC members, Priebus noted that high level of support. Republicans will officially elect a new chairman at their Winter Meeting in Charlotte, N.C., next month.

"As I mentioned to you by email just before Thanksgiving, I appreciate the strong support by so many of the RNC members," he wrote. "I am humbled to have over 150 members pledge their public endorsement to me for a second term."

He also spoke to the changes he's made at the committee, both in regards to its finances and in avoiding further scandals.

"When I decided to run for chairman of the Republican National over two years ago, the financial state of the RNC was in disarray," he says in his YouTube video. "It felt like each day brought another news article revealing an embarrassing discovery, Republican infighting or the loss of donor confidence. Back then it was clear to all of us that to be a fully functional, operational political committee, there was a lot of work that needed to be done at the RNC."

As of now, no other candidates have emerged to challenge Priebus. Both Steele and former Oklahoma GOP Rep. J.C. Watts have hinted at potential runs but have not given any serious indication that they plan to launch a bid.

## **Black RNC Member Pours Cold Water On J.C. Watts Candidacy**

[Daily Caller](#), December 6, 2012

Former Republican Rep. J.C. Watts says he's being encouraged to run for chairman of the Republican National Committee to help the GOP appeal to minorities.

But a prominent black national committeeman is throwing cold water on that idea.

"Having a person of color at the helm is not a silver bullet to increasing diversity in our party; we have been there and done that," Glenn McCall of South Carolina said in an email obtained by The Daily Caller that was distributed to the entire committee on Wednesday.

McCall's "been there and done that" statement refers to the past chairmanship of Michael Steele.

RNC chairman Reince Priebus has told the members of the committee that he's running for re-election, which will take place in January. A majority of members have committed to supporting him, according to sources.

In television appearances, Watts has been critical of Priebus and the Republican Party's outreach to minorities, particularly black voters.

But McCall, in his Wednesday email, offered support to Priebus. He also distributed a link to an opinion piece about Watts once claiming he was considering supporting President Obama's election in 2008.

"Reince, thank you for not being distracted by any potential challengers for chair who are talking about our party not reaching out to nontraditional voters," he wrote.

Said McCall: "I feel extremely comfortable in saying that our State Parties are doing an outstanding job of working to get our message out in nontraditional communities and are working to recruit solid diverse candidates that believe in our conservative values."

## **Priebus Says He's Locked Up Support For Second Term As RNC Chairman**

By Cameron Joseph

[The Hill](#), December 7, 2012

Republican National Committee (RNC) Chairman Reince Priebus says he has locked up the support needed for a second term.

In a new video released on Thursday, Priebus claims that more than 150 of the 168 committee members have pledged to back him continuing as chairman, suggesting that a possible challenge to his tenure was unlikely to materialize.

Both former Rep. J.C. Watts (R-Okla.) and former RNC Chairman Michael Steele had floated the idea of challenging Priebus, but committee sources had previously told The Hill that the current chairman had the backing of most of the committee.

Priebus took over an organization that was in dire financial straits and helped turn it into a fundraising powerhouse, a development he stresses early in the video. But Priebus also acknowledges the party's need to expand its base, by appealing to women and minorities.

"We also must acknowledge that our goals are far greater and yet to be realized," he says in the video after touting his fundraising and organizational ability.

"Together we're going to make the case to every American from coast to coast that the Republican Party is their party and is the best choice for the future of our great nation and the principles it was founded upon," he says amid a montage showing racially diverse families and American symbols like the Statue of Liberty.

A poll released Thursday by the Democratic-affiliated firm Public Policy Polling showed that just 20 percent of Republicans wanted Priebus to continue on as chairman, while 37 percent wanted someone else. But most party insiders, who will determine the outcome, hold him in high regard for turning the committee around after Steele's tenure left the organization in dire financial straits.

## Illinois Lawmaker Released On Weapons Charge

By Don Babwin

[Associated Press](#), December 7, 2012

CHICAGO (AP) — An Illinois state senator charged with trying to board a flight with a gun and ammunition in a carry-on bag posted bond and left court Thursday without a word about the charges or whether it would affect his decision to run for Jesse Jackson Jr.'s vacant congressional seat.

The 62-year-old Trotter — wearing the same clothes he had on when he was arrested the morning before at Chicago's O'Hare International Airport — stopped to address reporters after his release, but apparently changed his mind when he was asked about the case.

"Not now, not today," said Trotter, a couple of hours after he had appeared in court and a judge set his bond at \$25,000.

Regardless of whether Trotter is saying so, observers say it's clear that his congressional campaign — if he does continue to run — will look a lot different than it did before Wednesday morning.

"This will handicap him because everywhere he goes he will be asked why he was carrying a loaded gun onto an airline," said Dick Simpson, a former Chicago alderman and a political scientist at the University of Illinois at Chicago. Until Trotter's arrest, he was one of the stronger candidates in a growing field, Simpson said.

Trotter has 24 years of public service, both as a state representative and a state senator, that he could tout during a campaign. That service was something his attorney pointed to in asking the judge to impose a "reasonable" bond. Now, though, said Simpson, voters will be asked to answer a much more basic question.

"Do you really want a congressman who's not bright enough to not take a gun on an airplane?" he said.

Trotter is charged with a Class 4 felony, which carries a sentence to one to three years in prison upon conviction. In Illinois, defendants must post 10 percent of the set bond, so Trotter had to put up \$2,500, to be released. He's scheduled to return to court for a hearing Dec. 12.

During Thursday's hearing where a Cook County judge set his bond, Assistant State's Attorney Lorraine Scaduto outlined the events that led to Trotter's arrest.

Trotter, she told the judge, was at the airport Wednesday morning for an 8:07 a.m. flight to Washington, D.C. During a routine X-ray of his carry-on bag, Transportation Security Administration officers spotted the unloaded gun and clip of bullets. Trotter was then taken into custody.

Scaduto said that Trotter explained to officers he uses the .25-caliber Beretta handgun for his job with a security company. She said he told them that he'd worked until midnight the night before and that he'd forgotten the gun and ammunition in his garment bag when he packed at 4:30 a.m. on Wednesday.

"He said he did not realize it was still in his bag," Scaduto said.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## Eldest Statesman Has Seen Big Changes

By Emily Cahn, Roll Call Staff

[Roll Call](#), December 7, 2012

As the adage goes, "With age comes wisdom."

If that saying rings true, then Rep. Ralph M. Hall, R-Texas, may well be "the wisest man to have served in the House of Representatives," as Hall's Texas colleague Lamar Smith said on the House floor Nov. 27.

On that day, Hall officially became the oldest member of the House ever to cast a vote, a milestone celebrated by dozens of his colleagues, who rose to honor him in a series of one-minute speeches.

Hall, 89, broke the record previously set in September 1930 by Rep. Charles Manly Stedman of North Carolina, who died in office at the age of 89 years, 4 months and 25 days. (South Carolina Republican Sen. Strom Thurmond is the oldest ever to serve in Congress and the only senator to continue serving past his 100th birthday.)

"If there were a congressional hall of fame, tonight would be Rep. Hall's induction as the oldest — some would say the most seasoned — voting member in the House of Representatives," Smith said.

In honor of the record-setting achievement, the House accepted a portrait that features Hall with his late wife, Mary Ellen, who died in 2008. Hall is wearing a space shuttle pin on his lapel, representing the longtime Science Committee member's commitment to the space program.

First elected to Congress in 1980 at age 57, after a three-decade career in state and local politics, Hall has seen the institution change dramatically. And he has been forced to adapt to those changes in many ways, including switching political parties in order to hold onto his seat.

He began his congressional career as a conservative Southern Democrat, one of the original Boll Weevils who often sided with President Ronald Reagan on tax and budget matters and were frequently at odds with their increasingly liberal party brethren.

In the mid-1980s, he voted "present" rather than cast a vote for Massachusetts Democrat Thomas P. "Tip" O'Neill for speaker. Such protest votes have become somewhat common these days, but were virtually unheard of back then.

But the leadership, happy just to have the district, much of which was once represented by legendary Speaker Sam Rayburn, never struck back. "I do what I have to do, and they do what they have to do," Hall said at the time.

As the number of Southern Democrats declined through the Reagan and Bush years — then took a sharp dive in 1994, when the Republican Revolution earned the GOP the majority for the first time in 40 years — Hall continued to stick with the party of his ancestors, those Texans who would rather vote for a yellow dog than a Republican.

A year later, in 1995, he was one of the founding members of the now-denuded Blue Dog Coalition, and he continued deviating from the party line — Hall sided with Republicans more often than any other Democrat.

Finally, in 2004, after a decade of speculation that he would bolt the party, Hall switched sides under the pressures of redistricting, when a midterm map change left him with an even more conservative constituency than he already had.

He ended up winning re-election as a Republican and has been a reliable GOP vote ever since. Unlike the days when he would post party unity scores (the percentage of votes on which he sided with a majority of Democrats against a majority of Republicans) in the 40s, Hall is now a reliable vote for the GOP more than 90 percent of the time.

In 2010, he joined the House Tea Party Caucus, along with a dozen or so other members of the Texas delegation.

At 89, Hall is used to hearing about how he's too old to be effective.

So, in May, after being attacked along those lines by a primary challenger, Hall decided to skydive to prove his sprightliness.

"I run a couple of miles every morning, and when I was running, I looked up and there was an airplane up there. I thought, if I could jump up and touch that airplane, they'd think I was agile enough maybe to keep on being their congressman," Hall said in a speech on the House floor. "If running two miles every morning, voting 99-plus percent of the time, if that wasn't enough, I had to do something else. So I decided if I jump two miles, maybe that would be it."

Hall won the primary, and in November he cruised to victory in the general election, becoming the oldest person ever elected to a House seat.

Among all the demographic changes that have taken place in Congress over the decades, perhaps one best illustrates the evolution of Hall's career.

When he took office in 1981, Hall was one of 125 World War II veterans serving in the House, according to a Congressional Research Service analysis of data from the American Legion. Today, Hall and Rep. John D. Dingell, D-Mich. — the next-oldest House member at 86 — are the only members of "the greatest generation" still serving in the House. There are three in the Senate, all Democrats: Frank R. Lautenberg of New Jersey and Daniel K. Inouye and Daniel K. Akaka of Hawaii.

## **Michigan GOP Pushes Right To Work Amid Protests**

By John Flesher And Jeff Karoub

[Associated Press](#), December 7, 2012

LANSING, Mich. (AP) — Republicans rushed right-to-work legislation through the Michigan Legislature Thursday, drawing raucous protests from hundreds of union supporters, some of whom were pepper-sprayed by police when they tried to storm the Senate chamber.

The House voted 58-52 Thursday afternoon to approve the measure prohibiting most private unions from collecting fees from nonunion employees. The Senate was expected to follow later Thursday, but future votes are necessary because the versions are different.

Opponents of so-called right-to-work measures say they drain unions of money and weaken their ability to bargain for good wages and benefits. Supporters insist it would boost the economy and job creation.

A victory in Michigan would give the movement its strongest foothold yet in the Rust Belt region, where organized labor already has suffered several body blows.

But even before the votes, protesters streamed inside preparing for what appeared inevitable after Gov. Rick Snyder joined GOP legislative leaders Thursday morning in announcing they would push swift passage.

"This is all about taking care of the hard-working workers in Michigan, being pro-worker and giving them freedom to make choices," Snyder said during a news conference with House Speaker Jase Bolger and Senate Minority Leader Randy Richardville.

"The goal isn't to divide Michigan, it is to bring Michigan together," Snyder said.

Lt. Gov. Brian Calley repeatedly gavelled for order as Democratic senators denounced the legislation to applause from protesters in the galley. At one point, a man shouted, "Heil Hitler! Heil Hitler! That's what you people are." He was quickly escorted out. Another later yelled, "We will remember in November."

Eight people were arrested for resisting and obstructing when they tried to push past two troopers guarding the Senate door, state police Inspector Gene Adamczyk said.

The Capitol, which was temporarily closed because of safety concerns, reopened Thursday afternoon, sending hundreds of protesters streaming back inside with chants of, "Whose house? Our house!" Adamczyk said a judge ordered the building reopened.

But the decision to push forward in the waning days of the Legislature's lame-duck session infuriated outnumbered Democrats, who resorted to parliamentary maneuvers to slow action but were powerless to block the bills that were expected to be introduced Thursday.

Protesters waved placards and chanted slogans such as "Union buster" and "Right-to-work has got to go." Adamczyk said the troopers used pepper spray after the people refused to obey orders to stop.

He estimated that about 2,500 visitors were inside the Capitol, where their shouts reverberated off stone halls and frequently could be heard inside the ornate chambers.

After repeatedly insisting during his first two years in office that right-to-work was not on his agenda, Snyder reversed course Thursday, a month after voters defeated a ballot initiative that would have barred such measures under the state constitution.

In an interview with The Associated Press, Snyder said he had kept the issue at arm's length while pursuing other programs to bolster the state economy. But he said circumstances had pushed the matter to the forefront.

"It is a divisive issue," he acknowledged. "But it was already being divisive over the past few weeks, so let's get this resolved. Let's reach a conclusion that's in the best interests of all."

Also influencing his decision, he said, were reports that some 90 companies had decided to locate in Indiana since that state adopted right-to-work legislation. "That's thousands of jobs, and we want to have that kind of success in Michigan," he said.

Snyder and the GOP leaders insisted the legislation was not meant to weaken unions or collective bargaining, saying it would make unions more responsive to their members.

Senate Democratic leader Gretchen Whitmer said she was "livid."

"These guys have lied to us all along the way," she said. "They are pushing through the most divisive legislation they could come up with in the dark of night, at the end of a lame-duck session and then they're going to hightail it out of town. It's cowardly."

Republicans have commanding majorities in both chambers — 64-46 in the House and 26-12 in the Senate. Under their rules, only a simple majority of members elected and serving must be present to have a quorum and conduct business. For that reason, Democrats acknowledged that boycotting sessions and going into hiding, as some lawmakers in neighboring Indiana and Wisconsin have done in recent years to stall legislation unpopular with unions, would be futile in Michigan.

Throngs of protesters spent weeks outside capitol buildings in those states, clashing over union rights.

"We will not have another Wisconsin in Michigan," Adamczyk said. "People are allowed to protest, but they need to do in a peaceful manner."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Mich. House OKs Right-to-work Law Amid Angry Protests**

By Kristen Daum

[Lansing State Journal](#), December 6, 2012

LANSING, Mich. — The Michigan House passed controversial right-to-work legislation Thursday, after House Democrats walked off the chamber floor to protest the closure of the Capitol to the public.

The legislation passed on a vote of 58-52.

Earlier, Democrats retreated to their caucus room and the hallway behind the chamber. Sergeants of the chamber would not allow reporters to follow or approach them.

STORY: Indiana becomes Rust Belt's first right-to-work state

MORE: Union activists gather near Michigan Capitol

After about 10 minutes, several Democrats returned to the chamber to grab their coats, purses, bags and other belongings before they departed again.

Earlier, police arrested several protesters and sprayed mace into the crowd in the state Capitol on Thursday as lawmakers discussed the legislation.

The protesters were arrested as they tried to rush the Senate floor, said Michigan State Police Inspector Gene Adamczyk.

"When several of the individuals rushed the troopers, they used chemical munitions to disperse the crowd," he said. "It would be a lot worse if someone gets hurt and I failed to act."

The police, who said the building was at capacity, blocked the entrance to the Capitol, leaving several hundred people outside waiting to get inside.

Brett Brown of Owosso, Mich., chants as pro-union demonstrators crowd the Rotunda in Lansing, Mich., on Wednesday to protest the vote on right-to-work legislation. (Photo: Dale G. Young, AP)

Adamczyk said later the building wasn't at capacity, but that the protesters were so heavily concentrated in a few areas, including jam packed outside the Senate, that they didn't want to add to that crush of people.

Backed by shouts from fellow Democrats, House Minority Floor Leader Kate Segal, D-Battle Creek, insisted that the bill be read aloud in its entirety.

The House clerk, Gary Randall, then read the bill aloud.

Right-to-work legislation makes it illegal to require financial support of a union as a condition of employment.

State Rep. Vicki Barnett, D-Farmington Hills, who spoke against the bill to loud applause from the gallery, said it contains an appropriation of state funds designed to make it referendum-proof. Bills considered appropriation bills can not be repealed through a ballot measure, as happened with the toughened emergency manager law, Public Act 4, on Nov. 6.

The Republicans are using a bill that was in the House Commerce Committee that was designed to create a commission to handle labor disputes.

They discharged it earlier in the day from the committee and introduced a substitute bill introduced by Rep. Mike Shirkey, R-Clark Lake, who has been drafting right-to-work legislation.

"An individual shall not be required as a condition of obtaining or continuing employment to ... pay and dues, fees, assessments or other charges or expenses of any kind ... or provide anything of value to a labor organization," the bill says.

Shouts of protesters outside the chamber could be heard as Randall read the bill.

"You're doing this in lame duck because you know next session, you won't have the votes," said state Rep. Brandon Dillon, D-Grand Rapids. "This is an outrage."

Gov. Rick Snyder had said in a morning news conference he was prepared to sign the legislation when the bills get to his desk.

During a news conference in the state's Capitol, Snyder said the Legislature will proceed with right-to-work legislation for public and private employees — which would exclude police and firefighters — and that the bills could be introduced Thursday during the lame-duck session.

"The goal isn't to divide Michigan. It is to bring Michigan together," the governor said, as hundreds of union protesters stormed the Capitol and the governor's office, voicing their opposition to the plan.

Snyder, who for more than a year had maintained that he didn't want to deal with the contentious issue and called it "too divisive," said one of the things he looked at when deciding about backing right-to-work legislation in Michigan, was the neighboring state of Indiana where voters recently chose to make that a "freedom to choose" state. The governor said since right-to-work rules were added in Indiana, economic activity has increased and business has grown.

He said police and firefighters would be excluded due to the danger associated with their jobs and the need for a "special bond" among them.

House Speaker Jase Bolger also cited special provisions given to the Michigan State Police in the state constitution and binding arbitration laws that apply to public safety workers.

Outside the news conference, the protests raged.

They carried signs that read: "Right to work: nobody wants it. Nobody needs it." and "Workers' rights, not right to work."

Daniel Mouradian of Southfield left his electrician's job at 3 a.m. after a 10-hour shift and came to the Capitol to join in the protest.



"I'm here for my family, your family and all work people," he said. "I'm going to be here every chance I get. If that means camping out here, I'll do it. I already told my wife that she needs to be ready to bail me out."

Katie Oppenheim, a nurse at the University of Michigan Health systems, said having a collective voice to negotiate will only help care for patients at the state's hospitals.

"This is about being able to negotiate for things like safety equipment and having adequate rest between shifts," she said.

Geoff Kish, a union pipefitter from Davison, said he worked alongside non-union tradespeople in the right-to-work state of Louisiana and believes if the change is approved, it will drive down wages, benefits and the standard of living in Michigan.

"It's a proven fact that in right-to-work states the economy is worse," he said.

Opponents and proponents cite conflicting studies about the impact on employment and wages of the 23 states that have right-to-work legislation.

Contributing: Detroit Free Press reporters Paul Egan, Kathleen Gray and Lori Higgins

## **G.O.P. Senate Deal: Diversity Takes Back Seat To Power In Albany**

By Thomas Kaplan

[New York Times](#), December 7, 2012

New York is one of the most diverse states in the nation, with 3.5 million Hispanics, 2.8 million blacks and 1.5 million Asians. More than 40 percent of its residents are minorities.

Yet all of its statewide elected officials are white politicians. And in Albany, Republicans and a group of dissident Democrats have taken control of the State Senate by forming a coalition that would consist almost entirely of white lawmakers.

The coalition would prevent the Senate Democratic caucus, which includes 14 blacks and Hispanics and is the only legislative caucus in Albany led by a nonwhite person, from taking power. Democrats have 31 of the 63 seats in the Senate, and are expected to win seats in two districts where votes are still being counted; Republicans have 30 seats.

Black and Hispanic leaders are growing increasingly concerned about their standing in state government, noting that only two years ago, the governor's office was held by a black man, David A. Paterson, and a diverse Democratic caucus controlled the Senate chamber.

"This coalition of convenience will limit the elevation of people that communities of color elected all across the state to positions of significance," said Hakeem S. Jeffries, a Democratic assemblyman from Brooklyn who won a seat in Congress last month.

"That reality is one that disturbs a great many people and is one of the reasons why undermining the will of the electorate through this back-room deal is problematic," he added.

The emergence of the coalition, which made its plans public on Tuesday, is exposing power struggles in Albany that appear to be fueled by race and personality, as well as ideology.

Ethnicity has been a source of conflict in the Senate for some time. The leadership turmoil after Democrats won a Senate majority in the 2008 elections began in part because a group of lawmakers, who called themselves the four amigos, were upset at what they described as a lack of Latinos in key leadership positions. And civil rights leaders have been upset with the Senate since last winter, when the Republican majority drew a redistricting plan that they said diluted the voting strength of minority communities in places like Buffalo, Rochester and Long Island.

"Now, there's nothing for them," said Rubén Díaz Sr., a Bronx Democrat and the only one of the four amigos who is still in the Senate. "There's nothing for minorities. Of course it concerns me. What are we doing? We minorities, we're not getting anywhere."

At the same time that minority leaders are frustrated and angered at seeing political power slip from their grasp, other liberals are angry at Gov. Andrew M. Cuomo for not using his considerable political muscle to help elect more of his fellow Democrats to the Senate, or to demand Democratic control in the wake of the election. Mr. Cuomo has insisted that the Senate has to determine its own leadership, and noted that the last time the Democrats had a majority in the Senate, in 2009 and 2010, the chamber was often chaotic.

In a public expression of anger at the unfolding events in Albany, the Rev. Al Sharpton has called on civil rights leaders to rally on Saturday to protest the new Senate leadership coalition, which he said would serve to "effectively deny these legislators of color what is rightfully theirs." In an interview, Mr. Sharpton said he hoped that Mr. Cuomo would speak out and urge that minority lawmakers receive committee chairmanships.

"We are in a dramatic and graphic retreat on black and Latino inclusion in state government," Mr. Sharpton said, adding of Mr. Cuomo, "If any of the statements about him having ambition for national politics is true, how does he go to the country having presided over the retreat of inclusion in his own Legislature? How does he do that?"

Assemblyman N. Nick Perry, a Brooklyn Democrat who is chairman of the New York State Association of Black and Puerto Rican Legislators, was also unhappy. "The African-American community is taking note of the fact that the potential for a position that has statewide impact to be held by an African-American is being beaten back," he said.

