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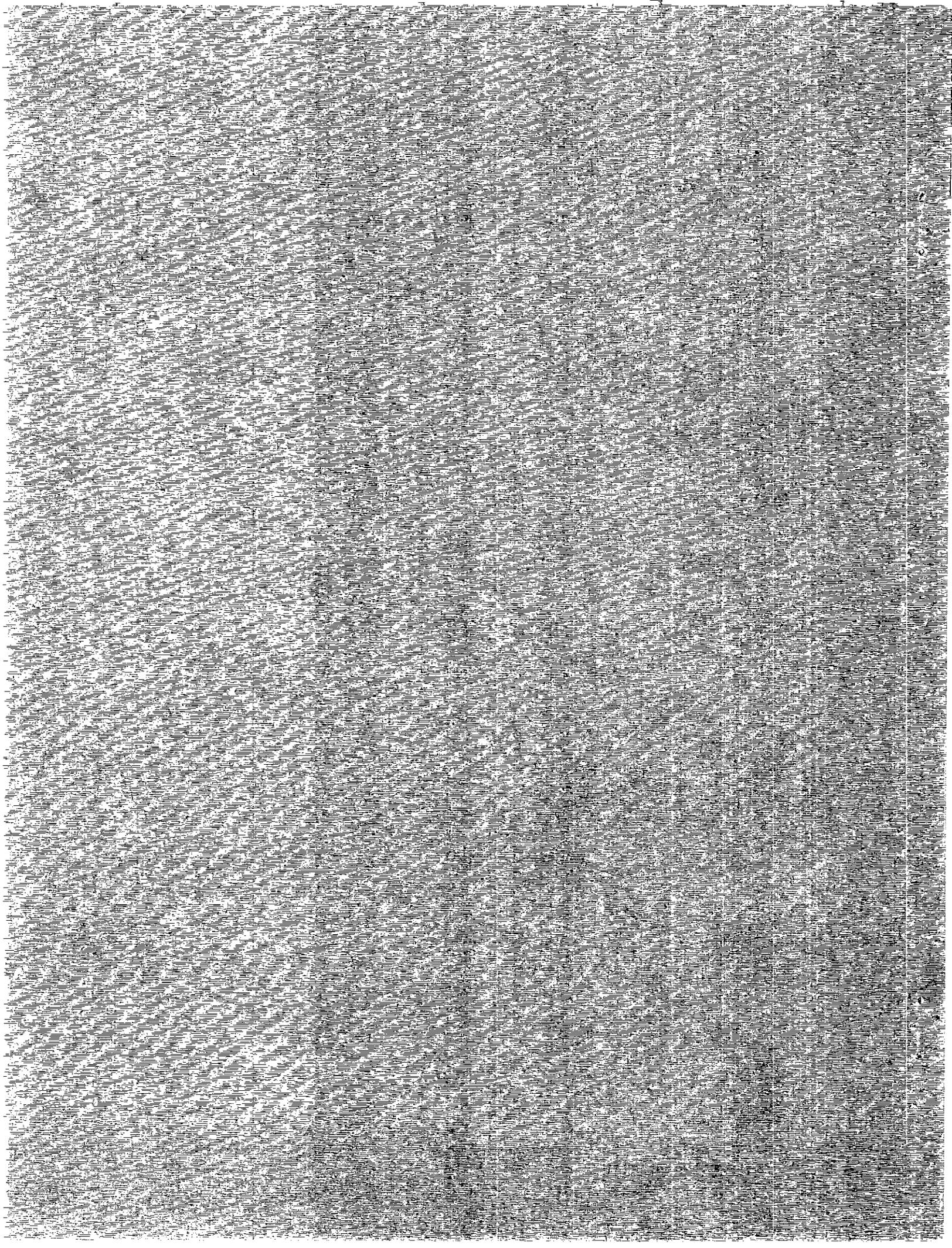
LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS MEETING
OPEN SESSION

April 26, 1993

9:38 a.m.

