

LEGAL SERVICES CORPORATION  
BOARD OF DIRECTORS

MEETING OF THE  
BOARD OF DIRECTORS

OPEN SESSION

Wednesday, May 19, 2010

12:11 p.m.

Legal Services Corporation  
3333 K Street, N.W.  
3rd Floor Conference Center  
Washington, D.C. 20007

BOARD MEMBERS PRESENT:

John G. Levi, Chairman (by telephone)  
Martha L. Minow, Vice Chairman (by telephone)  
Sharon L. Browne (by telephone)  
Jonann C. Chiles (by telephone)  
Thomas A. Fuentes (by telephone)  
Robert J. Grey, Jr. (by telephone)  
Charles N.W. Keckler  
Laurie Mikva (by telephone)  
Victor M. Fortuno, Interim President and General  
Counsel (ex officio)

## STAFF AND PUBLIC PRESENT:

Patricia Batie, Acting Corporate Secretary and FOIA  
Officer, Office of Legal Affairs  
Mattie Cohan, Senior Assistant General Counsel, Office  
of Legal Affairs  
Kathleen Connors, Executive Assistant to the President  
Charles Jeffress, Chief Administrative Officer  
(by telephone)  
Karen J. Sarjeant, Vice President for Programs and  
Compliance  
Jeffrey E. Schanz, Inspector General  
Joel Gallay, Special Counsel to the Inspector General,  
Office of the Inspector General  
Laurie Tarantowicz, Assistant Inspector General and  
Legal Counsel, Office of the Inspector General  
Ronald "Dutch" Merryman, Assistant Inspector General  
for Audit, Office of the Inspector General  
Danilo A. Cardona, Director, Office of Compliance and  
Enforcement  
Kamala Srinivasagam, Special Counsel to the President  
John Constance, Director, Office of Government  
Relations and Public Affairs  
Sean Driscoll, Special Assistant, Office of Government  
Relations and Public Affairs  
Treefa Aziz, Government Affairs Representative,  
Office of Government Relations and Public Affairs

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## 1 P R O C E E D I N G S

2 (2:03 p.m.)

3 CHAIRMAN LEVI: I'm going to convene this  
4 meeting of the Legal Services Corporation board. It  
5 was duly noticed on May 12 in the Federal Register, and  
6 the notice -- proper notice has been given.

7 Do I have a motion to approve the agenda?

8 M O T I O N

9 MR. FUENTES: Move it.

10 MS. MIKVA: Second.

11 CHAIRMAN LEVI: Okay. All in favor?

12 (A chorus of ayes.)

13 CHAIRMAN LEVI: Vic, do you want to do the  
14 quick introductions as to who's in the room? And then  
15 I guess do we turn over to -- who's going to present  
16 the IG report?

17 MR. FORTUNO: Why don't I go ahead and start  
18 with the quick introductions. Of course, I'm here, Vic  
19 Fortuno. We have Charles Keckler; Professor Keckler is  
20 a member of the board of directors. He's here as well.  
21 We have the Inspector General, Jeff Schanz.

22 We have John Constance. Karen Sarjeant.

1 Patricia Batie. Joel Gallay. Dutch Merryman. Treefa  
2 Aziz. Kammie will help me with her last name.

3 MS. SRINAVASAGAM: Srinavasagam.

4 MR. FORTUNO: You got that? And we've got  
5 Danilo Cardona, Laurie Tarantowicz, Sean Driscoll, and  
6 Kathleen Connors, and the court reporter.

7 As for walking through, John, I guess, is the  
8 principal drafter of this. So John and I can probably  
9 just walk you through it. But I'll turn it over to  
10 John in the first instance.

11 MR. CONSTANCE: Yes. Thanks, Vic. John  
12 Constance, director of Government Relations and Public  
13 Affairs, for the record.

14 I think we distributed this to the board last  
15 week. There have been no changes to the document that  
16 was sent forward to everyone. There is one amendment  
17 to the document that we discussed with the Office of  
18 the Inspector General this morning, and it's a  
19 correction on page 2 of the document, under the bullet  
20 Bay Area Legal Aid.

21 The second sentence of that small paragraph,  
22 starting with, "OCE will write the program," that

1 sentence is being removed. And what is being added as  
2 an addition to the first sentence is, "and has written  
3 a follow-up letter to the program, with a response due  
4 by June 14."

5 Therefore, that entire paragraph will now  
6 read, "The Office of Compliance and Enforcement (OCE)  
7 received the referral on April 6, 2010, and has written  
8 a follow-up letter to the program with a response due  
9 by June 14." That is a correction that has been agreed  
10 to by management and the Office of the Inspector  
11 General, and that really is the only correction that  
12 has occurred since this was distributed.

13 So that's where we are. I would assume that  
14 we can stand by at this point with your approval, Mr.  
15 Chairman, just to take any questions or any additions  
16 to the text as it's now written.