In an interview, Senator Jeffrey D. Klein, who leads the group of five Democrats who formed the coalition with the Republicans, said the arrangement would foster collaboration that would allow for action on a number of policy measures favored by minority lawmakers that languished in the Legislature this year. As examples, Mr. Klein, from the Bronx, said he was confident that Republicans would not block floor votes on legislation to raise the state's minimum wage, change a marijuana-possession law that has led to a high number of stop-and-frisk arrests and create a private fund to help the children of illegal immigrants pay college tuition.

"We want to make sure all of these issues get a fair shake on the Senate floor, and when they do I'm very confident that they'll pass the full Senate," Mr. Klein said, recalling the dysfunction when the Democrats were in control of the Senate and shifting alliances sometimes handcuffed it. "We're committed to the same progressive agenda that we've always supported."

Scott Reif, a spokesman for the Senate Republicans, said, "The new Senate majority coalition represents the interests of all New Yorkers."

Many Democrats, however, said they were skeptical that the coalition-led Senate would pay attention to minority communities in the way that the Senate Democrats would have, given that the Republicans have been the main roadblock to a host of legislative priorities for lawmakers from minority communities. Some Democrats said they were concerned that the Republicans would water down some measures, like efforts to provide state tuition aid to illegal immigrants, or block some that are contentious, like microstamping for semiautomatic pistols.

"One more reason that we should have a Democratic majority is we would have a more fair representation of what the state actually looks like in policy-making positions in the State Senate," said Senator Gustavo Rivera, a Bronx Democrat.

Mr. Klein's group, the Independent Democratic Conference, had been all-white until Tuesday, when it added a fifth member, Malcolm A. Smith, from Queens, who formerly led the Senate Democrats but now says he is considering running for mayor of New York City as a Republican. A sixth Democrat, Simcha Felder, from Brooklyn, has said he will join the Republican caucus, giving the new alliance between it and the Independent Democratic Conference at least 36 votes when the Legislature begins its next session, in January.

Mr. Klein said he would welcome more black and Hispanic senators to his group of breakaway Democrats. "The Independent Democratic Conference is not an exclusive club," he said. "It's open to all senators who are serious about governing."

The Senate Democratic caucus has been led by black lawmakers for the past decade. The current leader, John L. Sampson, from Brooklyn, said it was "inclusive" and "reflective of the state of New York." He said he was concerned that Senate Republicans were trying to "steal power and control."

"What should be of concern to New Yorkers is the Republicans, our State Senate colleagues, trying to nullify or void the mandate of the voters," Mr. Sampson said.

James Sanders Jr., a Democratic councilman from Queens who was elected to the Senate last month, said of the pact, "This move passes the legal test but it doesn't pass the smell test."

"People of color could have actually chosen to be one of the three people in the room," he said, referring to the traditional Albany power-troika of the governor, the Assembly speaker and the Senate majority leader. "Now that opportunity does not exist."

## **Report: Washington Post Likely To Introduce Paywall In 2013**

By Mackenzie Weinger

[Politico](#), December 7, 2012

The Washington Post is likely to go behind a paywall in 2013, The Wall Street Journal reported on Thursday.

Sources told the Journal that the online site will likely use a metered paywall and that it will be introduced no earlier than summer 2013. The paper's newsstand price will also go up, according to the Journal.

## **Washington Post Plans A Paywall**

By Keach Hagey

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Energy Economics In One Lesson**

## **Natural gas exports are good for America.**

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Uncovering Secrets About The Jim Graham Probe**

[Washington Post](#), December 7, 2012

THE DISTRICT'S NEWLY created ethics board is conducting a preliminary investigation into whether D.C. Council member Jim Graham (D-Ward 1) violated the city's code of conduct. This is, by our count, the fifth time that some part of the District government has been alerted to issues about Mr. Graham's actions concerning the city's lottery contract. The ethics board should examine Mr. Graham's conduct, but it also might want to figure out why this troubling matter was so long swept under the rug. A 2008 document that we obtained last week reveals how starkly the potential wrongdoing was portrayed at the time.

The D.C. Board of Ethics and Government Accountability launched its review in October after an independent investigation commissioned by the Washington Metropolitan Area Transit Authority concluded that Mr. Graham in 2008, then a member of the Metro board, violated the transit agency's rules when he tried to get a developer to drop out of a land deal in exchange for his support of a separate lottery contract pending before the D.C. Council. Mr. Graham has denied wrongdoing.

What's intriguing is how the investigation tracks conclusions reached in July 2008 by Robert G. Andary. Then the head of oversight and integrity for D.C. Chief Financial Officer Natwar M. Gandhi, Mr. Andary had been assigned to investigate a complaint, brought anonymously but in fact by Mr. Graham, against Eric W. Payne, the former procurement director for the lottery who is now suing the city for unlawful termination.

In exonerating Mr. Payne, Mr. Andary, as has previously been reported, uncovered allegations that Mr. Graham offered to support the lottery bid of a D.C. businessman if he got a partner in another firm to withdraw from the Metro deal. What was not known but is clear from the recently obtained draft of Mr. Andary's July 29, 2008, report is his conclusion that Mr. Graham was not candid, may have had political motives in bringing the anonymous complaint and acted inappropriately.

"Moreover," reads the signed draft report, "the investigation revealed how highly politicized the Lottery contract has become, and revealed inappropriate actions by Mr. Graham with respect to the Council's consideration of the lottery contract." That and other critical language does not appear in the final report; it is unclear why.

Mr. Andary told us a confidentiality agreement he signed with Mr. Gandhi's office restricts him from public comment. He gave a deposition in Mr. Payne's case, but the portions that deal with his 2008 investigation remain under court seal because of the contention by city attorneys that a confidential source (i.e., Mr. Graham) is involved.

A spokesman for Mr. Gandhi said that the chief financial officer did not see a draft of Mr. Andary's report, receiving only the final report. The spokesman said that Mr. Gandhi's deputy, who directly supervised Mr. Andary, does not recall suggesting changes to Mr. Andary.

What transpired in the months after Mr. Andary issued his report bears scrutiny. Why weren't more questions asked; why was there seemingly so little interest in investigating serious allegations concerning an important city contract? A motion by Mr. Payne to lift the court seal will be heard Dec. 12. If the District is interested in finally providing some needed answers, it will drop its opposition.

Read more from Opinions The draft version of Robert Andary's July 29, 2008, report The final version of Robert Andary's July 29, 2008, report The Post's View: More questions for Jim Graham The Post's View: Why are D.C. officials squelching dissent? Colbert I. King: Natwar Gandhi's overblown reputation The Post's View: D.C.'s drip, drip, drip in the finance office

## **Assad Seeking Political Asylum In Latin America If Forced To Flee Syria**

By Carlo Strenger

[Ha'aretz](#), December 5, 2012

Syrian President Bashar Assad has been looking into the possibility of claiming political asylum for himself, his family and his associates in Latin America, in case he is forced to flee Damascus.

## **Al Assad Estudia Pedir Asilo En Cuba, Ecuador O Venezuela**

[El Universal](#), December 7, 2012

El presidente de Siria, Bashar al Assad, está estudiando la posibilidad de solicitar asilo político para él, su familia y sus allegados en América Latina, en caso de verse obligado a huir de Damasco, donde se han recrudecido los combates.

El viceministro de Relaciones Exteriores de Siria, Faisal al-Miqdad, mantuvo la semana pasada reuniones en Venezuela, Cuba y Ecuador, a donde llevó cartas personales clasificadas de al-Assad a los líderes de esos tres países, según el diario israelí Haaretz.

La cancillería venezolana confirmó que al-Miqdad entregó una carta al presidente Hugo Chávez antes de que éste viajara a Cuba para seguir su tratamiento médico, según el rotativo israelí, sin que hasta ahora haya podido averiguar cuál fue la respuesta de Venezuela.

El embajador sirio en Venezuela, Ghassan Abbas, también ha confirmado que al-Miqdad mantuvo contactos con responsables venezolanos en Caracas, pero aseguró que no tiene conocimiento sobre el contenido de la misiva de Al Assad.

Desde que empezó el conflicto en Siria, en marzo de 2011, Chávez ha expresado abiertamente su respaldo a al-Assad a pesar de la violenta represión del régimen contra los opositores, incluso no ha dejado de enviar petróleo y combustible, según Haaretz.

El vicescanciller sirio también mantuvo reuniones similares la semana pasada en La Habana y en Quito, países a los que también habría entregado cartas de al-Assad.

Las versiones de que Al Assad estaría buscando asilo político contradicen sus declaraciones hechas en noviembre pasado a la cadena Russia Today, en las que niega que vaya a abandonar Siria. "Soy sirio, he nacido en Siria. Tengo que vivir y morir en Siria", dijo.

Sin embargo, el avance de los rebeldes hacia Damasco continúa y los combates se han intensificado, lo que hace pensar que la caída de al-Assad está cerca, según analistas políticos.

En un intento por recuperar las zonas perdidas, aviones del régimen sirio bombardearon este miércoles posiciones rebeldes en los suburbios de Al Mleha y Sabhin, al sureste de Damasco, así como otros al suroeste, reportó el Observatorio Sirio de Derechos Humanos (OSDH).

Según el diario Al Watan

, favorable al presidente sirio, el ejército continúa combatiendo a los grupos armados en los alrededores del aeropuerto internacional, matando e hiriendo a decenas de rebeldes.

Por tierra, las fuerzas gubernamentales realizaron varios allanamientos en el centro de Damasco, señaló el OSDH.

La estrategia del Ejército sirio es separar a Damasco de los sectores rurales donde los rebeldes son cada vez más dominantes.

Las tropas del régimen de Al Assad han lanzado ataques aéreos e incursiones de artillería en los suburbios en manos de los insurgentes cerca de Damasco durante más de una semana, en lo que según activistas es la peor ofensiva vista en el área.

## **Senators: Syria Chemical Weapons Warrant Action**

By Jonathan Broder And Emily Cadei, Roll Call Staff

[Roll Call](#), December 7, 2012

Calls for a tougher U.S. policy against Syria intensified Thursday as a bipartisan group of senators urged President Barack Obama to threaten regime-toppling military action if President Bashar al-Assad uses chemical weapons against rebels trying to drive him from power.

Speaking at a hastily arranged news conference, Sens. John McCain, R-Ariz.; Lindsey Graham, R-S.C.; Joseph I. Lieberman, I-Conn.; and Chris Coons, D-Del., cited recent media reports about intelligence suggesting Syrian troops had mixed precursor chemicals for a deadly nerve gas and that the weapons might be loaded into bombs and artillery shells for use in the fighting.

The lawmakers also called on Obama to launch pre-emptive military action if the administration received "hard intelligence" of an Assad decision to actually use the chemical weapons.

"The time for talking about what to do may now be coming to a close," said McCain, the ranking Republican on the Armed Services Committee, who has led the effort on Capitol Hill to arm the Syrian rebels since their insurgency began nearly two years ago.

He said the administration now has to decide "whether to continue on the sidelines and hope that a man who has slaughtered nearly 40,000 men, women and children in Syria will decide not to take the next step and use far more destructive weapons to kill significantly larger numbers of people, or whether to take military action of some kind that could prevent a mass atrocity. That is the choice we now face."

Graham said he was preparing a resolution authorizing the use of force to prevent Assad from using weapons of mass destruction against the insurgents.

"If he does, it would be the end of his regime," Lieberman said.

Obama, Secretary of State Hillary Rodham Clinton and NATO leaders have warned that Syria's use of chemical weapons would be met with a strong international response, but none has specified what the United States and its allies would do in the event such weapons were used.

"I don't want to pre-suppose what the president is going to do with the Cabinet, but I think what must be understood is that the use of those weapons is for us a qualitatively different situation and frankly countries in the region also view it that way," Robert S. Ford, the U.S. ambassador to Syria, said Thursday at a forum hosted by the Foundation for Defense of Democracies think tank. "And so it will change our calculations in a fundamental way, change completely the approach to the Syrian problem."

Ford added, "We want to be very clear, very clear to the Syrian government, as its situation deteriorates, they must not deploy these weapons, they must not deploy them."

Until now, the United States has refused to arm the rebels, fearing such weapons might fall into the hands of Islamic extremists fighting the Syrian regime. Instead, Washington has provided the rebels only with humanitarian aid and communications gear.

The reports of Syrian troops preparing chemical weapons appeared as representatives of 70 nations calling themselves the "Friends of Syria" prepared to meet Dec. 12 in Marrakesh, Morocco, to discuss the crisis. At the gathering, Clinton was expected to recognize the recently formed Syrian opposition, a broad coalition of rebel groups both inside and outside Syria.

The New York Times on Wednesday reported that U.S. intelligence officials had detected that Syrian troops have mixed together small amounts of precursor chemicals for sarin, a deadly nerve gas, at one or two storage sites, and that the chemical weapons could be used in bombs and artillery shells. Syria has said it would not use such weapons against its own people "in any circumstances."

The four senators also urged the administration to consider the use of military force to secure Syria's chemical weapons if Assad's regime collapses.

"There is a unanimous view here today that we support President Obama in announcing a red line and prompt consequences should Bashar al-Assad take the unthinkable step of using advanced chemical weapons against his own people, said Coons, a member of the Senate Foreign Relations Committee and the first Democrat to join the group of Syria hawks.

Separately, Sen. Bob Casey, D-Pa., chairman of the Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs, on Thursday laid out other steps he thinks the Obama administration should take to assist the Syrian opposition that go further than anything he has advocated to date.

Speaking at the Foundation for Defense of Democracies event, Casey called on the administration to consider taking out Syrian government fighters by using surface-to-surface Tomahawk missiles. He emphasized the targets would be Air Force planes about to take off, rather than in the air.

He added that the administration should consider other ways the United States can "hamper the ability of the Syrian Air Force to conduct aerial attacks on civilians."

Casey also said the administration should consider initiating monetary support and security cooperation with "heavily vetted opposition groups that are committed to the democratic process and universally accepted human rights." Security cooperation would include training and intelligence sharing, but not, notably, providing arms, as some other lawmakers have advocated.

"If we can help them, and help them on this front in a way that does not exacerbate international opposition dynamics, then we should," he said.

Lawmakers' push for new U.S. action comes as the momentum on the ground in Syria appears to be shifting in the rebels' favor.

"I think the direction of events on the ground, the direction is very clear now," Ford said. "When Damascus airport, which is not far from the city, they have to close it because it comes under attack of armed opposition forces ... when armed opposition groups seize control of air defense sites inside the outer Damascus beltway, the writing is on the wall."

## **NATO Moves Toward Deployment On Syria Border**

By Ben Hubbard

[Associated Press](#), December 7, 2012

BEIRUT (AP) — As fears grow in the West that Syrian President Bashar Assad will unleash chemical weapons as an act of desperation, NATO moved forward Thursday with its plan to place Patriot missiles and troops along Syria's border with Turkey to protect against potential attacks.

Assad's regime blasted the move as "psychological warfare," saying the new deployment would not deter it from seeking victory over rebels it views as terrorists.



The missile deployment sends a clear message to Assad that consequences will follow if he uses chemical weapons or strikes NATO member Turkey, which backs the rebels seeking his ouster. But its limited scope also reflects the low appetite in Western capitals for direct military intervention in the civil war.

The U.S. and many European and Arab countries called for Assad to step down early in the uprising but have struggled to make that happen. Russia and China have protected Assad from censure by the U.N. Security Council, and the presence of extremists among the rebels makes the U.S. and others nervous about arming them.

In Dublin, Ireland, U.S. Secretary of State Hillary Rodham Clinton joined Russia's foreign minister and the U.N. peace envoy to the Arab country for three-way talks that suggested Washington and Moscow were working toward a common strategy as the Assad regime weakens.

The diplomatic efforts to end the civil war come days after NATO agreed to post Patriot missiles and troops along Turkey's southern border with Syria after mortars and shells from Syria killed five Turks.

Germany's Cabinet approved the move on Thursday, and German Defense Minister Thomas de Maiziere told reporters that the overall mission is expected to include two batteries each from the Netherlands and the United States, plus 400 soldiers and monitoring aircraft.

"Nobody knows what such a regime is capable of and that is why we are acting protectively here," said German Foreign Minister Guido Westerwelle.

In Washington, U.S. Defense Secretary Leon Panetta said Thursday that intelligence reports raise fears that an increasingly desperate Assad is considering using his chemical weapons arsenal — which the U.S. and Russia agree is unacceptable.

The Assad regime said the NATO deployment would not make Assad change course, calling the talk of chemical weapons part of a conspiracy to justify future intervention.

"The Turkish step and NATO's support for it are provocative moves that constitute psychological warfare," Syria's Deputy Foreign Minister Faisal Mekdad said in an interview with Lebanon's Al-Manar TV. "But if they think this will affect our determination and work for a decisive victory in this fight against terrorism, they are very wrong."

Syria has not confirmed it has chemical weapons, while insisting that it would never use such arms against its own people.

"I repeat for the hundredth time that even if such weapons exist in Syria, they will not be used against the Syrian people," Mekdad said. "We cannot possibly commit suicide."

Analysts say the missile deployment sends a message to Assad to keep the war in his own country.

"There is an element there of deterrence, of coercive diplomacy," said Yezid Sayigh of the Carnegie Middle East Center in Beirut. "We won't go further if you don't go further."

Sayigh said it is possible that Syria, too, moved its chemical weapons to send a counter-message to the West.

Still, the missile deployment does not appear to be a step toward military intervention, he said, noting that no NATO member nations want to enter the war.

NATO officials said the Patriots will be programmed only to intercept Syrian weapons that enter Turkish airspace and will not be fired into Turkey preemptively. This means they would not target Syrian military activities that remain inside Syria.

The German Parliament is expected give its final approval in mid-December, and the Dutch are also expected to approve the move soon, allowing the plan to go ahead. Due to the complexity and size of the Patriot batteries, they will probably have to travel by sea and won't arrive in Turkey for another month.

In Syria, government forces shelled rebellious suburbs around the capital, Damascus. They also clashed with rebels in Damascus as well as in the northern city of Aleppo and elsewhere. Anti-regime activists say more than 40,000 have been killed since the country's crisis started with political protests in March 2011.

The fighting in Syria has enflamed tensions in neighboring Lebanon, where security officials said the toll in clashes between two neighborhoods in the northern city of Tripoli had risen to eight dead and more than 60 wounded.

The clashes between the two communities, which support opposite sides in Syria's civil war, started Monday, following reports that 17 Lebanese men were killed after entering Syria to fight alongside the rebels.

The officials spoke on condition of anonymity because they were not authorized to brief the media.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **U.S. Adopts Fluid Stance On Syria's Chemical Arms**

By David E. Sanger And Eric Schmitt

[New York Times](#), December 7, 2012

WASHINGTON — When President Obama first warned Syria's leader, President Bashar al-Assad, that even making moves toward using chemical weapons would cross a "red line" that might force the United States to drop its reluctance to intervene in the country's civil war, Mr. Obama took an expansive view of where he drew that boundary.

"We cannot have a situation where chemical or biological weapons are falling into the hands of the wrong people," he said at an Aug. 20 news conference. He added: "A red line for us is we start seeing a whole bunch of chemical weapons moving around or being utilized. That would change my calculus."

But in the past week, amid intelligence reports that some precursor chemicals have been mixed for possible use as weapons, Mr. Obama's "red line" appears to have shifted. His warning against "moving" weapons has disappeared from his public pronouncements, as well as those of Secretary of State Hillary Rodham Clinton. The new warning is that if Mr. Assad makes use of those weapons, presumably against his own people or his neighbors, he will face unspecified consequences.

It is a veiled threat that Defense Secretary Leon E. Panetta repeated Thursday: "The president of the United States has made very clear that there will be consequences, there will be consequences if the Assad regime makes a terrible mistake by using these chemical weapons on their own people."

The White House says the president has not changed his position at all — it is all in the definition of the word "moving."

Tommy Vietor, the spokesman for the National Security Council, said Thursday that "moving around" means proliferation," as in allowing extremist groups like Hezbollah, which has training camps near the weapons sites, to obtain the material.

Such shifts are nothing new in global standoffs; the Israelis have moved their lines more than a half-dozen times in recent years when talking about how close they would allow Iran to get toward the capacity to build a nuclear weapon before taking action.

But for Mr. Obama, the change in wording reflects the difficult politics and logistics of acting pre-emptively against Mr. Assad. No American president has talked more about the need to prevent the use of weapons of mass destruction, and to lock down existing stockpiles. And no president has insisted more publicly that this is a time for the United States to exit wars in the Middle East, not enter new ones.

"We're kind of boxed in," an administration official said this week as intelligence agencies in the United States and its allies were trying to figure out the worrisome activity at one or two of the three dozen sites where Syria's chemical weapons are stockpiled. "There's an issue of presidential credibility here," the official said. "But our options are quite limited."

The chief limitation, American and Israeli officials say, is that chemical weapons sites cannot be safely bombed. "That could create the exact situation we are trying to avoid," said one senior American military official, who like several others interviewed would speak only on the condition of anonymity.

Making things worse, many of the storage sites are near the border with Jordan, raising the possibility that any plume of chemicals created by an attack could drift over the territory of an American ally. Putting troops on the ground has never been a serious option, American officials say.

But the Israelis clearly take the concept of pre-emptive strikes seriously. They conducted one against Saddam Hussein's nuclear reactor in Iraq in 1981, and another, against a North Korean-built reactor in the Syrian desert, in September 2007.

"I don't think we'd act again unless we thought Hezbollah might get their hands on these weapons," said one senior Israeli official. "But we've proven that we are willing to do it, and probably more willing than the Americans."

When Mr. Obama warned against moving chemical weapons, administration officials said he did not mean shifting the weapons from one site to another, which has happened several times, but preparing them for use.

But in recent days, that is exactly what intelligence agencies fear has happened. American officials have detected that Syrian troops have mixed small amounts of precursor chemicals for sarin, a deadly nerve gas, at one or two storage sites — though there is no indication that Mr. Assad, whose troops are under fierce assault from rebel forces, is ready to order the use of his arsenal.

Mr. Panetta said Thursday that the administration was "very concerned, very concerned" that as the opposition fighters close in on Damascus, the Syrian capital, the Assad government might actually use a chemical weapon. Over the past four decades, Syria has amassed one of the largest undeclared stockpiles of chemicals in the world, including huge supplies of mustard gas, sarin nerve agent and cyanide, according to unclassified reports by the C.I.A.