The Embassy Suites Hotel
601 Pacific Highway
The Monterey I Room
San Diego, California

Diversified Reporting Services, Inc.
918 16TH STREET, N.W. SUITE 803
WASHINGTON, D.C. 20006
(202) 296-2929



Board Members Present:

George W. Wittgraf, Chairman
J. Blakeley Hall
William L. Kirk, Jr.
Jo Betts Love
Norman Shumway
Basile J. Uddo
Jeanine E. Wolbeck
Penny Pullen (via telephone)

Staff Members Present:

John P. O'Hara, President
Emilia DiSanto, Acting Vice President
Patricia Batie, Corporation Secretary
David Richardson, Treasurer & Comptroller
Edouard Quatrevaux, Inspector General
Victor Fortuno, General Counsel
Kenneth Boehm, *Asst. to President*
Susan Sparks, *Acting Director, Office of Monitoring, Audit,
and Compliance*

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P R O C E E D I N G S

(9:38 a.m.)

1
2
3 CHAIRMAN WITTGRAF: Good morning. At this time,
4 the regularly-scheduled meeting of the Board of Directors of
5 the Legal Services Corporation will be in order on this
6 beautiful morning of April 26, 1993 in San Diego, California.

7 Before we begin with the formal agenda, which all
8 of you should have before you in the beige-covered Board
9 Book, specifically at Page 28, before we turn to the formal
10 agenda, I'd like to recognize our California director, Norm
11 Shumway, for a moment. This past Friday, as you know, an
12 extraordinary leader, particularly well-known to
13 Californians -- Cesar Chavez -- went on to another life, and
14 I've asked Director Shumway to reflect for a moment on his
15 loss to us. Norm.

16 MR. SHUMWAY: Thank you, Mr. Chairman. I think
17 everyone is aware of the fact that Cesar Chavez was a very
18 unique leader of labor, particularly migrant labor. That
19 kind of labor force is extremely important and vital to the
20 well-being of California.

21 Cesar Chavez appeared on behalf of his people,
22 organized them, participated in collective efforts on their

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1 behalf, and essentially saw to it that many of the wrongs
2 that had characterized their treatment for many years in the
3 past were corrected. Through his efforts there were better
4 working conditions provided, higher wages provided, a very
5 deserved recognition provided. For all of those reasons, it
6 is considered by many, if not most, Californians that Cesar
7 Chavez played a very vital role in serving that community.

8 I come from an agricultural part of California. My
9 home town is Stockton. In the environs of Stockton, Cesar
10 Chavez was very instrumental, as he was here in Southern
11 California. When we look back over the years and realize the
12 kind of contribution that he made, we recognize that he was a
13 great Californian and one that will be missed.

14 Certainly, as far as serving the same clientele
15 that we are concerned about as a Board of Directors of Legal
16 Services Corporation, Cesar Chavez has made great
17 contributions, and I hope that his memory will long be
18 preserved and what he stood for will be recognized by not
19 just this Board but all of us as Californians and, indeed,
20 all Americans.

21 Thank you.

22 CHAIRMAN WITTGRAF: Thank you, Mr. Shumway. At

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1 this time, we have our first agenda item, which is the
2 approval of the agenda itself. The Chair is prepared to
3 entertain a motion for the approval of the agenda as
4 presented.

M O T I O N

5
6 MS. LOVE: So moved.

7 CHAIRMAN WITTGRAF: It's been moved by Ms. Love

8 MR. SHUMWAY: Second.

9 CHAIRMAN WITTGRAF: Seconded by Mr. Shumway.

10 Discussion?

11 (No response.)

12 CHAIRMAN WITTGRAF: Hearing none, those who are in
13 favor of adoption of the agenda as drafted will signify by
14 saying aye.

15 (Chorus of ayes.)

16 CHAIRMAN WITTGRAF: Those opposed, nay.

17 (No response.)

18 CHAIRMAN WITTGRAF: The ayes appear to have it; the
19 ayes do have it. The agenda is adopted.

20 Next we have before us the minutes of our last
21 meeting, that of March 23 of 1993, a draft of which appears
22 in the Board Book beginning at Page 32.