17 CHAIRMAN LEVI: Certainly. Does anybody, any  
18 member of the board, have a question regarding the  
19 report or the response?

20 MS. BROWNE: This is Sharon Browne, and I just  
21 had an inquiry regarding the California Rural Legal  
22 Assistance program. On page 17, you said that there's

1 still some issues that are unresolved and are currently  
2 before the district court. And I was wondering if  
3 there's any new information since the writing of this  
4 report.

5 MS. TARANTOWICZ: This is Laurie Tarantowicz,  
6 counsel to the OIG. There is no additional information  
7 since the writing of that report. It's our subpoena  
8 enforcement matter, and it's still pending in the  
9 district court.

10 MS. BROWNE: Thank you.

11 CHAIRMAN LEVI: How long do we expect -- do we  
12 have any information on when the next ruling dates are?

13 MS. TARANTOWICZ: This has been pending for a  
14 couple of years now, I guess. And it's been fully  
15 briefed for some time now, and we're just in a waiting  
16 mode. We have no information as to when the court will  
17 rule.

18 CHAIRMAN LEVI: Okay. Who's our counsel?

19 MS. TARANTOWICZ: We're represented by the  
20 Department of Justice.

21 CHAIRMAN LEVI: Any other questions regarding  
22 the report or the letter? I have a stylistic -- since

1 I guess I ultimately have to sign this, and I sure hope  
2 you're protecting me, the (telephone cuts out briefly)  
3 not important to the gist of the letter.

4 MR. CONSTANCE: If that was a question as to  
5 whether we are protecting you, Mr. Chairman, the answer  
6 is absolutely yes.

7 CHAIRMAN LEVI: I mean, when I saw this, that  
8 I sign it, I become much more interested in its  
9 contents.

10 (Laughter.)

11 MR. CONSTANCE: We're protecting you with the  
12 truth because we couldn't think of any other way to do  
13 it.

14 CHAIRMAN LEVI: Understand. That's great.  
15 But I heard there might be some other questions from  
16 other board members.

17 MS. BROWNE: Again, this is Sharon Browne.  
18 And on the letter, the proposed letter, you've  
19 mentioned that the LSC board of directors concurs with  
20 the presentation of statistics in tables 1, 2, and 3.  
21 I notice that there is a table 4. Is there any opinion  
22 regarding table 4? That's on page 23.



1           MR. CONSTANCE: Looking at my -- looking back,  
2 Sharon, at my notes, I don't see anything that we have  
3 that would contradict anything in that table. Let me  
4 defer to my colleagues here just to be sure that if we  
5 extend that sentence to include table 4, that there's  
6 not a problem.

7           CHAIRMAN LEVI: Well, let me ask a question,  
8 and maybe this was the reason that you didn't include  
9 that. I understand the heading and the time frame  
10 being referred to. This is regarding a period of time  
11 in which we were not on the board, or at least we were  
12 not the majority of the board.

13                   Is that the reason why that decision was made?

14           MR. GALLAY: If I had to guess, and I'm --  
15 this is Joel Gallay speaking -- I think that may be an  
16 aberration going back to -- if you were using prior  
17 versions, in earlier reports going back some time, the  
18 tables would have -- the substantive tables would have  
19 been 1 through 3, and then the one that's now table 5  
20 would have been table 4.

21                   So it may be that that's simply a historical  
22 aberration, that it wasn't intended to not pick up what

1 is now table 4.

2 MR. CONSTANCE: You've read my mind, Mr.  
3 Gallay. I think that's the -- I think that's the issue  
4 here. And we can certainly look at that prior to  
5 sending it forward to you, John, for signature, just to  
6 be sure that we can in fact include table 4 into that.

7 MR. GALLAY: And just to explain for the board  
8 members, the statute drives what is required of  
9 management in terms of this transmittal. So you can  
10 cross-reference that --

11 MR. CONSTANCE: Right.

12 MR. GALLAY: -- and make sure you're covering  
13 that which you are supposed to report on.

14 MR. FORTUNO: This is Vic again. And we  
15 assumed everyone knows, but just to be on the safe  
16 side, the semiannual report by the IG is required by  
17 the IG Act. The IG is to provide his report to the  
18 head of the agency or the head of the establishment,  
19 which in our case is the board of directors.

20 And then the board is given 30 days within  
21 which to determine what comments it wishes to provide  
22 in response to the IG's semiannual report, and to

1 submit both the IG's report and any comments thereto to  
2 the appropriate committees of Congress. And the  
3 statute does provide what the content of the report and  
4 the response to the report are to be.