## **With War Shifting, US, Russia Talk Syria's Future**

By Bradley Klapper, Associated Press

[Associated Press](#), December 7, 2012

DUBLIN (AP) — Diplomatic efforts to end Syria's civil war moved forward Thursday with U.S. Secretary of State Hillary Rodham Clinton joining Russia's foreign minister and the U.N. peace envoy to the Arab country for extraordinary three-way talks that suggested Washington and Moscow might finally unite behind a strategy as the Assad regime weakens.

In Washington, Defense Secretary Leon Panetta said intelligence reports raise fears that an increasingly desperate Syrian President Bashar Assad is considering using his chemical weapons arsenal — which the U.S. and Russia agree is unacceptable.

“I think there is no question that we remain very concerned, very concerned,” Panetta said, “that, as the opposition advances, in particular in Damascus, that regime might very well consider the use of chemical weapons.”

It was unclear whether Assad might target rebels within Syria or bordering countries, but growing concern over such a scenario was clearly adding urgency to discussions in Ireland’s capital.

On the sidelines of a human rights conference, Clinton gathered with Russian Foreign Minister Sergey Lavrov and mediator Lakhdar Brahimi for about 40 minutes to look for a strategy the international community could rally around to end Syria’s 21-month civil war.

“We have talked a little bit about how we can work out hopefully a process that will get Syria back from the brink,” Brahimi said after the meeting ended.

The experienced Algerian diplomat, representing the global body and the Arab League, said he would put together a peace process based on a political transition strategy the U.S. and Russia agreed on in Geneva in June. Then, the process quickly became bogged down over how the international community might enforce its conditions.

“We haven’t taken any sensational decisions,” Brahimi said. “But I think we have agreed that the situation is bad and we have agreed that we must continue to work together to see how we can find creative ways of bringing this problem under control and hopefully starting to solve it.”

The former Cold War foes have fought bitterly over how to address the conflict, but Clinton stressed before the meeting that they shared a common goal.

“We have been trying hard to work with Russia to try to stop the bloodshed in Syria and start a political transition for a post-Assad Syrian future,” Clinton told reporters in Dublin.

“Events on the ground in Syria are accelerating and we see that in many different ways,” she said. “The pressure against the regime in and around Damascus seems to be increasing. We’ve made it very clear what our position is with respect to chemical weapons, and I think we will discuss that and many other aspects of what is needed to end the violence.”

A senior U.S. official said the meeting focused on how to help Syria’s political transition in “practical terms.” Both Clinton and Lavrov supported Brahimi’s efforts, and they agreed to a meeting chaired by the envoy next week that would include senior U.S. and Russian officials to discuss next steps. The official spoke on condition of anonymity because she wasn’t authorized to speak publicly on the matter.

Washington and Moscow have more often publicly chastised each other than cooperated on an international strategy for Syria. The U.S. has criticized Russia for shielding its Arab ally. The Russians have accused the U.S. of meddling by demanding Assad’s downfall and ultimately seeking an armed intervention such as the one last year against the late Libyan strongman Moammar Gadhafi.

But the gathering of the three key international figures suggested possible compromise in the offing. At a minimum, it confirmed what officials described as an easing of some of the acrimony that has raged between Moscow and Washington over the future of Syria, an ethnically diverse nation whose stability is critical given its geographic position in between powder kegs Iraq, Lebanon and Israel.

Other administration officials in recent days have spoken about Syrians preparing weapon components of sarin gas. The new activity, coupled with fears that rebel advances are making Assad more desperate, have led to the fear that he is deploying the weapons.

On Capitol Hill, some senators even suggested military action against Assad.

Sen. John McCain told reporters the U.S. should “be ready to do whatever is necessary to prevent” the use of chemical weapons, “including the option of military intervention.”

Syria’s Deputy Foreign Minister Faisal Mekdad on Thursday accused the United States and Europe of using the issue of chemical weapons to justify a future military intervention against Syria. He warned that any such intervention would be “catastrophic.”

Brahimi is hoping to resuscitate something akin to the plan crafted earlier this year by his predecessor as Syria peace envoy, former U.N. Secretary-General Kofi Annan. Annan’s plan never got off the ground, and he resigned his post in frustration.

Annan’s plan demanded several steps by the Assad regime to de-escalate tensions and end the violence that activists say has killed more than 40,000 people since March 2011. It then required Syria’s opposition and the regime to put forward candidates for a transitional government, with each side having the right to veto nominees proposed by the other.

If anything resembling that plan progresses, it would surely mean the end of more than four decades of an Assad family member at Syria’s helm. The opposition has demanded Assad’s departure and has rejected any talk of him staying in power. Yet it also would grant regime representatives the opportunity to block Sunni extremists and others in the opposition that they reject.

The United States blamed the collapse on Russia for vetoing a third resolution at the U.N. Security Council that would have applied world sanctions against Assad's government for failing to live by the deal's provisions.

Russia insisted that the Americans unfairly sought Assad's departure as a precondition and worried about opening the door to military action, even as Washington offered to include language in any U.N. resolution that would have expressly forbidden outside armed intervention.

The same pitfalls threaten Brahimi's process. The Obama administration is likely to insist anew that it be internationally enforceable — a step Moscow may still be reluctant to commit to.

But with the war turning against Assad, U.S. officials are hoping that Russia will be prepared to drop its support for him.

In Syria, government forces on Thursday shelled rebellious suburbs around Damascus and clashed with rebels in the capital itself and in Aleppo, Syria's largest city.

Robert Ford, the U.S. ambassador in Damascus until his recall earlier this year, pointed to the closure of Syria's main airport and the rebel capture of defense sites inside the Damascus beltway as key indicators of the conflict's direction. "The writing is on the wall," he said at the Foundation for Defense of Democracies forum in Washington.

Also Thursday, NATO advanced its plan to place Patriot missiles and troops along Syria's border with Turkey to protect against potential attacks. Assad's regime blasted the move as "psychological warfare," saying the new deployment would not deter it from seeking victory over rebels it views as terrorists.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **U.N. Envoy Is Seeking A Deal To Oust Assad From Syria**

By Michael R. Gordon And Ellen Barry

[New York Times](#), December 7, 2012

DUBLIN — With the support of the United States, the United Nations special envoy on Syria is mounting a diplomatic push for a brokered agreement that would lead to the ouster of the country's president, Bashar al-Assad, and the installation of a transitional government.

The envoy, Lakhdar Brahimi, convened an unusual three-way meeting on Thursday night at a Dublin hotel with Secretary of State Hillary Rodham Clinton and the Russian foreign minister, Sergey V. Lavrov.

After the 40-minute meeting, Mr. Brahimi said his goal was to "put together a peace process" that would build on discussions that the United States and Russia had in June but which quickly collapsed.

Mr. Brahimi and senior American and Russian officials plan to meet again in several days to see if they can agree on specifics of a negotiating approach that might end the 20-month conflict, which has killed more than 40,000 Syrians.

With Mr. Assad's fortunes looking bleaker and persistent worries that the Syrian leader is considering using his chemical arsenal, the hope on the American side was that the Russians might throw their weight behind Mr. Brahimi's effort.

"Events on the ground in Syria are accelerating, and we see that in many different ways," Mrs. Clinton said before the meeting, alluding to reports on chemical weapons developments. "The pressure against the regime in and around Damascus appears to be increasing."

The United States is in a race to prevent the military developments in Syria from outpacing the nascent arrangements for a political transition. But daunting questions remain, including the possibility that the Russian position has not fundamentally shifted and the absence of any indication that Assad government loyalists and the Syrian opposition are interested in negotiating a transitional arrangement with each other.

"The longer Syrian violence continues, the more extremists benefit," the American ambassador to Syria, Robert Ford, said in remarks at a Washington event organized by the Foundation for the Defense of Democracies, a nongovernment group.

The goal of the United States is to cobble together an answer to the "day after" questions. That is, who would govern Syria if Mr. Assad were finally deposed? And how can the international community reduce the risk of a downward spiraling sectarian and ethnic bloodletting that might spill over Syria's border and enable radical Islamists to emerge as a potent political force?

Each of the several elements to the American strategy is challenging in its own right, and they require synchronization in the weeks ahead.

The United States is trying to shape and broaden the Syrian opposition so that it can play a major role in a political transition should Mr. Assad be driven from power. Mrs. Clinton has hinted that the United States will recognize the Syrian opposition as the legitimate political representative of the Syrian people at a meeting next week in Marrakesh, Morocco — assuming that the opposition continues to flesh out its organization and political structure.

Britain, France, Turkey and the Gulf Cooperation Council have already formally recognized the group.

Recognition by the United States would be more than symbolic. The hope is that the group becomes a mechanism for channeling aid inside Syria and governing territory that it liberates from the Assad government.

"For the first time, there is a national opposition leadership," Mr. Ford asserted in his appearance on Thursday. "Finally, people on the inside are working with those on the outside."

The United States is also moving to designate the Nusra Front as an international terrorist organization, a move that has pros and cons since the group is made up of some of the most experienced fighters against the Assad government. But the United States wants to isolate the group politically from the rest of the opposition during a transition, because the front is seen by experts as affiliated with Al Qaeda.

Lastly, the Obama administration is trying to get the Russians on board to revive last June's Geneva discussions with them and the United Nations that collapsed. The United States had thought those talks would lead to Mr. Assad's relinquishing power and a United Nations Security Council resolution threatening economic sanctions and, in theory, military action under Chapter 7 of the United Nations Charter, but the Russians later interpreted the talks differently.

Forging a common American and Russian position, American officials believe, would leave Iran as the only major international supporter of the Assad government and encourage government loyalists to abandon Mr. Assad.

The focus of Thursday night's talks, which took place on the margins of a meeting of the Organization for Security and Cooperation in Europe, was, Mr. Brahimi said, how "to put together a peace process that will be based on Geneva."

"We haven't taken any sensational decisions," he added. After the talks ended, Mr. Lavrov caught a flight to Moscow, presumably to brief President Vladimir V. Putin and plan Moscow's next moves. Russia has cast its support for Mr. Assad as a principled stand against Western-led interventions in the region. But Russian officials now appear to be thinking more seriously about a transition.

A lawmaker with the dominant party, United Russia, told visiting British legislators on Thursday that although Russia wants to see the Assad government rule effectively, "time shows that this task is beyond its strength."

Russia is also eager to protect its strategic interests in Syria, fading traces of the Soviet Union's strong foothold in the Middle East. In talks with opposition figures, officials have raised the issue of its modest naval facility at the port of Tartus, Russia's last military base outside the former Soviet Union. It is almost certainly eager to continue its defense contracts with Damascus because their loss would hurt important players in the defense industry who have already been battered by the Arab uprisings.

Because Russia has few lines of communication with the rebel groups now in the forefront of fighting in Syria, as discussions of a transitional arrangement begin, it hopes to increase the role of the domestic opposition groups it has strong ties with, analysts here said.

And on Monday came the first official statement about helping Russian citizens leave Syria — a nearly impossible task, since tens of thousands of Russian women have married into Syrian families and are scattered with their children throughout the country.

Michael R. Gordon reported from Dublin, and Ellen Barry from Moscow.

## **Wider Chaos Feared As Syrian Rebels Clash With Kurds**

By Tim Arango

[New York Times](#), December 7, 2012

CEYLANPINAR, Turkey — In plain view of the patrons at an outdoor cafe here in this border town, the convoy of gun trucks waving the flag of the Syrian rebels whizzed through the Syrian village of Ras al-Ain. They had not come to fight their primary enemy, the soldiers of Bashar al-Assad's government. They had rushed in to battle the ethnic Kurds.

The confrontation spoke not only to the violence that has enveloped Syria, but also to what awaits if the government falls. The fear — already materializing in these hills — is that Syria's ethnic groups will take up arms against one another in a bloody, post-Assad contest for power.

The Kurdish militias in northern Syria had hoped to stay out of the civil war raging in Syria. They were focused on preparing to secure an autonomous enclave for themselves within Syria should the rebels succeed in toppling the government. But slowly, inexorably, they have been dragged into the fighting and now have one goal in mind, their autonomy, which also means the Balkanization of the state.

"We want to have a Kurdish nation," said Divly Fadal Ali, 18, who fled the fighting and was recently staying in a local community center here for Kurdish refugees. "We want our own schools, our own hospitals. We want the government to admit our existence. We want recognition of our Kurdish identity."



These skirmishes between Kurds and Arabs take on a darker meaning for Syria as the rebels appear each day to gain momentum and the government appears less and less able to restore control. The rebels have taken over military bases, laid siege to Damascus and forced the airport to close.

But the rebels are largely Sunni Arabs, and the most effective among them are extremists aligned with Al Qaeda, a prospect that worries not only the West, but the Christians, Shiites, Druze — and Kurds — of Syria.

The fighting in Ras al-Ain, which came after a fierce battle between rebel and government forces last month, demonstrated the complexity of a bloody civil war that has already claimed more than 40,000 lives. Like the sectarian battles in Iraq after the American invasion, the recent violence between Arabs and Kurds in Syria indicates the further unraveling of a society whose mix of sects, identities and traditions were held together by the yoke of a dictator.

Analysts fear this combustible environment could presage a bloody ethnic and sectarian conflict that will resonate far beyond Syria's borders, especially if it involves the Kurds. There is concern that Iraq's Kurds, who are already training Syrian Kurds to fight, may jump into the Syria fight to protect their ethnic brethren. That could also pull in Turkey, which fears that an autonomous Kurdish region in Syria would become a haven for Kurdish militants to carry out cross-border attacks in the Kurdish areas in southeastern Turkey.

"The fear that an Arab-Kurdish confrontation has been ignited might lead the Kurds to ask for additional security forces to protect their lands," said Maria Fantappie, an Iraq analyst at the International Crisis Group, who is helping to prepare a report on the Syrian Kurds.

She said that the Syrian Kurdish fighters being trained in northern Iraq were on standby and could be sent to Syria, which would escalate the situation.

Before the uprising in Syria, the Kurds in Ras al-Ain lived peacefully with their Arab neighbors, they say. But the war has shredded those bonds just as surely as the revolutions in the region have prompted the Kurds to dream of an independent nation uniting the Kurds in Syria, Iraq, Turkey and Iran, and put their own stamp on the great contest for power under way in the Middle East.

"Our time has come after so much suffering and persecution," said Barham Salih, the former prime minister of Iraq's regional Kurdish government. "The 20th century was cruel to the Kurds. Our rights, identity and culture were brutally suppressed."

Amid the fog of war here, there are recriminations. The rebels say the Kurds are cooperating with the government, a common perception among Arabs in Syria. This is partly because the government has withdrawn from Kurdish areas to concentrate on fighting rebel forces, and partly because the Assad government granted new rights like citizenship to the Kurds after the uprising began and issued them official identification cards, which they had long been denied.

At the same time, a powerful Syrian Kurdish militia, the Democratic Union Party, or P.Y.D., is an offshoot of the Kurdish militant group in Turkey known as the Kurdistan Worker's Party, or P.K.K., which has fought an insurgency within Turkey for nearly 30 years. As Turkey has supported the rebels within Syria, the perception has arisen that Mr. Assad's government and the P.Y.D., which is viewed suspiciously by other Kurdish factions, have coordinated to face a common enemy in Turkey.

The Kurds say the rebel fighters that came to Ras al-Ain, some of whom they say belonged to an extremist Islamist group, burned and looted their village, inciting a sense among Kurds that if they did not fight now they could be left out of the spoils of power and autonomy in a post-Assad Syria.

A rebel fighter inside the village, who gave his name as Abu Mohammed, said that some Kurdish militants were fighting on the side of the government, but that rebels had no plans to penetrate deeper into Kurdish territory. "The regime is hoping and working hard to spark an Arab-Kurdish conflict," he said, a black radio in his hand and a sniper rifle slung from his shoulder. "We should save our efforts to fight the Assad forces, not our Kurdish brothers."

A Kurdish fighter worried that the fighting was just the beginning of a long struggle that would outlast the Assad government. "I am sure that Arabs and Kurds will fight each other for years and years after the Assad regime is finished," said the fighter, Abu Zaradashit.

Lying in a hospital bed here, a rebel fighter named Haqer Hammed said he was shot in the leg after being ambushed by a group of Kurdish fighters. "The Kurds want their own small nation," he said. "Arabs don't mind if they have their own nation, but since they are working hand-in-hand with the regime, there will be fighting."

Ceylanpinar, a town of wheat and pistachio farmers and cattle breeders, like its sister village across the border, has a sizable Kurdish population, and the clashes have also heightened tensions here because local Kurds regard the Turkish government's support of the Syrian rebels as a threat. "Of course we are concerned," said Ismail Arslan, the mayor. Mr. Arslan, a Kurd, said, "There is clear support by the Turkish government for the Arabs, the Free Syrian Army."

As the mayor spoke recently, a rumor was spreading through town that fighting would resume across the border in a couple of hours. The mayor's assistant received a call from a source who told him that a cease-fire for funerals would soon expire, and that the fighting would start again at precisely 3:30 p.m.

Sure enough, before a clutch of curious townspeople who had gathered at the cafe to watch, the gun trucks appeared at the appointed hour and the fight resumed. Under dimming skies, the playful shrieks of schoolchildren on one side of the border competed to be heard above the din of explosions and gunfire on the other.

Sebnem Arsu contributed reporting from Ceylanpinar, and an employee of The New York Times from Ras al-Ain, Syria.

## **Turkey Missile Deal Moves Ahead, With Limits**

By Stephen Fidler

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Russia Joins US, U.N. Envoys In Vow To Seek "Creative" Solution On Syria**

By Anne Gearan

[Washington Post](#), December 7, 2012

DUBLIN — Russia's top diplomat held a hurried private discussion Thursday with Secretary of State Hillary Rodham Clinton and the U.N. envoy for Syria about the 20-month-old civil war in the country that is Russia's closest Middle East ally.

The meeting is a sign that Russia may be reconsidering support for Syrian President Bashar al-Assad, purely as a practical response to his weakening military position. Until now, Russia has rejected U.S. and other calls to abandon Assad and has appeared to think that he can defeat the rebels and keep his government intact.

Russia has been the chief international defender of Assad's regime, a military and trade partner, and the main obstacle to tougher U.N. action to pressure him to end the war and step aside. No decisions emerged from Thursday's three-way discussion, but a State Department official said the talks had been constructive. Lakhdar Brahimi, the U.N.-Arab League envoy to Syria, said the group was seeking a "creative" solution to the Syria crisis.

The meeting came amid fresh concerns that a desperate Assad might resort to using chemical weapons against the rebels or civilians. Clinton would not directly address reports that Assad's army has prepared deadly sarin gas for delivery by missile.

"Events on the ground in Syria are accelerating, and we see that in many different ways," she said ahead of the meeting. "The pressure against the regime in and around Damascus seems to be increasing. We've made it clear what our position is with respect to chemical weapons." President Obama has warned the Syrian government that the use of such munitions would cross a "red line" and trigger U.S. intervention.

Defense Secretary Leon E. Panetta also was asked whether the threat appears imminent. Panetta did not say what new intelligence information he has about Assad's intentions, but he said at a news conference in Washington that it is enough to raise U.S. fears.

"I think there is no question that we remain very concerned, very concerned that as the opposition advances, in particular on Damascus, that the regime might very well consider the use of chemical weapons," Panetta said. "The intelligence that we have causes serious concerns that this is being considered."

Other U.S. officials said this week that intelligence agencies have detected that Assad's government has been preparing its chemical weapons stockpiles for possible use. About 40,000 people have died in the uprising.

On Wednesday, Clinton called Assad's fall "inevitable," but Russian officials have long believed that he can defeat the rebels.

"We have been trying hard to work with Russia to stop the bloodshed in Syria and start a political transition towards a post-Assad Syrian future," Clinton said at a news conference before the meeting.

The session among Clinton, Russian Foreign Minister Sergei Lavrov and Brahimi came at the U.N. envoy's invitation. He and other would-be peacemakers say that a lasting solution would require agreement between the United States and Russia. The United States is the largest player in deciding any international response or intervention in Syria, and Russia is Syria's patron.

After the 40-minute session, Brahimi said that no major decisions were taken but that the three parties had agreed to work together.

"We have agreed that the situation is bad, and we have agreed that we must continue to work together to see how we can find creative ways of bringing this problem under control."

The State Department official, who insisted on anonymity, said in a written statement that the meeting had focused “on how to support a political transition in practical terms” and that American and Russian officials would meet again with Brahimi within days “to discuss the specifics of taking this work forward.”

The U.S.-Russian discussion took place on the sidelines of an unrelated meeting of the -election-monitoring Organization for Security and Cooperation in Europe.

It came ahead of a gathering of the Western-backed Friends of Syria group in Morocco next week, at which the United States is expected to recognize a reorganized Syrian political opposition as the legitimate successor to the Assad regime.

Russia is highly unlikely to back any military action against the Syrian government, and U.S. officials say military action is not their goal. It was also not clear that Russia intends to withdraw its support for Assad, but Lavrov’s willingness to attend the meeting indicated that the Kremlin is exploring its options.

Brahimi took over the envoy role from Kofi Annan, whose plan for a cease-fire and peace talks for Syria fell apart earlier this year.

Brahimi has called for a U.N. Security Council resolution based on a deal that world powers reached in Geneva in June to set up a transitional Syrian government in a bid to end the conflict. That document did not specify what role, if any, Assad would play in such a transitional administration.

U.S. officials say that a stronger U.N. mandate would put further pressure on Assad to step down and that Russian agreement over such an effort would leave the Syrian president with no meaningful international support. Any withdrawal of Russian backing for Assad could help convince him that he cannot hold on to power any longer, the officials say.

Russian intervention is likely only if President Vladimir Putin concludes that the Syrian government will be defeated. Putin wants guarantees that Russia will keep its naval base and preferential trade ties even in a post-Assad Syria; experts say that one way of maintaining that influence could be for Moscow to join international efforts to push and plan for Assad’s departure.

Syria’s deputy foreign minister said Thursday that Western powers were whipping up fears about the use of chemical weapons in Syria’s civil war as a “pretext for intervention.”

Meanwhile, Obama administration officials say they are continuing to encourage those close to Assad to defect.

## **Morsi Defends Wide Authority As Turmoil Rises In Egypt**

By David D. Kirkpatrick

[New York Times](#), December 7, 2012

CAIRO — Egypt descended deeper into political turmoil on Thursday as the embattled president, Mohamed Morsi, blamed an outbreak of violence on a “fifth column” and vowed to proceed with a referendum on an Islamist-backed constitution that has prompted deadly street battles between his supporters and their opponents.