1 At this time, the Chair is prepared to receive a
2 motion for the approval of the minutes as drafted.

3 M O T I O N

4 MR. UDDO: So moved.

5 MS. WOLBECK: Second.

6 CHAIRMAN WITTGRAF: It's been moved by Mr. Uddo and
7 seconded by Ms. Wolbeck. Is there discussion?

8 (No response.)

9 CHAIRMAN WITTGRAF: Hearing none, those who are in
10 favor of the approval of the minutes of the meeting of March
11 23, 1993 as drafted will signify by saying aye.

12 (Chorus of ayes.)

13 CHAIRMAN WITTGRAF: Those opposed, nay.

14 (No response.)

15 CHAIRMAN WITTGRAF: The ayes appear to have it; the
16 ayes do have it. The draft minutes are approved.

17 At this time, it is my pleasure to call again upon
18 Greg Knoll, the executive director of the Legal Aid Society
19 of San Diego, to introduce two more guests, two more fellow
20 Californians who are with us this morning. Mr. Knoll.

21 MR. KNOLL: Thank you very much, Chairman Wittgraf.
22 Before I do introduce the two distinguished guests that we

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1 have here this morning, I just wanted to thank the Board, and
2 particularly Board Member Shumway, for his opening remarks
3 regarding Cesar Chavez. His death came as a blow to many of
4 us who have known him and worked with him.

5 I had the pleasure to meet him and work with him on
6 a number of occasions, and one of the things that is
7 particularly appropriate today is to recognize that Cesar
8 Chavez often looked to the legal services-funded programs in
9 California for help when his farm workers needed appropriate
10 redress of grievances. The one that always comes to mind is
11 the famous short-handled hoe case that was litigated by CRLA.
12 He is in our hearts and minds today as well as his family.
13 Thank you very much, Mr. Shumway.

14 It is my pleasure to introduce two well-known
15 people in the State Bar of California. The first is Ned
16 Huntington. He is a local private practitioner here in San
17 Diego. He has been in private practice for over 25 years.
18 He's a former Deputy City Attorney and, prior to going into
19 practice, he was also executive director of Republican
20 Associates, which was a professional political campaign-
21 managing group.

22 He is a prominent family law attorney here in San

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1 Diego and he is past president of the San Diego County Bar.
2 Currently, he is the elected representative from San Diego
3 and Imperial County Region to the State Bar Board of
4 Governors where he serves on the special Finance Subcommittee
5 reviewing allocation on IOLTA funding. It gives me great
6 pleasure to introduce Mr. Ned Huntington.

7 In addition, we have with us today Judy Garlow.
8 I've known Judy for nearly 20 years. She has been with the
9 State Bar of California since 1974 and with the IOLTA program
10 since 1985, and she currently is the executive director of
11 the State Bar's Legal Services Trust Fund program.

12 Thank you very much.

13 PRESENTATION OF NED HUNTINGTON

14 MR. HUNTINGTON: Good morning.

15 CHAIRMAN WITTGRAF: Good morning.

16 MR. HUNTINGTON: Thank you for letting us speak to
17 you this morning. On behalf of our State Bar president,
18 Harvey Saperstein, and on behalf of the Board of Governors
19 and the 138,742 lawyers in California, I welcome you to San
20 Diego. Sorry you weren't able to take advantage of the good
21 weather we're having here, but this is what we have every day
22 of the year.

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1 CHAIRMAN WITTGRAF: Is that 138,000 too many or not
2 enough practitioners in California?

3 MR. HUNTINGTON: I guess it depends on where you
4 are and what you're doing. There are some that would like to
5 pull up a ladder. Usually, the new admittees would like to
6 pull the ladder up and say, "That's it, folks, cut it off."
7 When we're searching for help for services for the poor and
8 the needy, then it's too few, sometimes.

9 The State Bar of California has a long, proud
10 tradition of supporting legal services to the poor. One of
11 the long-established goals of our state bar is to respond to
12 the need for full and equal access to the judicial process
13 and to facilitate the delivery of quality legal services to
14 the poor. That is what I'd like to talk about just briefly
15 this morning.