5 Is that --

6 MR. GALLAY: Yes. I would say it's not  
7 actually "a response." It's a transmittal with  
8 additional --

9 MR. FORTUNO: Comments.

10 MR. GALLAY: -- information provided, and any  
11 comments that, if they are desired, may be provided.

12 CHAIRMAN LEVI: Then are we saying that table  
13 4 should be included in the tables that we're  
14 essentially concurring with?

15 MR. CONSTANCE: I think the consensus in the  
16 room here, John, is yes, that it should be. And we'll  
17 go ahead and make that correction. Good save, Sharon.  
18 Very good.

19 MS. BROWNE: Can I also add a stylistic edit  
20 to the letter?

21 MR. CONSTANCE: Sure.

22 MS. BROWNE: As long as I'm being particular

1 here. On the first bullet on page 2 of the letter,  
2 where it says Bay Area Legal Aid, in the second  
3 paragraph sentence, I think you're missing a "to," a t-  
4 o. So it should be "as regards to audits that have  
5 been open."

6 CHAIRMAN LEVI: Could we change those "As  
7 regards" to "With respect to," or do people really like  
8 "As regards"?

9 MR. FORTUNO: Actually, as to matters like  
10 this, John, this is your letter. So I think that your  
11 preference should control.

12 CHAIRMAN LEVI: I would normally say "With  
13 respect to."

14 MR. FORTUNO: "With respect to" it is.

15 CHAIRMAN LEVI: I don't have (telephone cuts  
16 out briefly) feeling. But I do want to ask a question.

17 On page 2 of the letter -- I'm sorry, page 1  
18 of the letter, we're making a distinction in the second  
19 sentence and third sentence there. "As of this  
20 writing, eleven of the seventeen recommendations ...  
21 have been implemented and accepted." Documentation on  
22 completion of six others has been submitted.

1           Haven't some of those been implemented?

2           MR. CONSTANCE: We are of the opinion that  
3 they have, John. But until GAO gives us a clearance on  
4 it, I think that's what the sensitivity is to the word  
5 "implemented," given the fact that that's a word that  
6 they use in their reporting to Congress.

7           And we've always erred on the side of caution  
8 in terms of being certain that we don't use language  
9 ahead of them. So that's really the reason.

10          PROFESSOR KECKLER: I have a quick with  
11 regards to that. This is Charles Keckler. I noticed  
12 in the letter that we're discussing two distinct  
13 documents in the letter, the semiannual report, and  
14 then discussing some of the GAO issues. Is that  
15 necessary, I mean, to combine both of those topics in a  
16 single letter?

17          MR. CONSTANCE: This is John Constance again.  
18 Back to Joel's point. It is open to us to include in  
19 this letter anything, not just as commenting on the  
20 IG's report, but anything that this board would wish to  
21 communicate to Congress.

22          The thought behind this was given the fact

1 that this is the first communication that this  
2 particular board is moving forward with to Congress,  
3 that we may in fact want to include an update on all  
4 related kind of audit matters. And that was the reason  
5 that that was put in. It could stay in. It could come  
6 out. That at least was the rationale behind it.

7 MS. MIKVA: This is Laurie Mikva. Sort of  
8 following Charles' point, there at least should be some  
9 indication that we're going back to the other document,  
10 I think. It's a little confusing, talking about the  
11 GAO report, and then the LSC board of directors concurs  
12 with, and now we move back to the OIG report.

13 CHAIRMAN LEVI: Yes. There's --

14 MR. CONSTANCE: We could -- again, we could  
15 move all of that to the end and leave all the content  
16 associated with this particular IG report forward in  
17 the letter, given the fact that that's really -- this  
18 is a transmittal regarding that. That's certainly  
19 something that we could do in the way of organizing the  
20 letter.

21 CHAIRMAN LEVI: I think that's --

22 MS. BROWNE: This is Sharon again. On that

1 particular paragraph, the GAO report makes a  
2 distinction between implemented, partially implemented.

3 Do we want to include or make that same distinction in  
4 this letter, that some are implemented and some are  
5 partially implemented?

6 MR. CONSTANCE: We could do that. Again, that  
7 would be fine. We could provide this as a little bit  
8 finer point. Point taken.

9 CHAIRMAN LEVI: Well, I think that Laurie's  
10 point about the confusion of the two documents -- I  
11 think we should separate the two. I think, based on  
12 what we have seen and what we said in Tucson as it  
13 relates to those other six, I don't want to leave  
14 Harkin with the notion that we're just in a standstill  
15 as it relates to those six.

16 MR. CONSTANCE: Well, the point is, John, that  
17 the documentation that we have provided to GAO is  
18 documentation that we feel shows that they have been,  
19 in fact, implemented.

20 CHAIRMAN LEVI: But we don't say that.

21 MR. CONSTANCE: All right. We can go ahead  
22 and make that clear. That's not a problem.

1           CHAIRMAN LEVI: The point is if we are going  
2 to -- and I think we've got to make sure the board is  
3 confidential with our commenting on the GAO. Are  
4 people comfortable with our commenting on that, making  
5 those additional comments at the end of the letter?