As the tanks and armored vehicles of the elite presidential guard ringed the palace, Mr. Morsi gave a nationally televised address offering only a hint of compromise, while standing firmly by his plan for a Dec. 15 constitutional referendum. His opponents quickly rejected, even mocked, his speech and called for new protests on Friday.

Many said the speech had echoes of his predecessor, Hosni Mubarak, who always saw “hidden hands” behind public unrest. Mr. Morsi said that corrupt beneficiaries of Mr. Mubarak’s autocracy had been “hiring thugs and giving out firearms, and the time has come for them to be punished and penalized by the law.” He added, “It is my duty to defend the homeland.”

Mr. Morsi, a former leader of the Muslim Brotherhood, spoke a day after the growing antagonism between his supporters and the secular opposition had spilled out into the worst outbreak of violence between political factions here since Gamal Abdel Nasser’s coup six decades ago. By the time the fighting ended, six people were dead and hundreds were wounded.

The violence also led to resignations that rocked the government, as advisers, party members and the head of the commission overseeing the planned vote on a new constitution stepped down, citing the bloodshed.

Mr. Morsi also received a phone call from President Obama, who expressed his “deep concern” about the deaths and injuries overnight, the White House said in a statement.

“The president emphasized that all political leaders in Egypt should make clear to their supporters that violence is unacceptable,” the statement said, chastising both Mr. Morsi and the opposition leaders for failing to urge their supporters to pull back during the fight.

Prospects of a political solution also seemed a casualty, as both sides effectively refused to back down on core demands.

The opposition leadership refused to negotiate until Mr. Morsi withdrew a decree that put his judgments beyond judicial review until the referendum — which he refused to do. And it demanded that the referendum be canceled, which he also refused.

The hostilities have threatened to undermine the legitimacy of the constitutional referendum with concerns about political coercion. The feasibility of holding the vote also appears uncertain amid attacks on Brotherhood offices around the country and open street fighting in the shadow of the presidential palace.

Though Mr. Morsi spoke of opening a door for dialogue and compromise, leaders of the political opposition and the thousands of protesters surrounding his palace dismissed his conspiratorial saber rattling as an echo of Mr. Mubarak. And his tone, after a night many here view as a national tragedy, seemed only to widen the gulf between his Islamist supporters and their secular opponents over his efforts to push through the referendum on an Islamist-backed charter approved over the objections of other factions and the Coptic Christian church.

Outside the palace, demonstrators huddled around car radios to listen to Mr. Morsi's words and mocked his attempts to blame outside infiltrators for the violence, which began when thousands of his Islamist supporters roused an opposition sit-in.

"So we are the ones who attacked him, the ones who attacked the sit-in?" one protester asked sarcastically. "So we are the ones with the swords and weapons and money?" asked another.

Some left for the headquarters of the Muslim Brotherhood, where a mob had broken in, looted offices, and made a bonfire out of the belongings of the group's spiritual leader — until riot police officers chased them away with tear gas.

"I never thought I would say this, but even Mubarak was more savvy when he spoke in a time of crisis," said Hossam Bahgat, executive director of the Egyptian Initiative for Personal Rights.

The director of state broadcasting resigned Thursday, as did Rafik Habib, a Christian who was the vice president of the Muslim Brotherhood's Freedom and Justice Party and the party's favorite example of its commitment to tolerance and pluralism. Their departures followed an announcement Wednesday by Zaghoul el-Balshi, the new general secretary of the commission overseeing the planned constitutional referendum, that he was quitting. "I will not participate in a referendum that spills Egyptian blood," Mr. Balshi said.

Mr. Morsi's speech, previously set for 6 p.m. here and delayed for several hours, was his first attempt to address both the night of deadly violence and the underlying crisis set off by his Nov. 22 decree putting his own edicts above the review of any court until the ratification of a new constitution. He had said he needed those powers to protect the constitutional assembly and planned referendum. He has also said he wanted to head off interference by a counterrevolutionary conspiracy of corrupt businessmen and foreign enemies, cynical opposition leaders willing to derail democracy rather than let Islamists win elections, and the Mubarak-appointed judges who had already dissolved an earlier assembly and the democratically elected Parliament.

Each side of the political battle is now convinced that it faces an imminent coup. Secular groups believe Mr. Morsi is forcing through a constitution that will ultimately allow Islamist groups and religious leaders to wield new power. And the demands to stop the referendum have convinced Islamists that their secular opponents seek to abort the new democracy.

Advisers to Mr. Morsi say he has sought for days to find a way to reach out to his critics and resolve the building tension. In his speech, he offered to withdraw an article of his recent decree whose Orwellian language giving him ill-defined powers to protect the revolution had unnerved his opponents. He invited opposition and youth leaders to join him for a meeting at his palace at 12:30 p.m. on Saturday to try to hammer out some compromise, suggesting certain elements of the draft charter might be revised. And he declared that even if the constitution failed he would relinquish his emergency powers at the referendum on Dec. 15.

But opposition leaders dismissed his offers as all but meaningless. Their main objection to Mr. Morsi's decree is the more essential article removing the judicial check on his power. They said that his proposed dialogue would take place on the first day of overseas voting on the new constitution, giving the meeting little chance of changing the text or the schedule. And the text of the draft constitution, if approved as expected, would already end his emergency powers.

Mohamed ElBaradei, the former diplomat now acting as coordinator of the secular opposition, said Mr. Morsi's refusal to postpone the referendum until there was consensus on a new constitution had "closed the door to any dialogue." He argued that the Morsi government's failure to stop the previous night's bloodshed had "made the authority lose its legitimacy."

Nadine Sherif of the Cairo Institute for Human Rights Studies said in a statement: "President Morsi had a choice to either bring the country together or tear it apart. Today it seems clear that he has made his decision and civil war seems looming."

In its own statement on the night's clashes, the Muslim Brotherhood said its members had demonstrated peacefully but had come under attack by "crowds of thugs, armed with all kinds of firearms, knives, Molotov cocktails, tear gas, rocks, as well as a sniper in the area."

The group named five of its own members who it said had been killed in the fighting. The health ministry put the total death toll at six, suggesting that according to the Brotherhood's calculations it sustained far more casualties than its opponents.

"The zenith of the conspiracy was the attempt to storm the presidential palace and occupy it, bringing down the system and its legitimacy," the group said, an attack thwarted only by the sacrifice of the five Brotherhood members "who gave their lives and their blood to protect the revolution and the popular will."

Two employees of The New York Times contributed reporting.

## **Egypt's President Offers Nothing To Defuse Crisis**

By Maggie Michael And Aya Batrawy, Associated Press

[Associated Press](#), December 7, 2012

CAIRO (AP) — An angry Mohammed Morsi refused Thursday to call off a referendum on a disputed constitution that has sparked Egypt's worst political crisis in two years, drawing chants of "topple the regime!" from protesters who waved their shoes in contempt.

The Egyptian president's uncompromising stand came a night after thousands of his supporters and opponents fought pitched battles outside his Cairo palace, leaving at least six dead and 700 injured.

Speaking in a nationally televised address, Morsi accused some in the opposition of serving remnants of Hosni Mubarak's authoritarian regime and vowed he would never tolerate anyone working for the overthrow of his "legitimate" government.

That brought shouts of "the people want to topple the regime!" from the crowd of 30,000 Morsi opponents — the same chant used in the protests that brought down Mubarak.

Morsi also invited the opposition to a "comprehensive and productive" dialogue starting Saturday at his presidential palace, but gave no sign that he might offer any meaningful concessions.

The opposition has already refused to engage Morsi unless he first rescinds decrees giving him nearly unrestricted powers and shelves the draft constitution hurriedly adopted by his Islamist allies in a marathon session last week.

Morsi said the referendum on the disputed charter would go ahead as scheduled on Dec. 15. He also refused to rescind the Nov. 22 decrees.

Reading from prepared notes, Morsi frequently broke off to improvise. He wore a black tie in mourning for the six people killed in Wednesday's clashes.

From Washington, President Barack Obama called Morsi to express "deep concern" about the deaths and injuries of protesters in Egypt, according to a White House statement.

The statement Thursday night said that Obama told Morsi that he and other political leaders in Egypt must make clear to their supporters that violence is unacceptable. Obama welcomed Morsi's call for a dialogue with opposition leaders in Egypt but stressed that such a dialogue should occur without preconditions. The United States also has urged opposition leaders to join in talks without preconditions.

Earlier Thursday, Morsi's troubles grew when another of his advisers quit to protest his handling of the crisis, raising to seven the number of those in his 17-person inner circle who have abandoned him. The only Christian in a group of four presidential assistants has also quit.

Violence persisted into the night, with a group of protesters attacking the Cairo headquarters of Morsi's Muslim Brotherhood, ransacking the ground floor. Another group of protesters attacked the Brotherhood's offices in the Cairo district of Maadi. Outside the president's house in his hometown of Zagazig, 50 miles north of Cairo, police fired tear gas to disperse hundreds of protesters, security officials said.

During his speech, Morsi repeated earlier assertions that a conspiracy against the state was behind his move to assume near unrestricted powers, but he did not reveal any details of the plot.

"It is my duty ... to protect institutions of the nation," he said. "I will always fulfill this role, no matter how much pressure or what the situation."

Opposition protesters jeered and raised their shoes in contempt.

"We have two simple demands: Cancel the decrees and change the draft constitution. Other than that he can just go away," shouted one protester, Osama El-Sayyed.

"I have no hope in this man" shouted another as thousands chanted "Erhal! Erhal!" — "Leave! Leave!" in Arabic.

Later, a photograph of Morsi giving his speech was circulated on social networking sites alongside one of Mubarak addressing the nation during the 18-day uprising that toppled his 29-year rule in February 2011. Both wore black ties and dark suits.

The opposition issued a statement rejecting Morsi's offer of a dialogue, and spokesman Hussein Abdel-Ghani dismissed Morsi's address.

"Tonight, he proved that he is not a president for all Egyptians, but merely the representative of the Muslim Brotherhood in the presidency," Abdel-Ghani said on state television.

Earlier Thursday, the Egyptian army and elite Republican Guard sealed off the presidential palace with tanks and barbed wire, following the worst night of violence of the two-week crisis.

Responding to a call to "protect" the presidential palace, thousands of Brotherhood members and other Islamists descended on the area Wednesday, beating and chasing away some 300 opposition protesters who had been staging a peaceful sit-in there. Hours of street battles followed.



"We raise Egypt's flag but they raise the Brotherhood flag. This is the difference," Cairo protester Magdi Farag said as he held the tri-colored national flag stained with blood from his friend's injury in the clashes.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Egypt's Agony**

[New York Times](#), December 7, 2012

The revolution in Egypt is in danger of being lost in a spasm of violence, power grabs and bad judgments. The top aides to President Mohamed Morsi of Egypt were in Washington this week to promote their country as a new democratic model for the Arab world. But it was Mr. Morsi's dictatorial edict placing himself above the law last month that ignited this crisis.

By Thursday, street fighting between Mr. Morsi's Islamist supporters and their secular opponents left at least six dead and 450 wounded, tanks blocked Cairo's streets and the special presidential guard took up positions around his palace. Nine officials have resigned from the Morsi administration in protest over the bloodshed and his handling of the turmoil.

On Thursday night, Mr. Morsi further deepened the crisis by accusing some protesters for the opposition of siding with remnants of the old Mubarak regime. He again refused to rescind the decree giving him near absolute powers and insisted on a going forward with a referendum on Dec. 15 on a disputed draft constitution over the objections of the secular opposition and the Coptic Christian Church.

There is little doubt that some of the opposition, which has been divided and feckless, want to restore the old autocratic order. Those elements have been quick to exploit tensions with violence and fear of the Muslim Brotherhood, which Mr. Morsi once helped lead and whose Freedom and Justice Party dominates the government. But other members of the opposition want to build a pluralistic society where freedoms and the voice of all the people are respected.

The draft constitution would fulfill some central demands of the revolution by ending the all-powerful presidency, strengthening Parliament and banning torture and detention without trial. Demands by ultraconservative Salafis for puritanical moral codes were rejected.

But it would give Egypt's generals much of the power and privilege they had during the Mubarak era. According to Human Rights Watch, constitutional articles that give the state power to protect "the true nature of the Egyptian family" and "ethics and morals and public order" could be interpreted to limit fundamental rights. The charter is weak on women's rights, omitting any reference to banning discrimination based on sex but permitting the state a role in balancing "a woman's obligations toward the family and public work" — an area where it should have no right to interfere.

While one article protects freedom of expression, others ban insulting prophets and "the individual person" and may make it hard to reform laws that have allowed the prosecution of government critics, the human rights group said. Another article limits the right to practice religion to Muslims, Christians and Jews, thus discriminating against Shiites, Bahias and others.

There were also very troubling problems with the process of its creation. Secular and Coptic Christian members walked out of the assembly that wrote the constitution, charging that the group was stacked with Islamists. After that, the assembly quickly approved the constitution and Mr. Morsi sped up the referendum date by several months. He said he had to assert far-reaching powers and pre-empt a Mubarak-appointed court from dissolving the assembly and thwarting the democratic transition.

Many Egyptians are deeply skeptical of the Muslim Brotherhood and its vision for the country. Mr. Morsi should have worked much harder to bring opposition figures into his government, ensure the Constitutional Assembly was fully representative and that there was broad consensus for the constitution before the referendum was set.

At this point, the only way forward for dialogue is if Mr. Morsi delays the referendum and rescinds his decree. Neither he nor his opponents can afford to let this dangerous and self-defeating confrontation continue.

## **Obama Tells Morsi Violence In Egypt "Unacceptable"**

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — The White House says President Barack Obama has called Egyptian President Mohammed Morsi to express "deep concern" about the deaths and injuries of protesters in Egypt.

A White House statement says the president told Morsi that he and other political leaders in Egypt must make clear to their supporters that violence is unacceptable.

The statement Thursday night said that Obama welcomed Morsi's call for a dialogue with opposition leaders in Egypt but stressed that such a dialogue should occur without preconditions. The United States also has urged opposition leaders to join in talks without preconditions.

Obama's call to the Egyptian president came after thousands of Morsi supporters and opponents fought pitched battles outside his Cairo palace that left at least six dead and nearly 700 injured.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Egypt Leader Tries To Calm Opposition**

By Matt Bradley

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Lure Of Illegal Profits From Iran Ensnares S.C. Businessman**

By Michael Doyle, McClatchy Newspapers

[McClatchy](#), December 7, 2012

The shadowy world of illicit trade with Iran could come into sharper focus with a North Charleston, S.C., businessman's guilty plea to charges surrounding illegal exports to the Middle Eastern country.

Businessman Markos Baghdasarian's guilty plea could send him to federal prison for up to five years, according to his attorney. If he starts talking, Baghdasarian also could help investigators find out even more about how U.S. goods are finding their way into a country whose economy has been crippled by sanctions.

"He accepts responsibility," Baghdasarian's attorney, Bart Daniel, said in a telephone interview Thursday, adding that now "he's got the opportunity to assist the government."

Daniel, a former federal prosecutor, said it's not yet known whether Baghdasarian will begin cooperating with Justice Department officials beyond tendering his guilty plea. A defendant's cooperation can be taken into account for sentencing, which in Baghdasarian's case could take place around March.

Baghdasarian pleaded guilty on Tuesday to charges of conspiracy to violate the International Emergency Economic Powers Act, as well as violating the same law, and making false statements. Manager of a Russian-owned and North Charleston, S.C.,-based company called Delfin Group USA, Baghdasarian admitted to exporting aviation engine oils and polymer to Iranian customers. As part of the scheme, he filed documents falsely claiming that the products were bound for customers in the United Arab Emirates.

With his plea, coming on the second day of trial, the 49-year-old Baghdasarian becomes the latest wheeler-dealer to be caught doing illegal business with Iran.

In September, Iranian national Saeed Talebi pleaded guilty in New York to helping ship industrial supplies through Dubai to Iranian petrochemical companies. In July, Andro Telemi of Sun Valley, Calif., pleaded guilty to trying to ship TOW missile parts to Iran via Dubai. That same month in Tampa, Fla., Mohammad Reza Hajian pleaded guilty to conspiring to export computers to Iran.

Other sanctions-evading schemes prosecuted by the Justice Department over the past two years have covered products including specialized metals, aircraft components, centrifuges and fighter jet engines, according to a department summary.

Underscoring the high visibility of the latest Iranian case, the plea agreement was jointly announced by U.S. Attorney for South Carolina William N. Nettles, along with the Justice Department's assistant attorney general for national security and two top customs officials. A Washington, D.C.,-based attorney from the Justice Department's National Security Division, Elizabeth Cannon, served as co-counsel.

"The significance of this case is that we wanted to make a statement about deterrence," Assistant U.S. Attorney for South Carolina Alston Badger said in a telephone interview Thursday.

Iran, Daniel said, is "still a pariah country."

The United States has imposed a succession of economic sanctions on Iran since militants seized 52 U.S. hostages in 1979 and held them for 444 days. Once intended to steer Iran away from support for international terrorism, the sanctions now are being used to pressure the country away from a potential nuclear weapons program.

"The accumulation of...sanctions is beginning to take a dramatic toll on Iran's economy," the non-partisan Congressional Research Service noted in October, while adding that "sanctions against Iran have not, to date, clearly reduced Iran's influence in the Middle East or its strategic capabilities in the Persian Gulf region."

Prosecutors say that Baghdasarian, who is a U.S. citizen, as early as June 2010 undertook the scheme that included registering "paper" companies in the United Arab Emirates. He also produced fictitious labels for Delfin Group USA products in order to obscure the company's identity from export enforcement officials.

Investigators subsequently learned that the fictitious Delfin labels included a spurious Santa Cruz, Calif., address and a toll-free number "associated with the intimate apparel company Victoria's Secret," according to the indictment. The indictment further

noted that neither Baghdasarian nor two co-defendants, who remain at large and are presumed to be overseas, ever obtained the license needed to ship the products, worth an estimated \$850,000.

## **Exclusive: U.S. Likely To Extend Iran Sanction Waivers - Sources**

By Timothy Gardner

[Reuters](#), December 7, 2012

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

## **US Set To Extend Waivers On Iran Oil Sanctions**

[Associated Press](#), December 7, 2012

WASHINGTON (AP) — The Obama administration is set to extend waivers of U.S. sanctions it has granted to major Asian petroleum consumers, including China, India and South Korea, for reducing their imports of Iranian oil, officials said Thursday.

Two officials said an announcement of the six-month extensions was expected from the State Department on Friday. The officials spoke on condition of anonymity because they were not authorized to publicly preview the step.

In addition to China, India and South Korea, the waivers will apply to Malaysia, Singapore, South Africa, Sri Lanka, Turkey and Taiwan. All nine were originally granted six-month renewable exemptions from the sanctions in June.

The exemption means that banks and other financial institutions based in those places will not be hit with penalties under U.S. law enacted as a way of pressuring Iran to come clean about its nuclear program.

A total of 20 countries and Taiwan have been granted the waivers. The others — Belgium, Britain, the Czech Republic, France, Germany, Greece, Italy, the Netherlands, Poland, Spain and Japan — will come up for review in March.

The administration says the exemptions are a sign that pressure on Iran is increasing.

In June, U.S. officials said Iran's oil exports have declined from about 2.5 million barrels a day last year to between 1.2 million and 1.8 million barrels a day, choking a key source of revenue for the regime, which remains defiant over international demands that it prove that its nuclear program is peaceful.

The U.S. sanctions target foreign financial institutions that do business with Iran's central bank by barring them from opening or maintaining correspondent operations in the United States. The sanctions would apply to foreign central banks only for transactions that involve the sale or purchase of petroleum or petroleum products and then only if the Obama administration determined that there was enough non-Iranian oil available to make up the difference without disrupting oil markets.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **UN Nuclear Chief: Alleged Weapons Testing Site Was Probably Sanitized By Iran**

By Joby Warrick

[Washington Post](#), December 7, 2012

The United Nations' chief nuclear official urged Iran on Thursday to allow inspection of a military base where Iranian scientists are suspected of conducting secret nuclear-weapons research, although he acknowledged that any traces of illicit activity have probably been removed.

International Atomic Energy Agency Director General Yukiya Amano said the nuclear watchdog would try again next week to visit the Parchin military base, a sprawling complex where Iran is thought to have conducted tests on high-precision explosives used to detonate a nuclear bomb.

Iran has repeatedly refused to let IAEA inspectors visit the base, on the outskirts of Tehran. Instead, in the months since the agency requested access, satellite photos have revealed what appears to be extensive cleanup work around the building where tests are alleged to have occurred.

"We are concerned that our capacity to verify would have been severely undermined," Amano told a gathering of the Council on Foreign Relations in Washington. He noted Iran's "extensive" cleanup effort at the site, which has included demolishing buildings and stripping away topsoil.

"We cannot say for sure that we would be able find something," Amano said.

The IAEA chief made the remarks six days before a scheduled visit to Iran by IAEA inspectors to try to resolve a standoff over the country's refusal to clear up suspicions about research projects conducted by Iranian scientists nearly a decade ago. The experiments, described in documents obtained by Western spy agencies, appear to show Iranian scientists seeking to master specific technologies used in making nuclear weapons. Iran claims the documents are forgeries and insists that the country's nuclear program is peaceful.

In his remarks, Amano noted a “sense of urgency” in the effort to clear up questions about Iran’s nuclear past. The Obama administration said last month that Iran must fully cooperate with the IAEA’s investigation by March or face the prospect of being brought before the U.N. Security Council for further action, possibly including new sanctions.

The nuclear agency chief also acknowledged that computer hackers have made several attempts to break into the IAEA’s sensitive files in recent months. Agency officials recently disclosed an intrusion by a group that swiped data from IAEA computer networks and posted some of it on a Web site.

Amano said he could not confirm reports that the hackers were Iranians. “The group . . . has an Iranian name, but that doesn’t mean that the origin was Iranian,” he said.

## **King Of Jordan Visits West Bank To Show Support For UN Vote**

By Isabel Kershner

[New York Times](#), December 7, 2012

JERUSALEM — King Abdullah II of Jordan on Thursday became the first head of state to visit the West Bank since last week’s vote by the United Nations General Assembly upgraded the status of the Palestinians to nonmember observer state. It was a gesture of support that also underlined the importance of the vote to Jordan, analysts said.

The visit also gave another boost to the president of the Palestinian Authority, Mahmoud Abbas, a day before Khaled Meshal, the leader in exile of the authority’s rival, Hamas, was scheduled to make a historic visit to Gaza, where Hamas, the militant Islamic group, holds sway.