16 Private attorneys in California have donated pro
17 bono services -- over 800,000 hours of pro bono legal help.
18 In San Diego alone we have over 800 lawyers working in the
19 Volunteer Lawyers Program. We work, throughout the state,
20 through more than 100 organized pro bono programs and
21 organizations that provide services.

22 This is very commendable work on behalf of the

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1 lawyers, and it's gone a long way toward helping meet the
2 needs and fill the need for legal services in California.
3 But it is the staff legal services in California that really
4 meet the day in, day out needs. The volunteer lawyers are
5 tremendous, but they cannot do the day-to-day job of running
6 the pro bono services and meeting the legal needs in
7 California.

8 I know the numbers that we're talking about are
9 very large, but I think we all realize that the cases are
10 very small and very personal when we start dealing with them.
11 Legal services, of course, as all of you know, provide
12 critically-important services to the homeless, to the
13 elderly, to the disabled, and to the vulnerable residents of
14 our state on issues that affect jobs, their homes, their
15 families, their health.

16 As Greg said, I'm a divorce lawyer, so I see
17 personally the need for legal services in that arena probably
18 more so than anywhere else. What you find right now is that
19 probably 40 percent of the cases that are being processed
20 through our Family Law Court system in California are people
21 that are doing it pro bono, because they cannot afford
22 lawyers. This is a tremendous change since I started

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1 practicing law.

2 Of course, when I started practicing law, it cost
3 about \$500 to get a divorce. It costs a touch more than that
4 now, and people simply can't afford it. The system is more
5 complex, because we've tried to simplify it for the very
6 people that we're trying to protect, and it's very difficult
7 to figure out that simplified legal system. People need help
8 and they need lawyers and they need legal services.

9 We genuinely applaud you, the LSC Board of
10 Directors, for supporting a budget mark of \$525 million for
11 fiscal '94. This represents a very much-needed increase in
12 the LSC appropriation. Given the fact that President
13 Clinton's first budget does not include any increase for LSC,
14 it's particularly important that this Board remain vigilant
15 in championing the need for the increase.

16 I know it's a difficult budget year for everyone.
17 Californians felt it. The nation has felt it. The state bar
18 has felt it. It is a difficult year. But we didn't start in
19 the legal services area with a level playing field in the
20 first place. We've never had a level playing field in legal
21 services.

22 Compared with 1980, we've pretty much had a level

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1 budget since that date and that time, and inflation has taken
2 care of paring down the budget for us for legal services. We
3 just simply don't have enough funds, and they've been cut to
4 the bone already.

5 The LSC funding is particularly important when you
6 consider the very real reductions that are occurring in IOLTA
7 funding -- IOLTA, of course, being the Interest on Lawyer
8 Trust Accounts. Of course, what has happened is interest
9 rates have gone down. That, of course, benefits many people
10 but, by the same token, the flip side of that is that there
11 isn't enough money being earned on lawyers' trust funds to
12 provide funding.

13 Greg mentioned I sit on the Administration and
14 Finance Committee of the state bar, and one of the things
15 we've had to do over the last two years is deal with this
16 tremendous loss of funds. We've done it for two years now by
17 drawing down on what we had.

18 Our reserve was significant, for a variety of
19 reasons that remain unimportant, and what we've been able to
20 do is draw down on those reserves for the last two years and
21 continue trying to provide the same funding through our IOLTA
22 funds. But what will happen, you can't do that forever. You

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1 run out of that. We drew it down to about a 50 percent level
2 of the annual funding needs, and you can't keep going beyond
3 that point. It doesn't become safe or responsible to do it.

4 So what will happen in the funding year of 93-'94
5 is that we will drop from \$22.7 million -- which has been
6 pretty much our consistent funding for IOLTA -- to around
7 \$15.2 million. Now, those are big numbers that I'm tossing
8 about. But that's 10 percent of all the legal services funds
9 in the state of California. That's a whopping reduction.
10 Just from the loss of interest on trust funds, we lose 10
11 percent of all the legal monies we need in California.

12 Again, I don't want to get lost in the big numbers.
13 The real tragedy that results from this reduction will be
14 that needy clients will not be served. Just as kind of an
15 overview of what is going on in California, and I recognize
16 you've heard a great many numbers in the past day, but just a
17 few highlights in this.