6           PROFESSOR KECKLER: John, I think that if  
7 we're going to just transmit this, it should just be  
8 about the Inspector General report because we're going  
9 to send something later about the new GAO report.

10           And I understand the idea that we're  
11 introducing ourselves in a way. And it's your letter.

12       My own opinion is that for clarity, this should be  
13 basically about the Inspector General's report and  
14 updates to it.

15           MS. CHILES: I agree. This is Jonann Chiles.  
16 I agree. I think that was Professor Keckler speaking.

17           PROFESSOR KECKLER: Yes.

18           MS. CHILES: I agree with what you just said.

19           DEAN MINOW: It's Martha Minow. I agree as  
20 well.

21           MS. BROWNE: This is Sharon Browne. I agree  
22 with what Charles was saying.



1           CHAIRMAN LEVI: I think the GAO waits for  
2 another day, John Constance.

3           MR. CONSTANCE: That's fine. Not a problem.  
4 We won't be communicating directly with the committee  
5 about that. We'll be communicating with GAO. But we  
6 certainly can -- we can do a more proactive document  
7 directly to the committee at such time as you all would  
8 desire. So that's fine.

9           CHAIRMAN LEVI: And frankly, the other  
10 observation I'd make is if we were using this as a  
11 place to say something additional, it's nice that we  
12 talk about this one, but there's probably other things  
13 we might want to say to him, too. And so I think we  
14 ought to leave it to a transmittal.

15                   (Pause)

16           CHAIRMAN LEVI: Any other comments or  
17 questions about the draft letter?

18           MS. BROWNE: This is Sharon Browne. I just  
19 have a qualification. When you mention just a  
20 transmittal, you will be including some of the  
21 information that's in the letter and not just one of  
22 the -- a quick form transmittal letter?

1           MR. CONSTANCE: This is John Constance,  
2 Sharon. My understanding from the conversation is we  
3 would remove everything regarding the GAO report, but  
4 everything else that you see in front of you, obviously  
5 reorganized in a logical way, would really stay in this  
6 letter.

7           MS. BROWNE: All right. Thank you.

8           MR. CONSTANCE: And again, that's my opinion.  
9 I just hope that's shared by those that have made the  
10 recommendations.

11          CHAIRMAN LEVI: Does that affect any of the  
12 appendices?

13          PROFESSOR KECKLER: No.

14          MR. SCHANZ: If I can add my two cents -- this  
15 is Jeff Schanz, the inspector general -- and since it's  
16 my report, I think the introduction language in the  
17 letter is very good, talking about the new board. You  
18 are a new board. This is your first transmittal of an  
19 IG semiannual report, an event that will be occurring,  
20 reoccurring, every six months.

21                 And I think it's a very good statement to say  
22 that yes, you sort of have read this report. You take

1 it to heart and you're very into the governance mode of  
2 what is required of a board of directors of the LSC.

3           So I think some of that language is very good  
4 in the transmittal, instead of just saying, well,  
5 here's the damn report. And it would be, I think, very  
6 fruitful to put the appropriators and the audience here  
7 on notice saying that, yes, this is our first  
8 transmittal of the IG's semi, and we know what's in it,  
9 and here it comes. And we're going to continue to  
10 govern and be responsible stewards of the federal fisc.

11           CHAIRMAN LEVI: Yes. I didn't mean to change  
12 the letter to a -- I was just suggesting we were going  
13 to take out all the stuff related to the GAO. But I  
14 did not believe we were impacting any of the paragraphs  
15 related to sending this report. And I don't think it  
16 affects any of the appendices, and I just want to get  
17 that confirmed.

18           MR. FORTUNO: This is Vic. And you're right,  
19 John. It doesn't impact on the appendices.

20           (Pause)

21           CHAIRMAN LEVI: There is background noise.  
22 Maybe somebody needs to mute a phone. Somebody's out

1 at a park on a cell phone, and we're picking up the  
2 children in the playground, I think.

3 MR. CONSTANCE: I think that's an excellent  
4 analysis, Mr. Chairman.

5 CHAIRMAN LEVI: Anything else on our response  
6 from any board member?

7 (No response.)

8 CHAIRMAN LEVI: And Vic, typically what  
9 happens, then? Is a revised draft circulated to the  
10 board, or how do we take it from here?