The visit came barely two weeks after a cease-fire put an end to an intense round of fighting between Israel and Hamas in Gaza that enhanced the Islamic group’s image among many Palestinians, and three weeks after Jordan was rocked by violent protests over gas price increases. The king’s arrival by helicopter in the West Bank city of Ramallah also signaled an effort to maintain some balance and stability in a region in turmoil.

Jordan’s foreign minister, Nasser Judeh, who accompanied the king, told reporters that the king had come because he wanted to be “the first one to congratulate President Abbas and the Palestinian people for their strategic decision at the United Nations,” according to the official Palestinian news agency, Wafa.

Jordan, a country of six million people with a sizable portion of Palestinian origin, is an important ally of the United States in the region and maintains a peace treaty with Israel. The United States and Israel strongly opposed the Palestinian bid at the United Nations, and voted against it.

But for Jordan, with its sensitivity to the occasional talk in Israel of Jordan as an alternative homeland for the Palestinians, the General Assembly vote laid down an important marker by endorsing a future independent Palestinian state. Jordan controlled the West Bank from 1948 to 1967, when Israel seized it during the Six-Day War. Jordan’s hold over the West Bank was never recognized by most of the world, and in 1988 it ceded any claim to the area.

“The Palestinian success at the United Nations is also a Jordanian success,” said Mahdi Abdul Hadi, chairman of the Palestinian Academic Society for the Study of International Affairs, an independent research institute in East Jerusalem. “It is very important for Jordan to have an independent, sovereign Palestine separate from Jordan and Israel.”

Mr. Abbas frequently meets with the Jordanian monarch in Amman, the Jordanian capital, but visits by the king to the West Bank are much rarer. His last visit, just over a year ago, came as Mr. Abbas was about to enter into power-sharing talks with Mr. Meshal in Cairo to try to end the five-year schism dividing the Palestinians. So far, practical steps toward reconciliation have remained elusive.

So has an Israeli-Palestinian agreement for a two-state solution. Jordan tried unsuccessfully to facilitate a resumption of long-stalled peace negotiations, hosting a round of exploratory discussions between the sides in January.

In recent days, Israel’s government has come under unprecedented criticism from European countries after it announced approval for 3,000 more housing units in contested areas of East Jerusalem and around the West Bank. It also said it would resume planning and zoning work in a particularly contentious area east of Jerusalem known as E1.

The plans were meant as a countermeasure to what the Israelis described as a unilateral Palestinian move at the United Nations, which they said violated their previous signed agreements. World leaders denounced the new settlement plans, and critics warned that any future building in E1 could harm the prospects of a viable and contiguous Palestinian state.

Mr. Judeh, the Jordanian foreign minister, strongly criticized the Israeli plans, particularly those relating to E1.

“The settlement policy is not only rejected from our side as Arabs and Palestinians, but also by the whole world,” he said, according to The Associated Press.

Last month’s protests in Jordan were the most aggressive in the cash-strapped kingdom in the two years since popular revolutions erupted around the region. Outside the capital, protesters broke a longstanding taboo and shouted slogans against



King Abdullah II. Aside from the protests, Jordan has been contending with an influx of refugees from Syria, putting further strain on the country's finances and stability.

## **Netanyahu, In Visit To Germany, Defends Settlement Plans**

By Nicholas Kulish

[New York Times](#), December 7, 2012

BERLIN — Prime Minister Benjamin Netanyahu of Israel gave no ground on Thursday over his plans to expand Jewish settlements, which have been widely criticized by European allies.

Speaking at a news conference here with Chancellor Angela Merkel of Germany, Mr. Netanyahu said the 3,000 new homes planned for settlers represented “a consistent policy” that Israel would continue under any version of an eventual peace deal with the Palestinians.

Mr. Netanyahu repeatedly emphasized that Germany and Israel remained close friends despite their disagreement, and he thanked Ms. Merkel for her unstinting support during the latest Gaza conflict.

Asked whether Israel had “lost Europe,” Mr. Netanyahu said that was not the case, but he acknowledged, “There is obviously a difference of view in Europe on the issue of the settlements.”

Ms. Merkel concurred. “On the question of settlements, we agreed that we do not agree,” she said.

Mr. Netanyahu's visit followed a vote last week by the United Nations General Assembly on upgrading the status of Palestinians to nonmember observer state, in which Germany joined 40 other nations in abstaining. Germany's decision had no effect on the outcome, with 138 nations voting for the proposal and 9 voting against it, including Israel and the United States.

Israel announced the next day that the government had approved 3,000 more units of housing in contested areas of East Jerusalem and the West Bank and was resuming planning and zoning work in an area east of Jerusalem known as E1. The announcement was viewed as a reaction to the United Nations vote, and critics said future construction in E1, which lies between East Jerusalem and the Israeli settlement of Maale Adumim, could irreparably harm the chances for a viable, contiguous Palestinian state there.

Most countries regard any Israeli settlement beyond the 1967 boundaries as illegal under international law. So the 3,000 new units would produce criticism in any case. But the apparent threat to build on E1, however symbolic for now, struck a deeper chord of criticism.

Any expectations that Mr. Netanyahu would try to defuse the situation or at least play it down during his visit to Berlin were dashed Thursday when he brushed aside criticism.

The usually warm relations between Israel and Germany have been especially strained in recent days. Israel's loss of support from Germany in the United Nations vote stung especially hard. German leaders have backed Israel for decades as amends for the Holocaust, whether that came in the form of diplomatic help or arms shipments. But as the Nazi era recedes into the past, Germans have proved increasingly willing to criticize Israel.

With parliamentary elections coming up next month in Israel, Mr. Netanyahu had a strong incentive to take a tough stand after the United Nations vote.

Mr. Netanyahu came to Germany with several ministers for regularly scheduled intergovernmental consultations. The themes of the meeting were supposed to be innovation, sustainability and education, but that was overshadowed at the news conference by talk of the settlement construction.

Referring to the “special relationship” between the two countries, Mr. Netanyahu said to Ms. Merkel, “I want to take this opportunity to make it absolutely clear that I have no doubt whatsoever about the depth of your commitment to Israel's security and to the well-being of the Jewish state.”

Steven Erlanger contributed reporting from Jerusalem.

## **Khaled Meshaal's Visit To Gaza Another Sign Of Hamas' Rise**

By Sheera Frenkel

[McClatchy](#), December 7, 2012

When Khaled Meshaal crosses into the Gaza Strip at noon on Friday it will be the Hamas leader's first trip to the coastal territory. It also will be a symbol of how far the Palestinian Islamist movement, which both Israel and the United States have branded a terrorist organization, has come since its inception in 1987.

Meshaal, often called “the exiled Hamas leader,” assumed control of the group in 2004, after its founder, Sheikh Ahmed Yassin, was assassinated by Israel. He has traveled widely to help Hamas garner support across the Arab world and recently has helped secure the diplomatic support of key Arab states in the region.

But no visit will be as significant as Meshaal's trip to Gaza this weekend. Regional analysts call it a “watershed moment.”



" Hamas feels the wind of change beneath their wings," said Jonathan Spyer, a senior researcher at the prestigious Interdisciplinary Center, a private university in the Israeli coastal city of Herzlyia. "Khaled Meshaal's visit to Gaza is significant... it means that Meshaal is back in the game."

In the past year, Meshaal has twice announced his retirement from political life, leading many to speculate that a rift had grown between the local Hamas leadership in Gaza and their exiled leadership abroad. Meshaal's visit to Gaza indicates, however, that the movement is indeed united, Spyer said.

"It's not hard to see why. If you look at the process of what used to be called the Arab Spring, you can see what is really a movement of old, decrepit nationalist movements being replaced by the Muslim Brotherhood," Spyer said.

Hamas, which sees itself as the Palestinian offshoot of Egypt's Muslim Brotherhood, saw its influence grow when Mohammed Morsi, a longtime Brotherhood official, won Egypt's presidency in June.

Part of a ceasefire deal negotiated by Egypt last month called for a truce in fighting between Israel and Hamas as well as an end to targeted assassinations. It was fear that Israel would target Meshaal as it had Yassin that had kept Meshaal from visiting Gaza. With the cease-fire in effect, that impediment was gone.

Hamas "announces the visit of Khaled Meshaal, head of the political bureau, tomorrow, December 7, to participate in the celebration of the movement's 25th anniversary," Hamas spokesman Sami Abu Zuhri announced in a statement Thursday.

The visit, Abu Zuhri added, was "a fruit of the victory of the resistance over the occupation."

Meshaal's visit will include a tour of Gaza, as well as meetings with the families of those killed and injured during the recent round of fighting between Israel and Hamas, which began Nov. 14 with Israel's targeted killing of Hamas military commander Ahmed Jaabari.

Meshaal, who was born in the West Bank village of Silwad in 1956, moved to Kuwait after the 1967 Six-Day War in which Israel captured the West Bank, Gaza and the Egyptian Sinai. He later moved to Jordan, where his association with Hamas began.

His role in the organization has shifted over the years. At times he was considered to be at the head of the decision-making process for Hamas, while at other times he appeared to have been sidelined by the Gaza-based Hamas leader, Ismail Haniyeh.

Israel will be watching the visit closely to try to determine whether Meshaal's influence in Hamas has grown. In the past, he was considered a moderating influence who tried to lead Hamas toward reconciliation with the Western-backed Fatah movement that governs the West Bank.

Hamas' charter calls for the eventual destruction of Israel and the establishment of an Islamic state on the pre-1948 borders of the British Palestine Mandate. In recent years, however, Hamas officials have hinted that they could moderate their views in exchange for greater diplomatic influence and an end to the Israel-imposed blockade of the Gaza Strip.

European officials already have suggested that Western governments should begin a dialogue with Hamas. Last month, U.N. Mideast envoy Roberterry told McClatchy that his office has had "quiet engagements" with Hamas officials in the Gaza Strip that included discussion of political and diplomatic issues. It was the first time the U.N. has admitted to contacts with Hamas beyond the day-to-day management of U.N. operations in Gaza.

## **The Iron Dome Military Revolution**

**Historically, defensive measures lag behind offensive capabilities. Not so with Israel's new antimissile system.**

By Michael Oren

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Paul Softens Opposition On Israel Foreign Aid**

By Jonathan Broder, Roll Call Staff

[Roll Call](#), December 7, 2012

Sen. Rand Paul, an outspoken opponent of all foreign aid, is ready to make an exception for Israel.

The freshman Kentucky Republican, who is considering a 2016 presidential run, still says the United States should reduce its spending by cutting foreign assistance to countries such as Egypt and Libya, where U.S. diplomatic missions have been attacked. He also wants to halt aid to Pakistan until it releases from jail a local doctor who helped U.S. forces in the operation that killed al-Qaida leader Osama bin Laden.

But Paul has changed his tune on aid to Israel, which he once said should not be spared from his call for an end to foreign aid.

"What I've said is that we can't continue to spend a trillion dollars we don't have, so we have to look everywhere for cuts, and foreign aid is one of those areas," he said Tuesday. "Within foreign aid, I would start with cutting those who don't appear to be our allies. The one thing you can say about Israel is there doesn't seem to be any mobs burning our flag there."

Paul plans to make his first trip to Israel in the spring. He said he would be traveling with a group of evangelical Christian clergymen. Evangelicals, for whom support for Israel is as important as such social issues as opposing abortion, are a key constituency for any GOP presidential hopeful.

"I've never been a proponent of saying, 'Oh, let's go punish Israel,'" Paul said. "I've made general statements about foreign aid that some in the pro-Israel community have misinterpreted to mean that I have some sort of animosity toward Israel. That's not true."

In a February 2011 interview with ABC News, Paul said his calls to end aid to Israel were part of his larger push for fiscal restraint.

"I'm not singling out Israel. I support Israel," he said at the time. "I want to be known as a friend of Israel, but not with money you don't have. We can't just borrow from our kids' future and give it to countries, even if they are our friends."

He also said in that earlier interview that Israel's strong economy and relative wealth also made U.S. aid unnecessary. "I think they're an important ally, but I also think that their per capita income is greater than probably three-fourths of the rest of the world," Paul said. "Should we be giving free money or welfare to a wealthy nation? I don't think so."

Israel, the largest recipient of U.S. aid, has received \$3 billion annually in military aid ever since it signed its peace treaty with Egypt in 1979. In recent years, the United States also has spent about \$1 billion to help fund several Israeli anti-missile systems, such as Iron Dome.

On Tuesday, Paul said he was visiting Israel to familiarize himself with Middle Eastern affairs. He said he would meet with both Israeli Prime Minister Benjamin Netanyahu and Palestinian Authority President Mahmoud Abbas.

"I want to know more about the discussions, the debate, whether or not I could be any part of moving the debate towards peace or some kind of solution," he said.

But Paul took pains to avoid ruffling any Israeli feathers over its recent decision to build Jewish settlements in a sensitive area east of Jerusalem that would effectively divide the West Bank in half and cut off Jerusalem from the rest of the Palestinian territory.

"I don't think it's a good idea for the United States to dictate to Israel where their settlements should be," he said. "Israel's a sovereign nation. One of the mistakes we make is thinking because we give them money, we can tell them what to do. I think we should respect Israel's sovereignty to make their own decisions."

## **Tensions Mount As UN Climate Talks Near End**

By Karl Ritter, Associated Press

[Associated Press](#), December 7, 2012

DOHA, Qatar (AP) — U.N. climate talks are heading into the final stretch with a host of issues unresolved, including a standoff over how much money financially stressed rich countries can spare to help the developing world tackle global warming.

That issue has overshadowed the talks since they started last week in Qatar, the first Middle Eastern country to host the slow-moving annual negotiations aimed at crafting a global response to climate change.

Tensions built up Thursday — the penultimate day on the schedule — as the Philippines made an emotional call for action to keep global warming in check, citing the devastation caused by a powerful typhoon that killed around 350 people.

Meanwhile, Greenpeace and five other activist groups accused rich nations of pushing the talks to the "brink of disaster," while a small group of warming skeptics appeared at a side event where they dismissed the entire process as a sham to transfer wealth to the poor world.

British climate change skeptic Christopher Monckton even managed to slip into a conference hall where he addressed a plenary session, apparently mistaken for an official delegate. A tweet from the U.N. climate secretariat said he was "debadged and escorted out" of the venue "for impersonating a Party" and violating the conference's code of conduct.

Rich nations pledged three years ago to deliver long-term financing to help poor nations switch to clean energy and adapt to rising sea levels and other impacts of global warming. They offered \$10 billion a year in 2010-2012 in "fast-start" financing and said the amount would be ramped up to \$100 billion in 2020. But they didn't say how.

Developing countries are demanding firm pledges before the Doha conference ends, like a midterm target of \$60 billion in the next three years, or written agreement that funds will be scaled up annually until 2020. But rich countries have been reluctant to make such commitments, citing the financial turmoil that is straining their budgets.

"We are not going to leave here with promises upon promises," said Gambia delegate Pa Ousman Jarju, who represents a group of least developed countries. "The minimum that we can get out of here is a demonstration that there will be \$60 billion on the table moving onward."

Negotiators were working into the night trying to resolve that issue. They were also trying to finalize an agreement to formally extend the Kyoto Protocol, an emissions pact for rich countries that expires at the end of this year.

The U.S. never joined Kyoto while Japan, New Zealand, Canada and Russia don't want to be part of the extension, meaning it would only cover about 15 percent of the world's emissions of greenhouse gases.

Governments have set a deadline of 2015 to agree on a wider deal that would include both developed and developing countries, which now represent a majority of the world's emissions.

Philippine envoy Naderev Sano said that deadly storms like Typhoon Bopha, which hit his country earlier this month, were nightmare scenarios the world may face more frequently if climate change is left unchecked.

"As we vacillate and procrastinate here, we are suffering," he said. "Heartbreaking tragedies like this are not unique to the Philippines."

Climate scientists say it's difficult to link a single weather event to global warming. But some contend the damage caused by the recent Hurricane Sandy and other tropical storms was worse because of rising sea levels.

The goal of the U.N. talks is to keep temperatures from rising more than 2 C (3.6 F), compared to preindustrial times. Temperatures have already risen about 0.8 C (1.4 F) above that level, according to the latest report by the U.N.'s top climate body.

A recent projection by the World Bank showed temperatures are expected to increase by up to 4 C (7.2 F) by the year 2100.

"I'm getting concerned that ministers are not stepping up to the mark and providing solutions that we need at this stage of the game," Gregory Barker, Britain's minister of climate change told The Associated Press.

"We need increased flexibility on all sides and a higher sense of urgency," he said. "Developed countries also need to demonstrate a clear ambition across the board in terms of climate goals."

Climate activists focused their criticism on developed nations. Kumi Naidoo of Greenpeace said the U.S., in particular, was a stumbling block to the negotiations.

The Obama administration has already taken some steps to rein in emissions, such as sharply increasing fuel efficiency standards for cars and trucks and investing in green energy. But a climate bill that would have capped U.S. emissions stalled in the Senate.

In a message to the conference, U.S. Sen. Barbara Boxer said "there are leaders in Congress who understand the urgent threat facing the globe, and we are dedicated to preventing the terrible impacts of unchecked climate change."

Her message contrasted with that of another U.S. senator, Republican Jim Inhofe, who spoke in a video recording shown at the side event in Doha with climate skeptics. Calling global warming a "hoax," he said the focus of the Doha conference was not the environment, but "spreading the wealth around."

In 2010, a survey of more than 1,000 of the most cited and published climate scientists found that 97 percent of them believe climate change is very likely caused by the burning of fossil fuels.

"It's getting harder and harder to be a climate denier as the evidence of climate change grows," said Michael Oke, a spokesman for the World Resources Institute, an environmental think tank. "Fortunately, I'm sure the negotiators here won't let this take away from what needs to be done to address this global challenge. We need more solutions, not distractions."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Ambassador: US Working 'day And Night' To Keep Internet Rules Out Of UN Treaty**

By Jennifer Martinez

[The Hill](#), December 7, 2012

Ambassador Terry Kramer on Thursday said the United States will be working "day and night" to ensure new Internet regulations are kept out of a United Nations treaty.

"Fundamentally the conference, to us, should not be dealing with the Internet sector," Kramer told reporters on a conference call from Dubai, where the treaty is being negotiated at a conference hosted by the United Nations International Telecommunications Union. He is leading the U.S. delegation at the conference.

Kramer shot down a report that the U.S. and Canada failed to win backing from other countries for a proposal to keep the Internet out of the treaty. The two countries are pushing to keep the focus of the negotiations on telecommunications networks, so that the updated rules would only apply to major operators like AT&T and Verizon.

Discussions about the scope of the treaty are expected to pick up on Friday, so the pressure is on the U.S. to drum up support for their plan. Kramer said it's gaining traction with countries in Europe, Latin America and the Asia Pacific region.

He said the U.S. opposed a Russian proposal that calls for national governments to assume greater authority over key Internet functions, such as assigning domain names. The U.S. believes the Internet should continue to be governed by various public and private organizations, and not overseen by a single entity.

"We've looked at the proposal, but we're not keen to get into a discussion about [it] because we believe it's out of scope for the conference," Kramer said.

Member countries of the ITU are updating an international telecommunications treaty for the first time since 1988. The treaty conference has drawn scrutiny because only governments are allowed to participate in the negotiations. Google has argued that some of governments are using the treaty conference to clamp down on online speech they disagree with and to gain more authority over the Web.

The ITU confirmed that its website was inaccessible for parts of Wednesday. A Twitter account that appears to be associated with the hacker group Anonymous claimed responsibility for the outage on the ITU site.

"The incident blocked civil society, media and other interested parties from following the proceedings, and prevented access to the wealth of online information," the ITU said in a statement. "Some delegates were frustrated at being unable to access some of the online working documents that were being considered by the meeting."

ITU Secretary-General Hamadoun Touré condemned the threats made by hacker groups against the conference.

"It is ironic that the very people who claim to be fighting for a free Internet are preventing those around the world trying to follow the event online from getting access," Touré said in a statement. "Do they believe in one rule for them, and one for everyone else?"

In its release, the ITU noted that the disruption "reinforces the importance of cybersecurity," a topic some countries are pushing to include in the treaty. The U.S. is opposed to including cybersecurity rules in the international treaty, arguing that they would prevent countries from being nimble enough to deal with cyberattacks occurring in real-time.

Kramer said the website outage did not bolster the ITU's case for including cybersecurity measures in the treaty. He said the U.S. thought it was "a helpful reminder" about "the necessary skills and speeds" that are needed to deal with cyber issues.

## **Obama, The UN And The Internet**

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Russian Trade, Human Rights Bill Heads To Obama**

By Jim Abrams, Associated Press

[Associated Press](#), December 6, 2012

WASHINGTON (AP) — A Russian trade and human rights bill cleared Congress and headed for President Barack Obama's signature Thursday, opening new export opportunities for American businesses but antagonizing relations with Russia over its treatment of dissidents.

The Moscow government, while welcoming better trade relations, threatened retaliation over a section of the bill that would punish Russian officials who allegedly commit human rights violations. A Russian parliament official suggested sanctions could be imposed on U.S. officials accused of rights violations in Afghanistan, Iraq and elsewhere while the Foreign Ministry said the legislation "will have a negative impact on bilateral cooperation" and responsibility for that will "completely lie with the United States."

Sen. John McCain, R-Ariz., a main sponsor of the human rights measure with Sen. Ben Cardin, D-Md., contended it would help the Russian people by "sending a signal to Vladimir Putin and the Russian plutocracy that these kinds of abuses of human rights will not be tolerated."

The 92-4 vote Thursday by the Senate to establish permanent normal trade relations with Russia followed an equally convincing vote in the House last month. The bill eliminates a long-obsolete 1974 provision, called the Jackson-Vanik Amendment, that tied trade relations with the former Soviet Union to the emigration of Jews and other Soviet minorities.

Although Obama and past presidents over the past two decades annually have waived the Jackson-Vanik restrictions, it lingered on the books because of congressional antipathy toward Russia's human rights record and anti-American policies. This year the issues have included Russian support of the Assad government in Syria.

But acting to eliminate the 1974 provision and making normal relations permanent became a necessity when Russia on Aug. 22 entered the World Trade Organization, forcing it to lower tariffs, ease import restrictions, protect intellectual property and participate in the WTO dispute resolution system.



Until the United States normalizes trade, U.S. traders will be alone among the members of the 157-nation WTO unable to enjoy the increased market access.