18 The Legal Aid Foundation of Los Angeles is losing
19 over \$700,000 and, as each of you now, this is a time that is
20 most critical in the South Central L.A. area. Who knows but
21 what some of the services that have been provided up there
22 didn't prevent the tragic outbreak that we had a year ago?

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1 It may well be that the legal services that were provided in
2 the last year helped in great measure to reduce the need.

3 Legal Assistance to the Elderly in San Francisco is
4 losing over 40 percent of their grant from us, and they
5 provide critical legal help for the frail elderly who have
6 nowhere else to turn. I've watched my mom and dad both go
7 through the aging process -- they were both in their 90s up
8 until they died in the last year or so -- and I realize how
9 terribly, terribly frail these two people were in their old
10 age. When you go through the role reversal, it really hits
11 home rather strongly.

12 If they hadn't had two or three sons -- I should
13 say all three; I shouldn't say two or three -- three sons
14 that were very helpful to them in their old age, I hesitate
15 to think what would have become of them; and there are many
16 people out there that don't have family to turn to and the
17 only place they can turn is to legal services and services
18 for the elderly. I hate to see those types of funds cut.

19 The Family Violence Law Center in Berkeley is
20 losing 63 percent of their budget at a time when family
21 violence is clearly on the rise. I see this in family law.
22 That's one of the ever-increasing areas where we are doing

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1 legal services, or where they are being processed through the
2 court without any assistance, is in the area of family
3 violence.

4 The irony of it is that one of the solutions would
5 be for the county of San Diego to provide legal services for
6 these people in some manner to help them process through the
7 system, but the irony is that these people go through without
8 the services because they're not provided, there is no source
9 for it, basically. We do the best we can with the lawyers
10 we've got in San Diego. But it slows down the entire
11 process. It creates need for more judges. By not providing
12 them with the legal services, with the entry into the system,
13 they slow the process down and we end up having to need more
14 judges simply because there are more people being processed
15 through the system that don't know how to deal with it.

16 If you've ever watched a pro per person go through
17 a family law proceeding -- and I'm sure it's the same way in
18 every other area of law -- it is painful to watch them,
19 because they don't know. If the judge asks them if they've
20 got service in the case, they have no idea what "service"
21 means. It means I got to serve process on the other side and
22 tells them that there's a case going on. They don't

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1 understand even these rudimentary things. Some legal
2 services would help provide that help.

3 The Bet Tzedek Legal Services in Los Angeles is
4 losing nearly \$200,000. Will they cut back program in
5 Spanish-speaking Alzheimer's patients or will they perhaps
6 cut the help for the elderly who are victimized by scams? In
7 the Alzheimer's, I've watched that. That's what my mom went
8 through. I think anybody that has gone through that process
9 is aware of the needs for help for these people.

10 Here in San Diego, the population of poverty has
11 gone up 100 percent in the last five to ten years and yet,
12 the number of lawyers that we are able to fund through legal
13 services dropped from 30 to 19. So the needs are increasing,
14 without question, and the number of lawyers and legal
15 technicians that we can afford to meet the needs are dropping
16 dramatically.

17 Also here in San Diego, Greg Knoll has had to
18 switch from owning a Cadillac to driving a Chevrolet. This
19 has been one of the more tragic events that has occurred
20 here.

21 (Laughter.)

22 MR. HUNTINGTON: I realize that not all these

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1 programs are Legal Services Corporation programs, but they
2 are just examples of how legal services programs throughout
3 the state provide for very real services, and how important
4 legal services funding, the total family of legal services
5 funding is important to all of us.

6 These reductions are particularly troubling
7 because, as I understand it and with the information I've
8 read, we were meeting maybe only 15 to 20 percent of the
9 legal needs before IOLTA was reduced and before the fundings
10 have been reduced by inflation and before the actual cuts
11 have been made.

12 The flip side of that means that 85 percent of the
13 needs of the poor are not being met at all. These needs are,
14 in substantial part, helping people cope with the very
15 governments we've created to help them. The state bar, on
16 its part, is taking a leadership role in trying to meet the
17 needs for legal services.