11 MR. FORTUNO: What we can do is since the  
12 version has to be -- some version has to be adopted,  
13 you can either have it go back to you and have another  
14 meeting to have a vote; or you can vote to adopt the  
15 proposed response with the changes that have been  
16 directed here, and have the chairman review it to  
17 ensure that all of the changes have been made as  
18 provided here at this meeting, but actually approve it  
19 subject to that condition. So that way, you don't have  
20 to convene again to take a vote on the response, or --

21 CHAIRMAN LEVI: I would like to do that. But  
22 I also think in fairness, because people were making a

1 number of suggestions, that why don't we have such a  
2 motion made, but also have you circulate the --

3 MR. FORTUNO: Oh, absolutely.

4 M O T I O N

5 MS. MIKVA: I would move Vic's second  
6 suggestion, that it be approved subject to the  
7 revisions as approved by the chairman.

8 CHAIRMAN LEVI: Is there a second?

9 MS. BROWNE: I second it. But I think the  
10 chairman should read it afterwards.

11 CHAIRMAN LEVI: The chairman will read it.  
12 The chairman also wants it circulated.

13 All in favor?

14 (A chorus of ayes.)

15 CHAIRMAN LEVI: Opposed?

16 (No response.)

17 CHAIRMAN LEVI: Do we have public comment?

18 (No response.)

19 CHAIRMAN LEVI: I think we are not going to be  
20 having a closed session today. Vic, when is the --  
21 what is the sense of the timing on the other matter,  
22 the response to GAO?

1           MR. FORTUNO: John, correct me if I'm wrong.  
2 This is Vic. And John Constance, correct me if I'm  
3 wrong. But I think we expect to have to you on Friday  
4 a draft proposed response to the GAO report.

5           We have here in-house tomorrow what should be  
6 our last meeting to go over the current draft, and  
7 should be getting it out to you tomorrow night so that  
8 you can have it Friday, have the weekend to review it,  
9 and then what we were going to do was in a moment, when  
10 we discuss scheduling generally, we were going to  
11 discuss, among other things, having a briefing on  
12 Monday the 24th to answer any questions that anyone on  
13 the board has concerning the proposed response to the  
14 GAO report.

15           CHAIRMAN LEVI: Do it on the 24th or the 25th?

16           MR. FORTUNO: Monday the 24th. If folks are  
17 available that afternoon, we were thinking doing it  
18 then.

19           CHAIRMAN LEVI: Well, let me just make a  
20 couple of other comments and then we'll get to  
21 scheduling. I know people are busy.

22           I talked to the inspector general. I've

1 talked with Vic about this. We are going to take a  
2 look at improving our technology, both for these calls  
3 and so that we can possibly host, effectively, webinars  
4 or conference calls among the field.

5           And we want to get -- we're going to get onto  
6 looking into that right away. If anybody has any  
7 suggestions that they want to make, please forward them  
8 to me or to Vic. We're going to start taking an active  
9 look at that.

10           The second thing is that I'd like to encourage  
11 all of you -- tomorrow, Laurie Mikva and I will be  
12 visiting the Legal Assistance Foundation of Chicago,  
13 and the following week going out to see the Evanston  
14 satellite office.

15           You know, we're a new board. Take an  
16 opportunity, even those of you who've been on the board  
17 for a while. Go visit your local (telephone cuts out  
18 briefly), if you don't mind. There's no rush. But  
19 this is a time in the field where I think it's much  
20 appreciated. They're feeling quite beset, and the --  
21 our interest in what they're doing.

22           We're going for 90 minutes, and basically I

1 told them the meeting was theirs to tell us what they  
2 wanted to. And I think then we can all put our  
3 collective heads together and see what we learned. And  
4 I'm sure, if nothing else, it will be something of a  
5 morale boost for some of the grantees.

6 I also should tell you that Vic tells me that  
7 when you do that, they'd like to know about it because  
8 it's possible that one of our folks from LSC might be  
9 present or onsite, and they'd like to know about it.  
10 And also, they would in many cases like to send a  
11 photographer over just to record the visit.

12 I asked for -- on another matter -- any  
13 comments on either of these two items, first, from  
14 anybody?

15 MR. GREY: Mr. Chairman, this is Robert.  
16 That's a great suggestion, and I think it should be a  
17 part of probably every board's orientation, to visit  
18 the field in which they are resident and to talk to the  
19 folks in those offices. Thank you for thinking about  
20 it. That's a great idea.

21 CHAIRMAN LEVI: And I've asked Vic to arrange  
22 to send to each of you the names of your contact



1 people and who you should be in touch with to make it  
2 easy for you. And for some of you that have more than  
3 one location that interests you, you can negotiate that  
4 with Vic.

5 MR. FUENTES: John, this is Tom Fuentes. I  
6 just want to comment that I think that's a grand idea.

7 I was at our Orange County Legal Aid Society about two  
8 weeks ago when the Office of the Inspector General team  
9 was there, Charlie and Mike, making their presentation,  
10 about a 90-minute presentation, on fraud prevention.  
11 And they assembled the full staff in a conference room,  
12 and we had a nice dialogue and questions and answers,  
13 and interfaced. And I visited with the staff.