Obama issued a statement saying the legislation, which also extends permanent normal trade relations to the former Soviet state of Moldova, “will ensure that American businesses and workers are able to take full advantage of the WTO rules and market access commitments that the United States worked so hard to negotiate.”

The administration and economists estimate that U.S. exports of goods and services, now about \$11 billion a year, could double over the next five years under normalized trade relations with Russia — and its 140 million consumers.

The Coalition for U.S.-Russia Trade, which represents manufacturing, service and agriculture interests, says the United States now commands only about 4 percent of Russia’s import market of \$400 billion a year, compared to 40 percent for Europe and 16 percent for China.

It says that over the next 20 years Russian carriers will need about 900 passenger aircraft valued at about \$100 billion, that Russia relies on imports for about 50 percent of its \$150 billion chemical market and that Russian demand for information technology, agriculture goods, energy technology and medical equipment are growing rapidly.

Sen. Max Baucus, D-Mont., chairman of the Senate Finance Committee, stressed that the legislation can only be a plus. “We change no U.S. tariffs and no U.S. trade laws. This is a one-sided deal in favor of American exporters.”

U.S. Chamber of Commerce President and CEO Thomas J. Donohue called it a “rare bill that will create American jobs without costing the taxpayer a dime.” He said bipartisan cooperation on trade matters, including completion of free-trade agreements with South Korea, Colombia and Panama and reauthorization of the U.S. Export-Import Bank, have been among the “top achievements” of the current Congress.

But it could have ramifications on overall U.S.-Russian relations. That’s because the bill includes a provision to sanction Russian human rights violators by withholding visas and freezing financial assets. The measure, named for Russian lawyer and whistleblower Sergei Magnitsky who died in a Russian prison three years ago after allegedly being tortured, was included in the trade bill as lawmakers balked at normalizing trade without holding Russia accountable for its poor human rights record.

“Jackson-Vanik served its purpose with respect to Russia and should be revoked, but in its place we should respond to Russia’s continued corruption and human rights violations,” said Sen. Orrin Hatch of Utah, the top Republican on Baucus’ committee.

After the Senate vote, Alexei Pushkov, head of the foreign affairs committee in the lower house of Russia’s parliament, said the State Duma may respond by imposing similar sanctions on U.S. officials accused of violating the rights of Russian citizens abroad. An alternative would be to target U.S. officials accused of rights violations in Afghanistan, Iraq, Libya and other nations, Pushkov was quoted as telling the ITAR-Tass news agency.

Sen. Carl Levin, D-Mich., said he voted against the bill because the Magnitsky provision, as written by the House, applies only to Russian human rights violators. The original Senate proposal would have applied those sanctions worldwide.

“Why would we deny visas only to Russian human rights violators?” Levin asked in a statement. “Why diminish the universality of the values the Magnitsky bill seeks to uphold?”

---

Associated Press writer Vladimir Isachenkov in Moscow contributed to this report.

[Explore Related Content](#)

1 — 4 of 20

[prevnext](#)

[Play Video](#)

[Obama, Clinton visit Myanmar](#)

[Reuters Videos](#)

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Senate Passes Russian Trade Bill, With Conditions**

By Jeremy W. Peters

[New York Times](#), December 6, 2012

The Senate voted on Thursday to finally eliminate cold war-era trade restrictions on Russia, but at the same time it condemned Moscow for human rights abuses, threatening to further strain an already fraught relationship with the Kremlin.

The Senate bill, which passed the House of Representatives last month, now goes to President Obama, who has opposed turning a trade bill into a statement on the Russian government’s treatment of its people.



But with such overwhelming support in Congress – the measure passed the Senate 92 to 4 and the House 365 to 43 – the White House has had little leverage to press its case.

And President Obama has shown little desire to pick a fight in which he would appear to be siding with the Russians on such a delicate issue.

In a statement issued after the Senate vote, the White House mentioned the human-rights component of the bill only in passing, instead emphasizing that the president was looking forward to signing a measure that would level the playing field for American workers.

The most immediate effect of the bill will be to formally normalize trade relations with Russia after nearly 40 years. Since the 1970s, commerce between Russia and the United States has been subject to restrictions that were designed to punish Communist nations that refused to allow their citizens to leave freely.

While presidents have waived the restrictions since the cold war ended — allowing them to remain on the books as a symbolic sore point with the Russians — the issue took on new urgency this summer after Russia joined the World Trade Organization. American businesses can take advantage of lower trade tariffs only with nations that enjoy normalized trade status.

By some estimates, trade with Russia is expected to double after the limits are lifted.

But another effect of the bill – and one that has Russian officials furious with Washington – will be to require that the federal government freeze the assets of Russians implicated in human rights abuses and to deny them visas.

Lawmakers on Capitol Hill were inspired to attach those provisions to the trade legislation because of the case of Sergei L. Magnitsky, a Russian lawyer who was tortured and died in prison in 2009 after he exposed a government tax fraud scheme.

During the Senate debate, it was Mr. Magnitsky's case, and not Russia's trade status, that occupied most of the time.

One by one, Democratic and Republican senators alike rose to denounce Russian officials for their disregard for basic freedoms.

"This culture of impunity in Russia has been growing worse and worse," said Senator John McCain, an Arizona Republican. "There are still many people who look at the Magnitsky Act as anti-Russia. I disagree," he added. "Ultimately passing this legislation will place the United States squarely on the side of the Russian people and the right side of Russian history, which appears to be approaching a crossroads."

Russian officials denounced the Senate vote.

"This initiative is intended to restrict the rights of Russian citizens, which we consider completely unjust and baseless," said Konstantin Dolgov, the Russian foreign ministry's human rights envoy, in comments to the Interfax news agency in Brussels. "This is an attempt to interfere in our internal affairs, in the authority of Russia's investigative and judicial organs, which continue to investigate the Magnitsky case."

Initially there was pressure on the Senate to pass a bill that punished human rights violators from all nations, not just those who are Russian. But the House bill applied only to Russia. And the Senate followed suit, as supporters of the bill wanted something that could pass quickly and not require a complicated back-and-forth with the House.

Ellen Barry contributed reporting from Moscow.

## **Senate Passes Russia Trade Bill In 92-4 Vote**

By Ramsey Cox

[The Hill](#), December 6, 2012

The Senate voted to grant Russia permanent normal trade relations (PNTR) status on Thursday.

On a 92-4 vote, the Senate approved the Russia trade bill with broad bipartisan support.

"We have to take very difficult votes in this chamber, but this is not one of them," Senate Finance Committee Chairman Max Baucus (D-Mont.) said before the vote. "PNTR is good for United States jobs ... and this is strong human rights legislation."

Rep. Dave Camp (R-Mich.) introduced the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act, H.R. 6156, which is necessary for U.S. businesses to benefit from lower tariffs after Russia joined the World Trade Organization (WTO) this summer.

The same bill passed in the House last month with broad support — it was approved on a 365-43 vote.

Sen. Rob Portman (R-Ohio), a former U.S. trade representative to the WTO, said he supported the measure because it would help generate new U.S. jobs in manufacturing and farming industries.

"We need to do all we can that we make sure our farmers and workers have access to the 95 percent of consumers that are outside of the U.S. borders," Portman said on the floor Wednesday evening. "Without passing this legislation, our farmers and workers will get left behind."

Sen. Ben Cardin (D-Md.) had hoped to include human rights language that would have imposed travel and financial sanctions on alleged human rights violators around the world, but the House-passed version included language that sanctions only violators in Russia.

Cardin said passing the bill would make sure the United States was “on the right side of history” and was a step forward in protecting human rights globally.

Sens. Carl Levin (D-Mich.), Jack Reed (D-R.I.), Sheldon Whitehouse (D-R.I.) and Bernie Sanders (I-Vt.) voted against the trade bill.

Levin said Wednesday that he would have preferred that the Senate vote on its version of the bill, which included the sanctions worldwide, rather than just affecting Russia.

“I don’t understand why we’re not taking up the Senate version and applying these standards universally,” Levin said on the Senate floor Wednesday night. “The only answer I can get is that the House might not pass the Senate version. Well, we should do what we think is right.”

The Magnitsky language — largely supported by Democrats — would require the administration to identify officials involved in Russian tax lawyer Sergei Magnitsky’s death, make those names public, and freeze the U.S. assets related to those officials. Magnitsky was investigating corruption and theft of the Russian government when he was jailed.

Senate Finance Committee ranking member Orrin Hatch (R-Utah) said that portion of the bill was “a powerful new tool to battle corruption” in Russia.

“If the [Obama] administration uses these tool effectively we will see ourselves in the future working side-by-side with a Russia free of corruption,” Hatch said.

The bill now goes to President Obama’s desk for his signature. The administration said it supports the measure.

Several senators said they wished the Obama administration would be firmer with Russia on sanitary restrictions — Russia has not allowed some U.S. produce and meat imports because of sanitary restrictions, despite having similar sanitary standards as the United States. The bill includes language that urges trade negotiators to continue to work on making sure there are not “unjustifiable” reasons for why U.S. agriculture products can’t be exported to Russia.

## **OK Of Russian Trade Bill Is Victory For Human Rights Activist**

**The provision in a measure approved by Congress punishes human rights abusers, including those involved in the death of a Russian lawyer.**

By Don Lee

[Los Angeles Times](#), December 7, 2012

WASHINGTON — After months of delays, U.S. lawmakers finally passed a trade bill with Russia. And perhaps no one was as deeply moved as investor William Browder.

His emotions had nothing to do with the commercial implications of the legislation, which normalizes trade relations with Russia and should give a boost to big American exporters such as Caterpillar Inc. and Deere & Co.

Instead, Browder’s focus was entirely on a provision that would punish Russians accused of human rights abuses, specifically those involved in the 2009 death of his onetime Russian lawyer, Sergei Magnitsky.

Since Magnitsky was beaten to death in a Russian jail cell three years ago, after authorities arrested him on what Browder believes were trumped-up charges of fraud, Browder has devoted much of his life to telling leaders in America and other countries about Magnitsky’s story and the human rights problems in Russia.

Every six weeks over the last 2 1/2 years, Browder had traveled from his home in London to Washington; by his count, he has met with one-third of the members of the House and half the Senate.

After the Senate voted 92 to 4 on Thursday to approve the bill, which cleared the House last month and is expected to be signed by President Obama, Browder could hardly contain his feelings.

“This is really a tribute to Sergei Magnitsky. I was touched and awed that his story would have such a visceral impact on lawmakers in America,” he said from New York.

But the Russian Foreign Ministry was quick to condemn the passage of the measure, comparing it to “a play in the Theater of the Absurd.”

Congress was “just motivated by a vengeful desire to settle scores with Russia for its principled and consistent line in foreign affairs in favor of rigorously following international law,” the ministry said in a statement on its website.

The trade bill was a top priority for American business groups. Even though the U.S. exported just \$8.3 billion worth of goods to Russia last year out of a total of \$1.5 trillion globally, American companies see vast opportunities in the world’s ninth-largest economy, with a sizable middle class and rich resources.

In August, Russia joined the ranks of the World Trade Organization, and Congress needed to grant Russia permanent normal trade relations in order for U.S. businesses to take full advantage of the lower barriers and other market openings created by Russia's entry into the WTO.

Congress could have taken action years earlier to normalize trade relations with Russia. But lawmakers were content to leave things as they were because it gave them some leverage in its dealings with Russia.

"It was the WTO that forced the hand of the United States," said Jeffrey Mankoff, deputy director of the Russia and Eurasia Program at the Center for Strategic and International Studies, a Washington think tank.

In approving the new trade bill, lawmakers repealed what was known as the Jackson-Vanik amendment, a Cold War measure that set conditions on American trade with the former Soviet Union to ensure that Jews and other minorities in that country could freely emigrate.

The Jackson-Vanik amendment had long irked Russian leaders, and many American officials agreed that the restriction had become obsolete. At the same time, U.S. officials have remained dissatisfied with the level of corruption and human rights violations in Russia.

While the trade bill approved Thursday got rid of one irritant in bilateral relations, the Magnitsky provision for months has been met with sharp criticism and threats of retaliatory action from Russian leaders. The Magnitsky measure would penalize Russian human rights violators by withholding visas and freezing financial assets.

The Russian ministry's statement suggested possible retaliation.

"We don't want to discard the positive achievements in our bilateral relations reached not without difficulty over the last years," the statement said. "But we should be aware that the bill adopted by the Senate will quite negatively affect the prospects of the bilateral cooperation. Naturally, the blame for that entirely lies with the United States."

Quiz: What set the Internet on fire in 2012?

Additional negative comment, though probably not from Russian President Vladimir Putin, should be expected, said Anders Aslund, a senior fellow at the Peterson Institute for International Economics. Aslund said that in some ways, Russia already had responded by pursuing anti-America propaganda, expelling USAID and reinforcing anti-human rights legislation.

Mankoff and other analysts view the Magnitsky measure as a largely symbolic move. Some in the Senate sought to widen the Magnitsky provision to include all countries, but there appeared to be insufficient support for such a sweeping measure.

As for Russia, it remains to be seen how many people will be added to any kind of list for sanctions. And it's not clear how much influence there would be in blocking some Russians from traveling to the U.S.

"I don't think it's going to change the way the system operates," Mankoff said.

Browder, for his part, was much more hopeful that the new legislation would have a powerful effect. He said he hopes that all the people involved in the death of Magnitsky will be brought to light.

And he said he will be lobbying other countries — Browder will be talking with Canada's parliament next week — to enact similar legislation that would hold human rights violators more accountable and put pressure on governments like Russia.

"This is a huge deal," he said. "It hits their Achilles' heel."

don.lee@latimes.com

Times staff writer Sergei L. Loiko in Moscow contributed to this report.

## **Congress Votes To Repeal Trade Curbs On Russia**

By Sudeep Reddy

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Strong Earthquake Strikes Off Northeastern Japan**

By Elaine Kurtenbach, Associated Press

[Associated Press](#), December 7, 2012

TOKYO (AP) — A strong earthquake struck Friday off the coast of northeastern Japan in the same region that was hit by a massive earthquake and tsunami last year. A city in the region reported that a small tsunami had hit, but there were no immediate reports of injuries or damage.

The Japan Meteorological Agency said the earthquake had a preliminary magnitude of 7.3 and struck in the Pacific Ocean off the coast of Miyagi prefecture at 5:18 p.m. (0818 GMT). The epicenter was 10 kilometers (6.2 miles) beneath the seabed.

After the quake, which caused buildings in Tokyo to sway for at least several minutes, authorities issued a warning that a tsunami potentially as high as 2 meters (2.19 yards) could hit. Ishinomaki, a city in Miyagi, reported that a tsunami of 1 meter (1 yard) hit at 6:02 p.m. (0902 GMT).

The Pacific Tsunami Warning Center said there was no risk of a widespread tsunami.

Miyagi prefectural police said there were no immediate reports of damage or injuries from the quake or tsunami, although traffic was being stopped in some places to check on roads.

Shortly before the earthquake struck, NHK television broke off regular programming to warn that a strong quake was due to hit. Afterward, the announcer repeatedly urged all near the coast to flee to higher ground.

The magnitude-9.0 earthquake and ensuing tsunami that slammed into northeastern Japan on March 11, 2011, killed or left missing some 19,000 people, devastating much of the coast. All but two of Japan's nuclear plants were shut down for checks after the earthquake and tsunami caused meltdowns at the Fukushima Dai-Ichi nuclear plant in the worst nuclear disaster since the 1986 Chernobyl disaster.

Immediately following Friday's quake, there were no problems at any of the nuclear plants operated by Fukushima Dai-Ichi operator Tokyo Electric Power Co., said a TEPCO spokesman, Takeo Iwamoto.

---

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **U.S. Warships Moving To Monitor North Korea's Planned Rocket Launch**

By David Alexander

[Reuters](#), December 7, 2012

Full-text stories from Reuters currently cannot be included in this document. You may, however, click the link above to access the story.

## **Images: Snow May Have Slowed NKorea Launch Prep**

[Associated Press](#), December 7, 2012

SEOUL, South Korea (AP) — New satellite images show that heavy snowfall may have slowed North Korean rocket launch preparations but that Pyongyang could still be ready for liftoff starting Monday.

Analysis of GeoEye satellite images from Dec. 4 by the website 38 North in cooperation with NorthKoreaTech shows that snow may have kept Pyongyang from erecting its three-stage Unha rocket at its west coast launch site by Wednesday. That contradicts South Korean media reports that the rocket had been set up by then.

The analysis provided to The Associated Press was written by imagery expert Nick Hansen.

Washington believes Pyongyang's rocket launch is a cover to test technology for missiles that could one day attack the United States.

North Korea says it wants to launch a peaceful satellite between Monday and Dec. 22.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **US Warships Relocated To Track Expected Rocket Launch By North Korea**

By Thom Shanker

[New York Times](#), December 7, 2012

The commander of American military forces in the Pacific region said Thursday that warships equipped with advanced radar and other ballistic-missile defense systems were being relocated to monitor a potential rocket launching by North Korea.

The commander, Adm. Samuel J. Locklear III, said the American military was watching for the expected North Korean operation "very closely," and he reiterated that the launching of any long-range missile would violate United Nations Security Council resolutions.

North Korea announced on Saturday that it would try to launch another long-range rocket before the end of the year. The launching, expected sometime between Monday and Dec. 22, would commemorate the death a year ago of North Korea's longtime ruler, Kim Jong-il, and would come as his son Kim Jong-un, the current leader, attempts to build credibility.

During a Pentagon news conference on Thursday, Admiral Locklear discussed the relocation of American warships in the Pacific Ocean and acknowledged the assignment of ballistic-missile defense vessels to monitor, and learn as much as possible about, any launching by North Korea.

"It should seem logical that we'll move them around so we have the best situational awareness," Admiral Locklear said. "And to the degree that those ships are capable of participating in ballistic-missile defense, then we will position them to be able to do that." The goal would be to track a missile launch to determine "what kind of it? What is it about? Where does it go? Who does it threaten?" he said.



He acknowledged that the military's missile-defense efforts in the Pacific region were also designed to reassure allies worried about North Korea's missile capabilities, and had a role in homeland security for the United States.

Although North Korea says its missile launches are to loft satellites into orbit for peaceful purposes, American officials consider these missions a cover for testing technology for intercontinental ballistic missiles that could eventually be used to carry nuclear weapons.

In North Korea's most recent launching of such a rocket, in April, the missile disintegrated shortly after takeoff.

The Navy's missile defense ships carry interceptors that are capable of shooting down a long-range missile in the unlikely event that this was called for.

## **Horrific Fire Revealed A Gap In Safety For Global Brands**

By Jim Yardley

[New York Times](#), December 7, 2012

ASHULIA, Bangladesh — The fire alarm shattered the monotony of the Tazreen Fashions factory. Hundreds of seamstresses looked up from their machines, startled. On the third floor, Shima Akhter Pakhi had been stitching hoods onto fleece jackets. Now she ran to a staircase.

But two managers were blocking the way. Ignore the alarm, they ordered. It was just a test. Back to work. A few women laughed nervously. Ms. Pakhi and other workers returned to their sewing tables. She could stitch a hood to a jacket in about 90 seconds. She arranged the fabric under her machine. Ninety seconds. Again. Ninety more seconds. She sewed six pieces, maybe seven.

Then she looked up.

Smoke was filtering up through the three staircases. Screams rose from below. The two managers had vanished. Power suddenly went out throughout the eight-story building. There was nowhere to escape. The staircases led down into the fire. Iron grilles blocked the windows. A man cowering in a fifth-floor bathroom called his mother to tell her he was about to die.

"We all panicked," Ms. Pakhi said. "It spread so quickly. And there was no electricity. It was totally dark."

Tazreen Fashions Ltd. operated at the beginning of the global supply chain that delivers clothes made in Bangladesh to stores in Europe and the United States. By any measure, the factory was not a safe place to work. Fire safety preparations were woefully inadequate. The building itself was under construction — even as sewing work continued inside — and mounds of flammable yarn and fabric were illegally stored on the ground floor near electrical generators.

Yet Tazreen was making clothing destined for some of the world's top retailers. On the third floor, where firefighters later recovered 69 bodies, Ms. Pakhi was stitching sweater jackets for C&A, a European chain. On the fifth floor, workers were making Faded Glory shorts for Walmart. Ten bodies were recovered there. On the sixth floor, a man named Hashinur Rahman put down his work making True Desire lingerie for Sears and eventually helped save scores of others. Inside one factory office, labor activists found order forms and drawings for a licensee of the United States Marine Corps that makes commercial apparel with the Marines' logo.

In all, 112 workers were killed in a blaze last month that has exposed a glaring disconnect among global clothing brands, the monitoring system used to protect workers and the factories actually filling the orders. After the fire, Walmart, Sears and other retailers made the same startling admission: They say they did not know that Tazreen Fashions was making their clothing.

But who, then, is ultimately responsible when things go so wrong?

The global apparel industry aspires to operate with accountability that extends from distant factories to retail stores. Big brands demand that factories be inspected by accredited auditing firms so that the brands can control quality and understand how, where and by whom their goods are made. If a factory does not pass muster, it is not supposed to get orders from Western customers.

Tazreen Fashions was one of many clothing factories that exist on the margins of this system. Factory bosses had been faulted for violations during inspections conducted on behalf of Walmart and at the behest of the Business Social Compliance Initiative, a European organization.

Yet Tazreen Fashions received orders anyway, slipping through the gaps in the system by delivering the low costs and quick turnarounds that buyers — and consumers — demand. C&A, the European retailer, has confirmed ordering 220,000 sweaters from the factory. But much of the factory's business came through opaque networks of subcontracts with suppliers or local buying houses. Labor activists, combing the site of the disaster, found labels, order forms, design drawings and articles of clothing from many global brands.

Walmart and Sears have since said they fired the suppliers that subcontracted work to Tazreen Fashions. Yet some critics have questioned how a company like Walmart, one of the two biggest buyers in Bangladesh and renowned for its sophisticated global supply system, could have been unaware of the connection.



The factory's owner, Delowar Hossain, said his managers arranged work through local middlemen. "We don't know the buyers," Mr. Hossain said in an interview. "The local man is important. The buyer — I don't care."

Bangladesh is now a garment manufacturing giant, the world's second-leading apparel exporter, behind China, which is no longer the cheapest place to make many basic goods. Bangladesh has the lowest garment wages in the world, and many of the Tazreen factory's victims were young rural women with little education, who earned as little as \$45 a month in an industry that now accounts for \$19 billion in exports.