18 For example, we are institutionalizing our disaster
19 legal services outreach effort, called Help Law California.
20 Now, this is a prototype that arose out of the riots and the
21 unrest that occurred in L.A. one year ago. At that time, we
22 created, literally on the spot, a thing called Help Law L.A.

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1 The purpose of Help Law L.A. was to coordinate over 126
2 different organizations that provide legal services to the
3 needy, and the state bar coordinated all these efforts.

4 The program worked so well that we are trying to
5 make it a state-wide program that is available to meet
6 disaster needs and coordinate groups so that we are not
7 duplicating efforts and so that we are providing services to
8 the people who need them.

9 The state bar is also pursuing other avenues of
10 promoting pro bono work and supporting new lawyers who want
11 to pursue careers in public service. We currently have a
12 loan forgiveness program which, in essence, provides loan
13 forgiveness for those who want to go out and work in the area
14 of legal services for the poor and needy.

15 We have the Earl Johnson Fellowship Program
16 throughout the state. We are in the process of establishing
17 the California Legal Corps, and that is just in the infancy
18 stage right now. The purpose of this will be to motivate
19 more lawyers and law students fresh out of law school to meet
20 the needs of the poor.

21 Through these efforts, we hope to increase the
22 number of two things -- one being the professional staffs

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1 that work throughout the state that meet the needs of the
2 working programs and secondly, to facilitate the lawyers who
3 want to provide pro bono representation, thereby helping move
4 closer to our goal of providing equal access to the justice
5 system and, if not equal access, at least providing access to
6 the legal system.

7 Again, thank you for being willing to hear the
8 testimony on behalf of the state bar Board of Governors. We
9 hope you will continue your efforts to increase funding for
10 legal services to the poor and, believe me, your efforts are
11 very much appreciated. Thank you for your time.

12 CHAIRMAN WITTGRAF: Thank you, Mr. Huntington. Let
13 me ask you a question or two, and maybe a couple of the Board
14 members might have one or two before we go on to Ms. Garlow.

15 You referred to 40 percent of California's legal
16 cases, state court cases, being handled on a pro per or pro
17 se basis. Were those family law divorce cases or were those
18 all cases?

19 MR. HUNTINGTON: No, I'm referring primarily in the
20 area of family law, which is the area I know something about.
21 In the regular civil system, they are experiencing pro pers,
22 but that system is literally so complex, it is hard to get

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1 into it on a pro per basis.

2 CHAIRMAN WITTGRAF: One other question. You were
3 describing some initiative of the California State Bar
4 Association -- the loan forgiveness program, which I think
5 we're familiar with and understand. You referred, then, to
6 the newest concept -- the California Legal Corps. Could you
7 elaborate on that just a little bit?

8 MR. HUNTINGTON: Probably Judy will have to help
9 with that, but the California Legal Corps is -- President
10 Saperstein established a task force this year to create a
11 program where people departing from law school will be able
12 to go out and put in a period of time in the Legal Services
13 Task Force, and the details of it I'm not familiar with.
14 Possibly Judy can help.

15 CHAIRMAN WITTGRAF: And they would be salaried
16 through the trust fund with so-called IOLTA monies?

17 MS. GARLOW: No. We're looking for other funding
18 for them. The California Bar Foundation this year has
19 granted a small amount of money -- it's \$10,000, I think --
20 for a pilot program that will fund a few summer interns this
21 summer that will be law school students. But the goal is to
22 grow this into something bigger.

1 There is legislation pending in the California
2 legislature that just passed the Assembly Judiciary Committee
3 last week. It would provide that residual funds in class
4 action matters, the disposition of which is not otherwise
5 provided for by the court or the settlement agreement, that
6 those residual funds would go to fund the California Legal
7 Corps.