14 And first of all, hats off to Jeff and his  
15 team. They did a marvelously professional and  
16 articulate presentation. And it was well-received.  
17 The folks in the field, in the offices, are  
18 appreciative of the interest and input of the board.

19 CHAIRMAN LEVI: That's great. And Jonann --  
20 thank you, Tom. And Jonann, you also did that  
21 recently. Right?

22 MS. CHILES: I did. I did. I enjoyed it very

1 much, and I think the local people appreciated having a  
2 member of the LSC board there. I've also given a  
3 presentation to the local grantee board, letting them  
4 know what LSC was doing and what was on our agenda.  
5 And they seemed to enjoy that as well.

6 CHAIRMAN LEVI: And I suppose for us that's  
7 something we could be doing down the way. But we're a  
8 little novice still.

9 I asked Vic, with Mark Freedman, to give me a  
10 briefing so I could understand it, in preparation for  
11 my going on the Hill not long ago, of the statutory  
12 scheme and restrictions and how they all work. It's  
13 fairly complicated.

14 And I said to Vic that I thought that any --  
15 we ought to -- it takes about 90 minutes. But I  
16 thought we ought to make another time or two available  
17 to all of you when you could receive the same briefing  
18 and chart from them. We won't load you up right now,  
19 but in a few weeks we'll send out a notice and see if a  
20 couple of days work for those of you that wish to dial  
21 into something like that.

22 The October meeting -- I should also say, on

1 briefings, it's my view that particularly for the new  
2 board members, there is a lot for us to learn and get  
3 our arms around. And so from time to time, I am going  
4 to make available to you briefings of this kind, as I  
5 see them as being beneficial for the board and for your  
6 own edification.

7           The October meeting currently was scheduled  
8 for the last two days of October, on the weekend before  
9 the election. This has turned out not to be a  
10 convenient time for a number of you. And so we are  
11 moving it to a Sunday/Monday combination -- sorry for  
12 the football fans -- October 16 and 17, I think, or 17  
13 and 18?

14           MS. BATIE: 17 and 18.

15           CHAIRMAN LEVI: October 17 and 18. This is  
16 the Kentucky meeting. I recognize that this will be a  
17 slightly different format, but we will also use it as  
18 an opportunity to experiment with a slightly shortened,  
19 rather than a two-day, two-business-day, maybe a one-  
20 business-day board meeting and see how that works as a  
21 kind of experiment.

22           I have been asked some questions as a result

1 of the testimony. The staff is helping me prepare  
2 responses. I gather this is fairly typical; whenever  
3 the chair goes to Congress, they then are asked a  
4 series of questions following that appearance. I'm  
5 told that the questions seem fairly routine, and we  
6 will be working on responses.

7           There will be a -- in addition to the  
8 published meetings that you know about, it's been the  
9 tradition, I guess, of the board that the September  
10 finance meeting is in Washington and is attended by  
11 most of the board. This year it's likely to be  
12 September 20th. In terms of your calendars, that is a  
13 Monday, September 20th. And again, if that presents  
14 any horrific issues for people, let us know sooner than  
15 later.

16           And I think now, Vic, there were a couple of -  
17 - you wanted to talk about the 24th for --

18           MR. FUENTES: Mr. Chairman, may I interrupt?  
19 This is Tom Fuentes. I'd like to revisit that issue of  
20 a change of date for the October meeting. I think it  
21 is protocol of the board to poll the board members  
22 (telephone cuts out briefly) of board meetings. I

1 myself am very troubled with the idea of conducting any  
2 business on a Sunday. That's --

3 CHAIRMAN LEVI: No business would be conducted  
4 on the Sunday. That would be a travel day.

5 MR. FUENTES: Okay. I think we really do need  
6 to have our meetings set by a vote of the board.

7 CHAIRMAN LEVI: The board has been polled. I  
8 believe that Pat Batie polled the entire board, didn't  
9 she?

10 MR. FUENTES: I don't --

11 MS. BATIE: This is Pat Batie.

12 DEAN MINOW: I received a poll request.

13 MR. GREY: I did, too.

14 MS. BROWNE: I did, too.

15 MS. MIKVA: I did.

16 MR. FUENTES: Were all those positives? I  
17 don't recall receiving anything related to October  
18 meeting schedules.

19 CHAIRMAN LEVI: Well, I thought they were all  
20 positive. But we can certainly send it out again. And  
21 we can poll the board again as to -- certainly that is  
22 the intention, Mr. Fuentes. And on every such -- I

1 think people were polled even as it related to the time  
2 of this call.

3 MR. FUENTES: I did indeed receive --

4 CHAIRMAN LEVI: Yes. There have been a lot of  
5 these going out, so somebody might have missed one or  
6 two. And I know they're coming at you fast and  
7 furious. So let's -- and October seems like it's a  
8 long way off. Our problem is the availability of hotel  
9 space. So I'd ask everybody to -- I'll ask Pat to re-  
10 poll the board on this and make sure we've got a  
11 consistent view.