In Bangladesh, public outrage about the fire has boiled over. An estimated 100,000 people attended the burial ceremony of 53 workers whose bodies could not be identified. Industry leaders have promised financial support for survivors and the families of the dead. The Bangladeshi government has started inspecting the country's 4,500 garment factories; it has already found fire code violations in almost a third of the hundreds it has examined.

"Now we have to do much more," said Mohammad Shafiul Islam Mohiuddin, president of the Bangladesh Garment Manufacturers and Exporters Association, conceding past failures. "We have learned. We start from here."

In the United States, Labor Secretary Hilda L. Solis compared the Tazreen blaze to the 1911 Triangle shirtwaist factory fire in New York, which led to sweeping reforms of American sweatshops. In Bangladesh, factory fires have been a persistent problem, with the International Labor Rights Forum saying more than 600 garment workers have died in such fires since 2005.

And even before the Tazreen blaze, outside pressure was building on Bangladesh's garment sector to increase wages and ease restrictions on union organizing. Secretary of State Hillary Rodham Clinton, along with European diplomats, has urged the government to investigate the unsolved murder of a labor organizer, Aminul Islam.

In reconstructing the deadly blaze, The New York Times interviewed more than two dozen survivors; relatives of the victims; Bangladeshi fire officials; garment factory owners and managers; auditors; and others. In the end, analysts said, the conflagration was a tragic byproduct of an industry in which global brands and retailers, encouraged by hundreds of millions of consumers around the world, are still primarily motivated by the bottom line.

"We as consumers like to be able to buy ever-greater quantities of ever-cheaper goods, every year," said Richard M. Locke, deputy dean of the M.I.T. Sloan School of Management. "Somebody is bearing the cost of it, and we don't want to know about it. The people bearing the cost were in this fire."

#### 'Precious' Escape Time Is Lost

Several months ago, Shima Akhter Pakhi was summoned to the sixth floor of Tazreen Fashions. Ms. Pakhi, 24, had worked at the factory for three years, and every month she sent money back to her family in rural Bangladesh. Now she earned a monthly base salary of \$51, maybe \$20 more with overtime. Up on the sixth floor, managers were tapping her for fire safety duty.

When Ms. Pakhi started at Tazreen, the factory had only three floors, but the owner was adding five upper floors in expectation that business would grow. The empty, unfinished sixth floor was nearly the size of a football field. Ms. Pakhi and a few other employees were handed fire extinguishers and taught to remove the pin, squeeze the handle and spray. They were also told that in the case of a fire on upper floors, employees should evacuate down the staircases in descending order from top to bottom.

"They did not tell us what we would do if the fire started on the ground floor," Ms. Pakhi recalled.

Fire investigators say the blaze erupted on the cavernous ground floor after stacks of yarn and fabric caught fire. Had the fabric been stored in an enclosed, fireproof room, as required by law, the fire could have been contained and the workers could have escaped.

Instead, the blaze spread quickly, pushing up the staircases, along with toxic fumes from burning acrylic. Investigators discovered that few fire extinguishers had been used. And, finally, managers made a catastrophic mistake by initially dismissing the fire alarm.

"They killed time," said Abu Nayeem Mohammad Shahidullah, the director general of Bangladesh's national fire service. "Time was so precious, so important. But they said it was a false alarm."

Mr. Hossain, the factory owner, said in a separate interview with Bangladeshi news media that he did not know why managers on the floor would have tried to stop employees from leaving the factory. He added that none of the gates in the staircases were locked.

Managers had been preparing the factory for inspections from buyers and staged a drill a few days before the fire, several employees said. Ms. Pakhi said managers had even displayed photographs of the fire training session on bulletin boards.

"I think they took the pictures and hung them on the board to show the buyers," she said. "They would see the pictures and think they have trained people to fight fires. But personally, I don't think I could fight fires with this training."

Tazreen Fashions is part of a larger garment conglomerate, the Tuba Group, which owns at least half a dozen apparel factories in Bangladesh. Mr. Hossain said a team from Walmart's local office conducted a compliance audit last year and faulted the factory for excessive overtime, while making no mention of fire safety or other issues. Moreover, he said, the local buying

houses had also inspected and approved the factory, tantamount, he assumed, to approval from Walmart and the other global brands these middlemen represented.

Kevin Gardner, a Walmart spokesman, said the company stopped authorizing production at Tazreen “many months before the fire.” But he did not say why. Accredited outside auditors inspected the factory on Walmart’s behalf at least twice in 2011, he said. That May, auditors gave the factory an “orange” rating, meaning there were “higher-risk violations.” Three months later, the factory’s grade improved to “yellow,” meaning there were “medium-risk violations.”

Sears, in a statement, said its supplier “was not authorized” to produce goods at the Tazreen factory and that it had done so “in violation” of Sears’s rules.

But David Hasanat, the chairman of the Viyellatex Group, one of the country’s most highly regarded garment manufacturers, pointed out that global apparel retailers often depend on hundreds of factories to fill orders. Given the scale of work, retailers frequently place orders through suppliers and other middlemen who, in turn, steer work to factories that deliver low costs — a practice he said is hardly unknown to Western retailers and clothing brands. The order for Walmart’s Faded Glory shorts, documents show, was subcontracted from Simco Bangladesh Ltd., a local garment maker. “It is an open secret to allow factories to do that,” Mr. Hasanat said. “End of the day, for them it is the price that matters.”

A Friend Shouts, ‘Save Us!’

On the sixth floor, Hashinur Rahman heard the screams and rushed to a staircase. He and others had been making satiny lingerie, but they pushed past a manager and began descending into thicker and thicker smoke. Ignoring the manager would save their lives.

The factory did not have ceiling sprinklers or an outdoor fire escape. Fire officials later concluded that the two staircases on the eastern side of the building were quickly overwhelmed with fire and toxic smoke. But officials say the lone western staircase remained passable for many minutes and provided an escape route for many survivors. About 1,150 people were working that night, and all of the roughly 300 workers on the second floor managed to escape down the stairs, fire officials said.

Mr. Rahman, 32, had barely made it out of the building, along with many of his colleagues, when his cellphone rang. It was a friend who worked on the third floor. Hundreds of people were trapped.

“Save us!” the friend shouted. “Help us!”

Mr. Rahman said he ran to the narrow alley that separated the factory’s western wall from a building under construction. The gap was maybe five feet. Work crews had covered the western wall with rickety bamboo scaffolding so they could put plaster on the exterior of the still-unfinished Tazreen factory.

Mr. Rahman climbed the bamboo to a third-floor window covered with an iron grille. He leapt onto a concrete slab of the new building and found a brick. He began smashing the grille, trying to break it open. He looked inside and saw his co-workers’ desperate faces. They were in the room where samples were made and sent to buyers for final approval, and they stood on sewing tables, pulling frantically on the grille.

One seamstress, who goes by a single name, Rahima, had tried to escape the third floor by a stairwell but began choking on smoke. As the smoke thickened, Ms. Rahima said, she fell to the floor. Then people trampled her.

“When I fell down, and the people were stepping on me, I did not think I would survive,” she recalled. “But then I thought of my daughter.”

Ms. Rahima had been married to a husband who beat her. When their daughter was born five years ago, the husband fled. Ms. Rahima left her village to find work in the garment industry, which has provided an escape from grinding rural poverty for millions of women like her in Bangladesh and around the world. She moved into a rented room with her two sisters and got a job at Tazreen. In the village, Ms. Rahima’s parents cared for her daughter while she sent back money. Two days before the fire, the little girl arrived for a rare visit.

“I got my strength, and I stood up,” Ms. Rahima said. “I ran to the sample room.”

Finally, the iron grille gave way.

A few men jumped to the concrete slab of the adjacent building. Leaning against the scaffolding, they reached across the gap to help co-workers make the leap. Women went first. Ms. Rahima made it across. So did Ms. Pakhi. On other floors, people smashed open windows or tore out exhaust fans and leapt into the darkness. Some landed on the metal roofs of nearby shanties. Some landed on the ground.

And some never made it out at all.

Son Phones ‘Ma’ Before Dying

As word spread, people raced to the factory: mothers, fathers, husbands, wives and gawkers. Soon a throng stood beneath the building, their faces glowing in the cruel brilliance of the flames. Golapi Begum left her own factory job and raced to Tazreen Fashions to find her son, Palash Mian. He was 18 and worked on the fifth floor. Ms. Begum stared up at the factory and shrieked.

Then her cellphone rang. It was her son.

"Ma, I have no way to save my life," he told her. "I cannot find any way to get out. I am in the bathroom of the fifth floor. I am wearing a black T-shirt. And I have a shirt wrapped around my waist. You will find me in the bathroom."

He hung up. He called his father, as well as several friends. Then his phone went dead.

"I became insane," his mother said. "I spent the whole night in front of the main gate of the factory. I was screaming all the time."

She found him the next day. Rescuers had lined up all the recovered bodies on the grounds of a nearby school. Family members unzipped bag after bag, searching. One husband looking in vain for his young wife said the charred human remains looked like chunks of coal.

But Ms. Begum unzipped a bag and found her son. She recognized his face. And he was wearing a black T-shirt.

She collected his body and returned it to their village, where he was buried.

Julfikar Ali Manik contributed reporting from Ashulia, and Steven Greenhouse from New York.

## **Thai Ex-Premier Charged With Murder Over Crackdown In 2010**

By Thomas Fuller

[New York Times](#), December 7, 2012

HONG KONG — The former prime minister of Thailand, Abhisit Vejjajiva, was charged with murder on Thursday in connection with his role in a military crackdown on antigovernment protesters in Bangkok two and a half years ago.

Tharit Pengdit, the director of Thailand's Department of Special Investigation, said Mr. Abhisit and his deputy had issued "orders that caused the deaths of many people."

Mr. Abhisit was charged in the killing of Phan Khamkong, a taxi driver whose case is one of the first from the protests to advance through the courts. More than 90 people were killed in the violence, most of them civilians.

"Even though there was already loss of life, the operations were not stopped and other methods were not implemented," Mr. Tharit said at a news briefing in Bangkok.

Mr. Tharit said that "at this stage" no charges would be brought against the soldiers who fired at protesters, because they acted under orders and were shielded under Thai law.

The capital's streets have remained largely calm since the violence, which took place in April and May 2010, but political tensions are still simmering among the main power brokers. Mr. Abhisit, whose Democrat Party lost in a general election last year, has found himself on the defensive as political battles have moved into the courts.

Crucially for Mr. Abhisit, the levers of power in Thailand are now in the hands of the party allied with the "red shirt" protesters who were swept from Bangkok during the 2010 crackdown.

Chavanond Intarakomayyasut, a spokesman for the Democrat Party, described the murder charge as an "attempt to distort the judicial system."

He accused civil servants of "shamelessly" seeking to "advance their careers" by aligning themselves with ruling politicians. If found guilty, the men could face the death penalty or a sentence of up to life in prison.

The government of Prime Minister Yingluck Shinawatra has proposed the idea of a broad amnesty in connection with the protests. Opposition politicians say they believe the government is hoping to pave the way for Ms. Yingluck's brother, the former prime minister Thaksin Shinawatra, to return. Mr. Thaksin, who was overthrown in a military coup in 2006, was sentenced in absentia to two years in prison for abuse of power in 2008 and has remained outside Thailand.

Mr. Thaksin has been a central figure in Thailand's political turmoil. His supporters, farmers and middle-class Thais based in the north and northeast, are pitted against a powerful elite and urban Thais, represented in part by Mr. Abhisit.

Many of the "red shirt" protesters who clashed with the military in 2010 were supporters of Mr. Thaksin. A report into the violence released in September by an independent commission blamed both sides for deaths during the clashes. A group that was allied with the protesters and hid among them, known as the "black shirts," was armed.

In recent months anti-Thaksin groups have sought to revive street politics and called for another coup. But an antigovernment protest led by a former military officer last month fizzled.

Poypiti Amatatham contributed reporting from Bangkok.

## **Hong Kong's Leader Seeks To Ease Concerns About Mainland China's Influence**

By Keith Bradsher

[New York Times](#), December 7, 2012

HONG KONG — Seeking to address a local backlash against mainland Chinese control, the chief executive of Hong Kong called Thursday for closer relations with the mainland but also emphasized his willingness to impose limits on mainland visitors and investors.

From Internet postings depicting mainlanders as locusts despoiling Hong Kong to the waving of British colonial flags at street demonstrations, resentment of mainland influence swelled this year. It reached a peak in late summer, when tens of thousands of demonstrators took to the streets repeatedly to protest plans to introduce a patriotic education program extolling the Chinese Communist Party.

The hostility of many Hong Kong residents toward Beijing has put the territory's leaders in an awkward position, as they are largely selected by Beijing and coordinate policies closely.

Leung Chun-ying, the chief executive since July 1, has been the subject of particular skepticism from many residents because he has a long history of close association with mainland officials. He pursued a highly successful and lucrative career as a real estate surveyor before entering politics.

But Mr. Leung has also taken a series of measures in recent months to limit the mainland presence in Hong Kong. He withdrew the patriotic education plan. He has used baggage restrictions on municipal trains to discourage mainland traders from emptying shelves in low-tax Hong Kong and carting the goods back across the border to the mainland.

Mr. Leung has imposed a ban on mainland mothers from scheduling births at Hong Kong hospitals starting on Jan. 1. And his administration has just imposed taxes of up to 20 percent on purchases of homes in Hong Kong by anyone who is not a permanent resident, an effort to address worries about housing affordability. Mainland investors had been accounting for at least a fifth of the city's overall real estate transactions and a much higher proportion of high-end purchases.

Michael DeGolyer, a political analyst at Hong Kong Baptist University, said that these measures were starting to allay local worries about mainland domination. "It has lessened in terms of the concern of its just overwhelming Hong Kong," he said.

In a rare speech specifically addressing relations with Beijing, Mr. Leung said Thursday that he hoped to improve relations by emphasizing better communications between Hong Kong and the mainland. "It is without doubt our most important bilateral relationship, and one we must treat with the utmost respect," Mr. Leung said.

Mr. Leung sought to assuage concerns that close contact with the mainland would hurt the territory's ability to maintain the separate economic and judicial system that it preserved after Britain returned it to Chinese rule in 1997. "This does not mean surrendering our autonomy, it means making the most of our high degree of autonomy defined in the Basic Law," the territory's mini-Constitution, he said in a speech at the Foreign Correspondents' Club.

Hong Kong has no sales tax and virtually no import duties, while China has duties of 20 percent or more on many imports plus a value-added tax of 17 percent. The combined tax rate of about 40 percent — China even collects taxes on taxes — has prompted large numbers of mainland visitors to go on shopping trips to Hong Kong. Many Hong Kong residents complain that they receive poor service in stores if they speak their own dialect instead of the Mandarin Chinese widely spoken on the mainland.

Another concern has been a surge of mainland women who come to Hong Kong to give birth, to avoid China's one-child policy and also obtain free education, nearly free medical care and Hong Kong passports for their offspring. Nearly 150 countries and territories offer visa-free or visa-on-arrival entry to Hong Kong passport holders, while mainland China makes it difficult to obtain a passport and many countries require visas for mainland Chinese citizens, fearing that large-scale immigration would otherwise ensue.

Mainland mothers accounted for 46 percent of the births in Hong Kong last year.

Mr. Leung's ban on the scheduling of deliveries by mainland mothers at Hong Kong hospitals as of January has raised fears that mainland mothers may show up anyway just as they are starting to give birth, when they cannot be safely turned away. Referring to the adjacent mainland Chinese city of Shenzhen, and drawing an unusual comparison to gun control, Mr. Leung sought to allay these fears by saying, that "If we could and we did effectively stop, for example, guns from coming over the border from Shenzhen, we could stop pregnant ladies."

## **Latest Hell For Ex-U.S. Marine: Chained To Bed In Mexican Jail**

By Tim Johnson, McClatchy Newspapers

[McClatchy](#), December 7, 2012

As a U.S. Marine, Jon Hammar endured nightmarish tension patrolling the war-ravaged streets of Iraq's Fallujah. When he came home, the brutality of war still pinged around his brain, mental peace proved elusive.

Surfing provided the only respite.

"The only time Hammar is not losing his mind is when he's on the water," said a fellow Marine veteran, Ian McDonough.

Hammar and McDonough devised a plan: They'd buy a used motor home, load on the surfboards and drive from the Miami area to Costa Rica to find "someplace to be left alone, someplace far off the grid," McDonough said.

They made it to only the Mexican border. Hammar is in a Matamoros prison, where he spends much of his time chained to a bed and facing death threats from gangsters. He's off the grid, for sure, in walking distance of the U.S. border. But it's more of a black hole than a place to heal a troubled soul.

The reason might seem ludicrous. Hammar took a six-decade-old shotgun into Mexico. The .410 bore Sears & Roebuck shotgun once belonged to his great-grandfather. The firearm had been handed down through the generations, and it had become almost a part of Hammar, suitable for shooting birds and rabbits.

But Mexican prosecutors who looked at the disassembled relic in the 1972 Winnebago motor home dismissed the U.S. registration papers Hammar had filled out. They charged him with a serious crime: possession of a weapon restricted for use to Mexico's armed forces.

Hammar isn't the only American accused of questionable gun-related charges at Mexico's border. Last April, a truck driver who was carrying ammunition through Texas got lost near the border, dipped into Mexico to make a U-turn and was forced to spend more than six months in jail.

It's been months since Hammar's Aug. 13 arrest, and his former Marine comrades are livid and dumbfounded, impotent to help.

"It's heartbreaking. This is a guy who I served with in numerous combat situations, and he was one of the best we had," said veteran Marine Sgt. James Garcia.

Hammar, 27, joined the Marines and deployed to Afghanistan and Iraq before receiving an honorable discharge in 2007, serving another four years in inactive reserve. In Fallujah, one of the most dangerous cities in Iraq, Hammar's Marine battalion was hit hard, with 13 killed in action and more than 100 wounded, Garcia said.

"There were days where it was like, dude, I may not make it out of here," Garcia said. "If it wasn't the IEDs, it was the car bombs or the suicide bombs."

In Afghanistan, the Marine unit provided security for President Hamid Karzai, protected election polls and disrupted insurgent cells around Kabul.

Hammar did not have an easy re-entry to civilian life. After recurring bouts of depression, he voluntarily checked into The Pathway Home, a residential treatment center for veterans in California's Napa Valley, in August 2011 for treatment of post-traumatic stress disorder. He graduated nine months later.

"A big portion of his PTSD is survivor's guilt. It's a loss of innocence," said Olivia Hammar, his mother, a Miami-Dade County magazine publisher. "You're still trying to process all your friends who didn't come home."

After leaving Pathway, Jon Hammar and Ian McDonough spent \$1,400 on the used Winnebago, splashed out another \$3,000 to outfit it and mapped a route to Costa Rica, hitting surf breaks in Cocoa Beach, Fla., and in Louisiana and Texas along the way to Mexico. Inside the rolling white beast were up to nine surfboards.

"We begged him not to go, specifically because we were worried about his safety in Mexico, but they were fearless Marines and were undaunted," Olivia Hammar said in an email.

McDonough, a U.S. citizen who's lived off and on for three years in Argentina, said he and his friend were wary of dangers as they approached the Los Indios border crossing, which links Brownsville, Texas, with Matamoros, Mexico.

"We had enough gas in the vehicle that we were going to make it to southern Mexico before nightfall," McDonough said. "We weren't going to stop."

The issue of the shotgun came up near the border.

"I told him that we probably shouldn't take the shotgun with us," McDonough said. "And he said, 'No, I'm going to get it cleared with customs at the gate.' So I said, 'That's fine. As long as it's legit.'"

The Customs and Border Protection agent said it was all right to take the shotgun, McDonough said, adding that the agent told them: " 'All you have to do is register it.' So they gave us a piece of paper and said, 'This is your registration. You've got to pay this much.' They gave us the piece of paper to give to the Mexican authorities."

As soon as the Winnebago lumbered over the bridge and they handed over the form to Mexican agents, trouble began. The two spent several days in custody, separated from each other. Mexican authorities eventually freed McDonough, perhaps because of his Argentine residency, and he walked back to Brownsville.

On Aug. 18, Mexican prosecutors leveled serious charges against Hammar. Curiously, it wasn't the type of shotgun that broke Mexican law. It was the length of the barrel, which the formal citation said was shorter than 25 inches, although a discrepancy has emerged over how the barrel was measured.

"It's a glorified BB gun," Olivia Hammar said.



Indeed, Mexico's criminal groups routinely wield AK-47 and AR-15 assault rifles, high-powered .50-caliber sniper rifles, rocket-propelled grenades and other potent weaponry. If Hammar had any intention of causing mayhem, using his great-grandfather's proud firearm would have been like Daniel Boone and his muzzle-loading Tick-Licker fighting a modern U.S. Marine.

Back in April, the Dallas truck driver, Jabin Bogan, carrying 25,000 pounds of ammunition in his 18-wheeler, said he got lost in El Paso en route to a delivery in Phoenix. When he lurched to a stop at the Mexican border, asking to turn around, a Customs and Border Protection agent told him it was impossible. He was told to enter Mexico and make a U-turn. He had no passport and couldn't speak Spanish.

The ammunition was openly displayed on nine pallets in the truck, most of it of a caliber unsuitable for the AK-47 and AR-15 rifles favored by Mexico's cartels.

Mexican prosecutors charged him with crimes that could have brought more than 25 years in prison.

"My son was not trying to deliver no drugs or no guns to nobody," Bogan's mother, Aletha Smith, told an ABC-TV affiliate in Texas.

Through pressure from members of the U.S. Congress, Bogan was freed Nov. 23, and he returned to a tearful reunion in Dallas with his family.

While his ordeal was difficult, Hammar's has been worse.

Once Hammar was sent to a state prison in Matamoros, mixed in with the general inmate population, late-night phone calls began to his parents in Palmetto Bay, Fla.

"They said, 'I have your son. We need money.' I said, 'I'm going to call the (U.S.) consulate.' They said, 'The consulate can't help you.' Then they put him on the phone. He said, 'Mom, you need to pay them,'" Olivia Hammar recalled.

Over subsequent calls, the extortionists offered a Western Union account number and demanded an initial payment of \$1,800.

Frantic, the Hammars contacted U.S. diplomats, who helped get their son out of a general cellblock into solitary confinement. They didn't pay the extortion. Nor did they speak to the news media until now.

"He was housed in a wing controlled by the drug cartel," said Eddie Varon-Levy, a Mexican lawyer hired by the family.

Varon-Levy said that Hammar, if convicted, could receive a sentence of anywhere from three to 12 years in a federal prison.