8 So it is going to be an effort to find funding from
9 new sources, basically, to accomplish something, both in
10 terms of getting recent law graduates doing fellowships, law
11 students doing internships, and also trying to tap into the
12 pro bono market in a different way, not to take anything away
13 from what pro bono programs are already doing but to look for
14 ways to get law firms to donate full-time lawyers for a
15 period of time, to look for lawyers to come in and work for
16 less for two years. Just a whole range of that kind of thing
17 is what they're hoping to accomplish. But it really is just
18 beginning.

19 CHAIRMAN WITTGRAF: To the best of your knowledge,
20 that's not being attempted in any other state or
21 jurisdiction, is it?

22 MR. HUNTINGTON: I don't think so.

1 MS. GARLOW: I'm not aware of anyplace else that
2 it's happening right now. There have been conversations
3 between the people who are working on this in California and
4 the Administration, in terms of their efforts, their loan
5 forgiveness efforts and post-graduate work, and that kind of
6 thing. So I think it may become part of a national effort,
7 and that may lead to efforts in other states.

8 MR. HUNTINGTON: I think part of this grew out of
9 President Saperstein's work on the Help Law L.A. program. A
10 lot of things grew out of that program. A lot of needs were
11 seen that hadn't been seen before and this, I think, grew out
12 of those discussions.

13 CHAIRMAN WITTGRAF: Any other questions or comments
14 for Mr. Huntington? Mr. Hall?

15 MR. HALL: Mr. Huntington, I was just curious. The
16 40 percent of the pro se divorces that come through the
17 courts, how do the judges react to those? Because I've seen
18 some judges that it seems to irritate them, and they'll send
19 those folks to the end of the line, they won't tell them that
20 they forgot to ask a particular question in proving up a
21 particular divorce. And it just seems to me the judges could
22 help them. Do you find that those judges here do that?

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1 MR. HUNTINGTON: Here in San Diego, we have a
2 specific Family Law Court in San Diego, and the judges are
3 generally expected to serve three years in that Family Court,
4 and most of them are very good judges who specialized in
5 family law before they went on the bench.

6 What I'm finding is that they are very patient with
7 these people. They will take them ahead of lawyers without
8 hesitation. They don't go to the end of the line anymore,
9 much to our regret, sometimes. But the fact is that they are
10 very patient with them.

11 What would help speed up the process tremendously
12 would be if we could afford somehow to have one or two legal
13 counselors -- not even necessarily, but they could be,
14 lawyers -- but one or two legal counselors just to be in
15 court every day to help these people process paperwork or be
16 available at the clerks' offices to help them get involved,
17 in the first place, in doing it correctly -- filling out the
18 paperwork and getting it served.

19 Lack of service is one of the biggest errors that
20 occurs. It's kind of tragic when a person is there waiting
21 and they are hoping they are going to get some protection or
22 some child support from the court and they've never served

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1 the papers on the other side.

2 So I think the judges are very patient with them.
3 I've watched them explain exactly what they need to do as the
4 next step. What they then generally do to keep the courtroom
5 moving is refer them over to the bailiff, who will then talk
6 to the person privately and explain to them what to do. But
7 in San Diego, they seem to be very patient with them, and I
8 assume that is the experience in most places in the state.

9 CHAIRMAN WITTGRAF: Mr. Kirk.

10 MR. KIRK: This is a refrain that I've said many
11 times, but I do not foresee tons of money coming out of the
12 federal government in the next ten years toward legal aid. I
13 think that there's going to be some increases and certainly,
14 hopefully, some of it will stop some of the bleeding. But I
15 think that we've got to look at more basic changes.

16 I would suggest that the state bars, for example,
17 on family law things, maybe set up a special master or
18 something like this that can really work with the people, and
19 we don't need a full courtroom setting, and maybe come up
20 with a program where there are paralegals available to help
21 people fill out the forms so at least the special master
22 knows what he's doing, because we can't continue to give

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1 people no help at all. Maybe a little bit of help is better
2 than none, and I'm afraid it's becoming none.

3 We hear that uncontested divorces, they want \$1,000
4 up front. And we're not just dealing with the bottom of the
5 poverty scale.