12 As for the call on Monday --

13 MS. MIKVA: John, I'm sorry. Could you just  
14 clarify what you see the schedule of the meeting being  
15 when you move it to Sunday/Monday?

16 CHAIRMAN LEVI: Well, it depends on the -- I  
17 would hope that many of the committee meetings are done  
18 in September when we are there for the finance meeting.

19 And maybe some of the other meetings can take place  
20 ahead of time. And that's one of the reasons that I'm  
21 trying -- I'm trying to not have us locked into this  
22 long, two-day process in which everybody attends every

1 meeting.

2           So we will -- I still would think that there's  
3 -- we have to talk to the local bar folks and see if  
4 we're going to have a reception. But there's no reason  
5 why we couldn't have one of these meetings in which  
6 we're doing a site visit in the morning and a board  
7 meeting in the afternoon, and only those committees  
8 that absolutely have to meet in conjunction with the  
9 board meeting meet.

10           But I haven't made up my mind yet on that,  
11 Laurie, because obviously, we have a lot going on here  
12 right now, including a search. So I think that this  
13 board ought to get used to the notion that it's  
14 probably going to be meeting more than less this year,  
15 and so not every meeting is going to take place in  
16 quite the same way as it took place under the prior  
17 regime.

18           And we're going to have to have maybe some  
19 committee meetings take place by phone or at other  
20 times, not necessarily when the board meeting is  
21 occurring.

22           DEAN MINOW: So, John -- it's Martha -- I'm

1 sure you'll do this. Just so we can keep the  
2 communication lines flowing about that, whether --

3 CHAIRMAN LEVI: Right.

4 DEAN MINOW: -- if the current method of  
5 notifying people isn't good, then maybe people can  
6 weigh in about what is the best method.

7 CHAIRMAN LEVI: I know the staff is working  
8 very hard to try to communicate -- to try to poll  
9 people regarding these dates. We have a really hard  
10 situation, I guess, in Kentucky in terms of the  
11 availability of hotels, and so we're trying to deal  
12 with that.

13 I am concerned about Monday, so I want to make  
14 sure we get that taken care of right now.

15 MR. FORTUNO: In that case, John, if I may,  
16 I'll go ahead and take it from here. As to scheduling  
17 for Monday what was to be discussed today, was that if  
18 the proposed response to the GAO report is in your  
19 hands by Friday so that you have an opportunity to read  
20 it over the weekend, and then have a briefing Monday  
21 afternoon where you'd have an opportunity to ask any  
22 questions you might have.



1           That would still allow a number of days for us  
2 to make any additional changes and to get the response  
3 to the GAO by the 28th, which is our deadline. So,  
4 one, we were going to check on availability of folks  
5 for some time in the afternoon of Monday the 24th.

6           I think that you may have also wanted to touch  
7 base on the search committee briefing scheduled for May  
8 26th and then the joint committee -- May 26th --

9           CHAIRMAN LEVI: No, no.

10          MR. FORTUNO: 25th, I'm sorry. May 25th.

11          CHAIRMAN LEVI: May 25th we're just hearing  
12 the request for proposal. That's all that is.

13          MR. FORTUNO: And that's just a briefing, so  
14 it's just to hear what we've received --

15          CHAIRMAN LEVI: No. Vic, that's not a  
16 committee meeting -- that's a committee meeting, not a  
17 board meeting.

18          MR. FORTUNO: It's actually a briefing to the  
19 search committee, a presentation -- I thought it was a  
20 presentation of what we've received to the search  
21 committee.

22          CHAIRMAN LEVI: All right.

1           MR. FORTUNO: So that's Tuesday, May 25th.

2           And the time for that, Pat?

3           MS. BATIE: 3:00 p.m. East Coast time.

4           MR. FORTUNO: 3:00 p.m. East Coast time.

5           CHAIRMAN LEVI: Okay. But that is not --

6           that's not a board call. That is a scheduled call of  
7           the search committee.

8           MR. FORTUNO: That's right. And then June 9,  
9           from 1:00 to 3:00 Eastern time, a joint meeting of the  
10          audit and operations and regulations committee for the  
11          purpose of taking up the accounting manual. And then  
12          June --

13          CHAIRMAN LEVI: I'm sorry.

14          MR. FORTUNO: And then June 15th from 1:00 to  
15          2:00 Eastern time, a telephonic meeting of the full  
16          board to act on any recommendation coming from the  
17          joint committee meeting on the accounting manual. Was  
18          that your understanding, John?