Making matters worse is the nature of Hammar's confinement, a matter that's drawn the attention of Rep. Ileana Ros-Lehtinen, R-Fla., the chairwoman of the House Foreign Affairs Committee and the Hammars' local representative.

"His family has described a very disturbing situation that includes their son being chained to a bed in a very small cell and receiving calls from fellow inmates threatening his life if they did not send them money," Ros-Lehtinen said. "The family also says that the jail where their son is being held is controlled by the dreaded and brutal Zetas drug cartel. The family wants their son back home, and I will do my best to help them."

For all the toughness instilled by the Marine Corps, friends say Hammar is a gentle soul.

"Hammar doesn't take meds. Hammar doesn't smoke, doesn't drink. Hammar doesn't do any of that. He surfs," McDonough said. "If you meet Hammar, you have to like him. He's always there for you. If you need something, he'll literally give you everything."

So far, Hammar's parents have gotten little help from U.S. diplomats.

"They take a real hands-off approach. Unless your life is at threat, they aren't going to do anything," Olivia Hammar said.

For Garcia and dozens of other Marines who've learned of Hammar's plight, it's hardly conceivable not to take action.

"He doesn't deserve this," Garcia said. "We never leave a brother behind. We never leave a Marine behind. We have to do something."

## **Arbitrary Detentions During Protests Against President Enrique Pena Nieto's Inauguration**

[Associated Press](#), December 6, 2012

MEXICO CITY — Mexico City's human rights commission says police arbitrarily detained people during protests against the party of the president who was sworn in over the weekend.

The independent organization says in a Thursday report that 22 people were randomly chosen by the capital's police. The document says they detained people peacefully protesting the inauguration of President Enrique Pena Nieto, helping the injured, documenting the demonstrations or just passing by.

Pena Nieto brought the Institutional Revolutionary Party back to the presidency after a 12-year break. The party governed for 71 years using a mix of handouts and rigged votes before losing the 2000 and 2006 elections.

Hundreds of protesters threw firebombs at police and smashed windows on inauguration day. At least 76 people were injured and 103 detained.

Also on HuffPost:

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Feds: Imprisoned Murderer Ran Gang Network**

By Greg Risling

[Associated Press](#), December 7, 2012

LOS ANGELES (AP) — While behind bars for three decades, a convicted murderer and member of the Mexican Mafia controlled a network of Los Angeles street gangs that sold drugs, committed killings and robbed students at the University of Southern California, authorities said in an indictment unsealed Thursday.

Investigators believe Danny Roman used his 23-year-old daughter Vianna Roman and her husband, Aaron Soto, to relay orders to gang members who ran criminal activities in neighborhoods and received protection from the notorious prison gang if they entered the penal system.

The 110-page indictment illustrated the havoc wreaked by the Mexican Mafia from maximum security prisons by “taxing” street-level gang members.

Among the crimes tied to the 56-year-old Roman in the documents were the May murder of a gang member and the gunpoint robbery last December of three USC students.

Thom Mrozek, a spokesman for the U.S. attorney’s office, said Roman wasn’t indicted because he’s currently serving a life prison sentence without the possibility of parole for a 1984 first-degree murder conviction. Mrozek declined further comment.

The indictment charged Vianna Roman, Soto and 23 others with racketeering conspiracy — punishable by a possible life sentence — after a 2½-year investigation dubbed “Operation Roman Empire.” Four others were indicted on other charges.

It wasn’t immediately known if any of the suspects had retained attorneys.

Federal prosecutors said Roman exerted power over 13 gangs in South Los Angeles, including the Harpys, a gang that started in the mid-1960s and deals in methamphetamine, heroin and cocaine.

Court documents revealed that gang members in the network often used coded language while speaking in person, over the telephone or via text messages.

In August 2011, Jaime Montano, who also was charged, asked a confidential informant to seek approval from Roman to kill an inmate at Centinela State Prison who had testified against a member of another gang, the indictment states. The killing was never carried out.

Federal prosecutors also said the elder Roman orchestrated the extortion of vendors at a Los Angeles swap meet long known as a hub of criminal activity.

In one phone conversation, a man known only as “Tigre” characterized the collection of money from vendors for Roman’s benefit as “union dues,” documents state.

The so-called tax payments were funneled back to Danny Roman in money orders and gifts, authorities said.

Two years ago, state prison officials seized more than \$25,000 held in Danny Roman’s prison trust account after saying most of it came from gang and drug activity.

Court documents also show Vianna Roman was banned in January for a year from Pelican Bay State Prison, where her father is housed.

Over the course of the investigation, authorities seized more than eight pounds of methamphetamine, about a half-pound of heroin and one pound of cocaine, as well as 23 pounds of marijuana and 22 guns.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Venezuela's Chavez Won't Be At Summit, Brazilian Official Hints**

[Associated Press](#), December 6, 2012

BRASILIA, Brazil — An official in the Brazilian Foreign Ministry is hinting Venezuelan leader Hugo Chavez will not attend a Mercosur trade bloc meeting in Brazil’s capital Friday. That raises new questions about Chavez’s health.

The official says the hotel reservation for the Chavez delegation has been canceled and his security team has left Brasilia.

The official insisted on not being quoted by name, saying Thursday that he wasn’t supposed to speak on a matter that hasn’t been made official by Venezuela. Venezuela’s embassy has declined to comment.

Chavez spent much of the last 18 months under treatment for cancer and has said he's free of the disease. He traveled to Cuba last month for hyperbaric oxygen treatment that Venezuelan officials have said was meant to further restore his health.

Also on HuffPost:

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **News Summary: EU Officials Mull Even Greater Unity**

[Associated Press](#), December 7, 2012

GETTING COZY: Four top European Union officials unveiled a report calling for a closer financial union that will clash with some member states' cherished national interests.

DETAILS, DETAILS: The report, which was vague on details, suggested the system would evolve out of Europe's current financial backstops, which include a bailout fund, a nascent banking supervisor and budget checks.

IT'S A START: The report will be used as a starting point for debate at next week's summit of EU government leaders as they seek a way out of the financial crisis by further increasing control over banks and National budgets.

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## **Greek Jobless Rate Up To Record 26 Percent**

By Derek Gatopoulos And Nicholas Paphitis, Associated Press

[Associated Press](#), December 7, 2012

ATHENS, Greece (AP) — Greece's unemployment rate rose to a new record of 26 percent in September, underscoring the economic plight in the country as it heads toward a sixth year of recession.

The Greek Statistical Authority said Thursday that 1.295 million people — more than one-fourth of the workforce in this nation of 10 million — were recorded as unemployed in September. Unemployment rose from 25.3 percent the previous month and 18.9 percent a year earlier.

Greek unemployment has surged to the highest since the 1960s as a result of harsh austerity measures imposed in return for vital international rescue loans.

The conservative-led coalition government is finalizing a major tax reform bill, demanded by international rescue creditors as one of several conditions for continued payments. It has promised to try to stem the country's recession, despite being forced last month to introduce another round of deeply unpopular austerity measures that are part of Greece's bailout commitments.

These measures include raising €3 billion (\$3.9 billion) in extra tax revenue.

A draft of the new tax bill presented to the conservatives' two center-left coalition partners late Thursday calls for cuts in corporate tax rates from 40 to 33 percent, a move meant to provide relief to employers struggling to cope with the crisis while maintaining a sufficient flow of tax revenue.

The draft also lowers the top income tax rate from 45 to 40 percent, but it expands the number of people who would have to pay that rate by including all incomes over €40,000 (\$52,000) a year.

Finance ministry officials said the draft bill also provides for a rise in the tax-free threshold to €9,000 (\$11,700) — from €5,000 (\$6,500) — linking family benefits with income, and higher taxation on farmers.

The tax bill must be submitted to Parliament for approval by Tuesday, two days before Greece is due to receive a new €34 billion (\$44.4 billion) rescue loan installment.

Earlier this week, the Bank of Greece confirmed government forecasts that the economy would contract by more than 6 percent this year, and by a further 4-4.5 percent next year. By the end of 2013, the economy is expected to have shrunk by 25 percent in six years.

The effects are most visible in the unemployment rate, which stood at just under 10 percent just before Greece's financial crisis began in late 2009. Since then, jobs have been vanishing at a pace of almost 1,000 a day.

The largest labor union, the GSEE, has predicted the jobless rate will reach 29 percent next year.

"According to our calculations, the recession next year will be between 5 and 5.5 percent ... The money being taken out of the economy due to higher (taxes) is driving the recession," Savvas Rombolis, head of labor research at the union, told private Skai radio.

"So more businesses will close, more people will lose their jobs, and fewer graduates will find work."

Copyright 2012 Associated Press. All rights reserved. This material may not be published, broadcast, rewritten, or redistributed.

## EU Seeks To Crack Down On Tax Havens

By Max Colchester

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## Berlusconi Party Walks Out, Rattling Italian Government

By Christopher Emsden

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## Congo Peace Talks Set To Open In Uganda

By Josh Kron

[New York Times](#), December 7, 2012

KAMPALA, Uganda — Congolese rebels and government officials prepared on Thursday for direct peace talks in the Ugandan capital, Kampala, their first face-to-face encounter since the rebels relinquished Goma, one of the Democratic Republic of Congo's principal cities, after capturing it last month.

"Since May, we asked Kabila to come to the table," said Amani Kabasha, a spokesman for the March 23 rebels, or M23, at the rebel-held border post of Rumangabo. Mr. Kabasha said his delegation was awaiting vehicles sent by the Ugandan government to carry them to Kampala. "He didn't agree, he used force, arms, fighting. But now, because he was defeated, he agrees," Mr. Kabasha said, referring to President Joseph Kabila.

An uneasy rhythm of commerce and calm returned to Goma this week as Congolese government soldiers again patrolled the streets and the port and airport reopened, allowing a fresh influx of people and cargo, as well as much-needed humanitarian aid for more than 100,000 people displaced by the recent fighting.

"It's as good as it has been for the last two and a half weeks," Tariq Riebl, a humanitarian coordinator for Oxfam in Goma, said Thursday. But the situation remained "very dynamic, very fluid," he said.

In the strategic area of Masisi, to the northwest of Goma, fighting has continued to flare between government troops and numerous militias. Masisi has long been a hotbed of militia groups and ethnic tensions, and humanitarian relief workers said they were increasingly worried about the situation.

Furthermore, neither side has said it has any real faith in the upcoming talks, which delegates said would likely begin Friday, or possibly late Thursday.

"It's not a negotiation," said a Congolese government spokesman, Lambert Mende. "We will receive a grievance from M23 and help the president compare with what was decided in 2009," when the peace agreement for which the rebels are named was signed on March 23.

"We are not very optimistic, because we know that M23 is a very small part of the problem; we need the problem to be solved regionally, and internationally," Mr. Mende said.

The governments of Uganda and Rwanda have denied accusations by a United Nations panel of covertly supporting the M23 rebels, including in the rebels' capture of Goma. Both countries have been accused of supporting other Congolese rebels groups in the past.

Many of the rebels' demands, which the government has dismissed, would benefit Rwanda and Uganda, which are two main transit points for commercial exports from eastern Congo.

"We want more than decentralization, we want federalism," said Mr. Kabasha, although the specific demands had not yet been finalized. "The eastern parts of Congo's interests are in eastern Africa. Decentralization means that the leader is near the population."

In recent days there have been reports of lootings and rape, summary executions and recruitment of children, the United Nations office for humanitarian affairs has said. In Goma, there have also been reports of targeted killings.

## South Sudan: Journalist Killed

By Josh Kron, New York (NY) Times

[New York Times](#), December 7, 2012

A South Sudanese online journalist was shot and killed late Wednesday outside his home in the capital, Juba, according to the Committee to Protect Journalists. The journalist, Diing Chan Awuol, who wrote for a number of online news outlets in South Sudan, had published articles critical of the government, its policy toward Sudan and its ties to Sudanese rebel groups. Other journalists said Mr. Chan "had been threatened several times in the past and had received anonymous phone calls warning him

to stop writing,” the journalists’ organization said in a statement. Since South Sudan gained its independence last year, journalists have complained of harassment and some have been detained by the government.

## **Ghana Election Reflects A New Focus On Issues**

By Drew Hinshaw

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## **Software Firm Founder McAfee Denied Asylum In Guatemala, Then Hospitalized For Chest Pains**

By Associated Press

[Washington Post](#), December 5, 2012

GUATEMALA CITY — Software company founder John McAfee was hospitalized Thursday after being denied political asylum in Guatemala and his lawyers said they were making a last-ditch effort to keep him from being flown back to Belize for questioning about the killing of a fellow American expatriate.

McAfee told The Associated Press that he suffered chest pains overnight but didn't believe he had a heart attack. A government doctor who examined him agreed, saying that McAfee's heart rhythm and blood pressure were normal and that he appeared to be suffering from high stress.

McAfee was moved from an immigration center to a police-run hospital Thursday afternoon after Guatemalan authorities said McAfee's request for asylum had been denied. They did not explain why. Shortly after the decision was announced, McAfee issued a plea on his blog for the public to petition Guatemalan President Otto Perez Molina to let him stay.

“Please email the President of Guatemala and beg him to allow the court system to proceed, to determine my status in Guatemala, and please support the political asylum that I am asking for,” the post read.

McAfee's legal team said they were preparing to appeal the denial of asylum to the country's constitutional court, a process that could give McAfee perhaps another day or two in Guatemala. The court would have to issue a decision within 48 hours.

McAfee's complaints of chest pain prompted authorities to move him from the immigration center where he had been held overnight. He had been taken to the center after his arrest for illegally entering the country after a bizarre weeklong journey as a self-styled fugitive with an active blog and constant contact with the press.

During an exclusive interview with the AP Thursday morning from inside his private room at the center, McAfee said he was refusing to travel to a hospital because he had been using Chinese herbal medicine since suffering a heart attack in 1993.

“Last night I had a little bit of pain, but I am fine this morning,” he said. “I don't like Western medicine ... if the people around me are kind and compassionate, that's all that matters in life. The people of Guatemala are very kind people, so I have no complaints.”

A couple of hours later, an AP reporter returned to McAfee's room and found him changed into a suit but lying on the floor as he was examined by a doctor. Shortly after, he was taken to the police hospital.

Belizean police spokesman Raphael Martinez said officials expected McAfee to be flown back to his country's capital. Police want to question him about the fatal shooting of killing of Gregory Viant Faull, who was shot to death in early November on the Belize island where both men lived.

There is no warrant for McAfee's arrest, so it is possible his self-initiated flight from Belizean authority could end up with him free to roam the Caribbean island where he lived for years, often clashing with neighbors and authorities over allegations he kept aggressive dogs, weapons and drug paraphernalia on his property.

The Faull family has said through a representative that the murder of their loved one on Ambergris Caye has gotten lost in the media frenzy provoked by McAfee's manipulation of the media through phone calls, emails and blog posts detailing his life on the lam.

McAfee updated his blog Thursday after being given a computer by the warden at the immigration center in Guatemala City, a three-story building with mesh-covered windows and barbed-wire on the roof.

McAfee said U.S. Embassy officials had said they couldn't help him with a request to be returned to the United States instead of Belize. McAfee said he had formally requested asylum in Guatemala because he fears for his safety in Belize because he has sensitive information about official corruption and refused to donate to local politicians.

Guerra warned Wednesday night that the 67-year-old McAfee's life would be in danger if he is sent back to Belize.

“He will be in danger if he is returned to Belize, where he has denounced authorities,” Guerra said. “From the moment he asked for asylum he has to have the protection of the Guatemalan government.”

Police in Belize deny they are persecuting McAfee and say there is no warrant for his arrest. The country's prime minister has questioned McAfee's mental state.



McAfee went on the run last month after officials tried to question him about the killing of Faull, who was shot to death in early November.

McAfee acknowledges that his dogs were bothersome and that Faull had complained about them, but denies killing Faull. Faull's home was a couple of houses down from McAfee's compound.

McAfee, the creator of the McAfee antivirus program, has led an eccentric life since he sold his stake in the anti-virus software company that is named after him in the early 1990s and moved to Belize about three years ago to lower his taxes.

He told The New York Times in 2009 that he had lost all but \$4 million of his \$100 million fortune in the U.S. financial crisis. However, a story on the Gizmodo website quoted him as calling that claim "not very accurate at all." He has dabbled in yoga, ultra-light aircraft and producing herbal medications.

---

Associated Press writers Patrick E. Jones in Belize City and Michael Weissenstein in Mexico City contributed to this report.

Copyright 2012 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Related stories: Hacker locates John McAfee through smartphone tracks McAfee applies for Guatemala asylum, claiming 'persecution' by Belize

## Keeping The Pressure On Burma's Dictators

[Washington Post](#), December 7, 2012

WHEN PRESIDENT OBAMA spoke at a university in Burma during his brief visit to that Southeast Asian nation on Nov. 19, U Gambira was seated in the front row.

As a 28-year-old Buddhist monk, U Gambira had led nonviolent, pro-democracy protests in 2007. He was arrested, sentenced to 63 years in prison and tortured. His release this January was a telling step in the progress of Burma's dictators toward democratic reform — progress that Mr. Obama has encouraged and that he was in part celebrating with his six-hour visit.

Now U Gambira is back in prison.

The 33-year-old's rearrest Saturday is also a milestone — a reminder that the rule of law remains a distant prospect for the long-suffering nation. Western and Japanese officials who have been eager to claim Burma as a success story, end economic sanctions and move on should take note.

Like hundreds of political prisoners set free in the recent thaw, U Gambira was conditionally released, meaning that Burma's generals could reimpose his multi-decade sentence on a whim. His arrest was ostensibly for an offense committed in February, when he tried to reenter his former monastery, since closed by officials. At the time, Buddhist officials loyal to the regime essentially defrocked him. Today he is a "former monk."

"It is not clear why the authorities have decided to press charges against U Gambira more than nine months after the alleged offenses occurred," Amnesty International said. The latest charges against him, according to Burma Campaign UK, include trespassing and "damaging the dignity of the country."

U Gambira's rearrest is not the only human rights violation to occur lately. A villagers' protest against a copper mine was violently suppressed, and monks and others seeking to show support for the protesters have been jailed. Ethnic violence continues, by the army against the Kachins and, unpunished, by ethnic Burmese against Muslim Rohingya.

None of this means that the movement toward democracy is derailed. But the setbacks show how fragile and reversible the progress remains.

U Gambira's persecution is particularly appalling. In prison in 2009, he was strapped to a chair for weeks at a time, forced and brutally beaten on the head. Since his release he has said his health has far from recovered, but doctors in Burma were afraid to treat him and officials would not allow him to leave the country.

The Obama administration has had nothing to say on this. When we inquired, a White House spokesman said officials are "monitoring reports that U Gambira has been detained" and "urge the government of Burma to be fully transparent and follow due process of law."

But there is no rule of law in Burma. "Due process" could include ordering U Gambira to serve the remaining decades of his sentence. The needed message is simpler. Before the next high-ranking Burmese official is feted abroad, Burma's new friends should insist on release and medical care for U Gambira and unconditional freedom for all political prisoners.

Read more from Opinions U Gambira: What Burma's junta must fear The Post's View: U.S. policy on Burma should be measured The Post's View: Burma's lure is a slippery slope The Post's View: Mr. Obama strikes a balance in Burma

## Paris In The Dark Ages

[Wall Street Journal](#), December 7, 2012

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

## Romania's Example For How To Address Fiscal Problems

By Victor Ponta

[Washington Post](#), December 7, 2012

The writer is the prime minister of Romania.

On Nov. 6, U.S. voters sent their leaders a message about the future economic direction of America. Europe is currently going through a similar process, country by country. In Romania, our legislative elections will take place Sunday.

President Obama's reelection last month was a victory for the principles of fiscal consolidation and smart growth. More and more Europeans are expressing their desire for these policies as well.

Romania was one of the countries hit hardest by the economic crisis in Europe. The austerity program enacted at the time was a poorly judged, knee-jerk response that had a devastating social and economic impact on our country. Teachers and doctors were put on lower salary levels than those for unskilled workers, and Romania experienced massive emigration of our middle class.

Our Social Liberal Union — a center-left and center-right coalition — came to power in May and immediately prioritized a sustainable plan of action based on smart, inclusive growth, with the right balance between strict budgetary discipline and economic recovery, between growth and social development.

Our government remains firmly committed to balancing the budget and achieving budgetary consolidation. Romanian public debt has decreased since May, and we have reduced the public deficit from 4.1 percent of gross domestic product in 2011 to 2.2 percent of GDP in 2012. Both indicators met with positive feedback from the International Monetary Fund (IMF).

At the same time, we enacted proenterprise measures designed to support growth and create jobs. We reformed tax reimbursement to support small businesses, reduced tax evasion and began to tackle some of our country's most entrenched and murky financial arrangements. Our tax rates have stayed low, and, as part of our package of economic reforms, we have planned new corporate tax breaks to promote investment and job creation. All this has been achieved against the backdrop of a seemingly worsening economic climate in Europe.

Europe has witnessed rising popular frustration at the failure of austerity to deliver employment and sound fiscal balances. Voters from Denmark, France, the Netherlands, Lithuania and Romania have put their trust in pro-European Union, progressive governments with economic programs like ours — shunning the values of populist politics based on xenophobia and protectionism.

International consensus, buoyed by the likes of the IMF, has already started to warn of the consequences that too much austerity will have on an already struggling Europe — prolonging the sovereign debt crisis, rather than facilitating its resolution. As IMF Managing Director Christine Lagarde recently argued, we are treading a "narrow path" between the risks of debt and recession, but "without growth, the future of the global economy is in jeopardy."

Another important lesson both the United States and Europe are learning is that, in the face of daunting economic challenges, it is imperative to ensure that the will of the people is put first. In Washington, Democrats and Republicans are grappling with the best way to avoid the "fiscal cliff." In Romania, the center-right and the center-left have formed a coalition, putting ideological differences aside to build a common project for a strong Romania.

Both sides of the Atlantic have seen the devastating effects of the global recession and the soul-searching it prompted from political parties. My coalition partners and I eagerly await Sunday's vote and are optimistic that the Romanian people will return our government and continue down our path of reform. When they do so, one of our top priorities will be to contribute to a more integrated and prosperous Europe, and to strengthen our strategic partnership with the United States.

Read more from Opinions: The Post's Views: Romania's repressive moves David Ignatius: An 'economic NATO' David M. Smick: No easy answers for euro zone's vicious cycle Charles A. Kupchan: The euro can be saved. Can the E.U.?