19          MR. GREY: Mr. Chairman, this is Robert. You  
20          know, it might be -- all these meetings are, I'll say  
21          this, are coming at us fast. I would suggest that for  
22          a while, we might want to get a calendar of the next

1 two months at the end of the week or at the end of  
2 every other week or something like that so that all of  
3 us are up to date, and with times. Because they're  
4 going to change, and we're going to have to make those  
5 adjustments.

6 But it just might be helpful to have that,  
7 just to have the month of -- say the last two weeks of  
8 May and the month of June, of all of our meetings, and  
9 attendance at those meetings. It might be a little bit  
10 more administrative work at this point, but gosh, it  
11 certainly would, I think, give us all a handle on --  
12 let the left hand know what the right hand's doing.

13 MR. FORTUNO: This is Vic, and we can  
14 certainly do that. That's not much of a burden at all.

15 CHAIRMAN LEVI: What time are we going to have  
16 the call on Monday?

17 MR. FORTUNO: Well, that hadn't been settled  
18 and was to be discussed now, whether folks are  
19 available and what time they'd be available. Maybe we  
20 can just start by considering 3:00, see if that works,  
21 and if not, discuss alternatives. But why don't we --

22 CHAIRMAN LEVI: How long -- you're going to

1 send us the document tomorrow?

2 MR. FORTUNO: Yes. So you should have it --  
3 you'll receive it Friday. It will be sent to you  
4 tomorrow so that you receive it on Friday so that you  
5 have it to review over the weekend.

6 MS. CHILES: Vic, this is Jonann. I'm going  
7 to be leaving the country on Friday, so I won't be able  
8 to participate in the call on Monday, or it's doubtful  
9 that I'll be able to participate. But if I could get a  
10 copy of the draft Thursday night, that sure would be  
11 great so I could take it with me when I travel. And  
12 I'll just e-mail any questions I have.

13 MR. FORTUNO: Okay. Will do.

14 MS. CHILES: Thanks.

15 CHAIRMAN LEVI: Thank you, Jonann. 3:00?

16 DEAN MINOW: Should we just plan on 3:00?

17 MR. FUENTES: 3:00 works for me.

18 CHAIRMAN LEVI: 3:00 Eastern. Right? Does  
19 that work for Tom Fuentes?

20 MR. FUENTES: Yes, that does.

21 CHAIRMAN LEVI: And Sharon, you guys don't  
22 have a lunch commitment?

1           MS. BROWNE: No. Monday at 3:00 Eastern time  
2 will work for me.

3           MR. FORTUNO: We will send out the call-in  
4 information so that you have that. It'll probably go  
5 out to you at the same time as the draft response so  
6 that you have it all in one packet.

7           CHAIRMAN LEVI: Thank you. All right.  
8 Anything else for the good of the order today?

9           MR. FUENTES: Mr. Chairman, I'd like to just  
10 make inquiry on procedure and protocol related to this  
11 call-in meeting of the search committee. It's my  
12 recollection, and I could be corrected, that when the  
13 search committee in the past has functioned, there has  
14 always been the protocol of courtesy to the entire  
15 board that they could observe, whether the meetings  
16 were held in person or by telephone, because of the  
17 importance of the work of the committee.

18           While board members who are not members of the  
19 search committee might not necessarily be participating  
20 in the dialogue and work of the committee, that our  
21 board meetings, or all committee meetings, have been  
22 accessible to the full board if they wish to lend an

1 ear to those activities.

2 Can I ask what is the arrangement for this  
3 upcoming meeting?

4 CHAIRMAN LEVI: That has not been the -- the  
5 search committee -- it's pretty difficult to run  
6 interviews that way, Tom.

7 MR. FUENTES: I see. This is an interview  
8 session?

9 CHAIRMAN LEVI: No. It's not interview. This  
10 is just a report on those items that have come in. We  
11 sent out an RFP, which I think everybody knew that, and  
12 that was part of the -- we've had no discussions  
13 whatsoever, since you -- any that you're all aware of.  
14 We sent out the RFP. It comes back in on the --  
15 responses are due at 5:00 p.m. on the 24th. And we're  
16 going to get a report on what the responses were.  
17 That's all that is on the 25th.

18 MR. FUENTES: Thank you.

19 CHAIRMAN LEVI: And obviously, if we don't get  
20 enough responses, you certainly will hear from us. If  
21 you wish to dial in, I don't have any problem with  
22 that.

1 MR. FUENTES: Thank you.

2 CHAIRMAN LEVI: Any other questions or issues?

3 (No response.)

4 CHAIRMAN LEVI: Can I hear a motion to  
5 adjourn?

6 M O T I O N

7 MS. BROWNE: Move it.

8 MS. MIKVA: Second.

9 CHAIRMAN LEVI: All in favor?

10 (A chorus of ayes.)

11 CHAIRMAN LEVI: Thanks very much, everybody.

12 (Whereupon, at 2:50 p.m., the meeting was  
13 adjourned.)

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