6 MR. HUNTINGTON: No, absolutely not.

7 MR. KIRK: We're really dealing with people right
8 on up. I can tell you that the people on the Board and the
9 staff of Legal Services are doing everything they can to get
10 more money and, hopefully, it's going to come. But I really
11 think that the bars are going to have to do some looking at
12 whether we -- and I'm talking about myself -- are fulfilling
13 our job of giving access to the poor.

14 MR. HUNTINGTON: Most of the legal services or the
15 Volunteer Lawyers Program work that is done here in San Diego
16 deals with family law matters in some form or another, so
17 lawyers here -- and I think the number is probably up over
18 1,000 by now that have donated legal services -- they do it
19 voluntarily in this area.

20 But you are absolutely right. If we could figure
21 out a way to put a master in the courtroom or in the
22 courthouse, the Family Law Courthouse, that would be a

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1 terrific help. One of the areas that the state bar itself is
2 working in is, there is a bill before the legislature -- it's
3 been there forever, it seems like in various forms -- dealing
4 with legal technicians.

5 Legal technicians are one area, if we can ever get
6 an agreement throughout the state on what a legal technician
7 is and what they should be allowed to do, they may well
8 provide some of the simpler assistance to people that can't
9 afford it. But even there, that doesn't -- lots of times,
10 people never find the legal technicians even, and they just
11 get to court somehow and there they are, and they're clogging
12 the system up.

13 I think you're right. Having people in court
14 working there is a terrific idea, and I hope we can
15 accomplish it. I'm going to try.

16 CHAIRMAN WITTGRAF: Mr. Knoll.

17 MR. KNOLL: To add on to what Mr. Huntington said
18 in response to Mr. Hall and Mr. Kirk, we recently, about a
19 year-and-a-half ago, sat down with the deciding judge of the
20 Family Court along with the San Diego Volunteer Program. The
21 Legal Aid Society and the San Diego Volunteer Lawyer Program
22 wanted to figure out a way for the court to deal with the

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1 vast numbers of A, pro pers and, B, numbers of clients that
2 both the San Diego Volunteer Lawyer Program and Legal Aid
3 Society brought to the Family Court.

4 Our law firm serves more people in Family Court
5 than any other law firm in town. We have about 28 percent of
6 the business in that court. What we had come up with was a
7 pilot project whereby we would actually be hooked up by
8 computer to the court's file in their computer system, that
9 we would take every single pro per -- whether they got to
10 legal aid or not, they could be switched to legal aid -- and
11 we would handle all of their paperwork, bring them right up
12 through to the moment of divorce, and we would have our staff
13 or SDVLP's volunteer staff take these people through on a
14 one-day-a-week basis so that they would not clog up the
15 courts and could get an effective representation.

16 Unfortunately, because of cuts in funding primarily
17 from the state bar, both the San Diego Volunteer Lawyer
18 Program and my program had to junk that project,
19 unfortunately. It's been a big disappointment to the Family
20 Law Court judges. The reason is we could not have the staff
21 available to monitor this. We just could not bring them from
22 regular duties and could not hire anyone else at the

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1 Volunteer Lawyer Program to shepherd the project through.

2 So it is still there, still waiting to happen. But
3 we're going to need some special funding and right now, in
4 the middle of the layoffs, it's very hard to add projects to
5 what you want to do. But that is one of the innovative
6 things that we were trying to do here in San Diego regarding
7 that family law problem.

8 CHAIRMAN WITTGRAF: How much are you short in the
9 way of funds, Mr. Knoll?

10 MR. KNOLL: Depending upon the purchase of the
11 hardware and the modem and then moving into the staffing, we
12 could do the project completely for about \$100,000 startup
13 and maybe \$50,000 annual costs.

14 MR. HUNTINGTON: Interesting. Once upon a time, I
15 think, when Greg and I both started in San Diego, there was a
16 fair amount of competitiveness between legal services
17 providers such as his law firm and the younger lawyers in the
18 bar. I can assure you at this point that that no longer
19 exists. I think the lawyers, to a person, feel the need for
20 Greg's and the Volunteer Lawyer Program's services.

21 We think it is very, very important that that
22 continue and be expanded to the extent we can. There just

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1 isn't any competitiveness any longer.

2 CHAIRMAN WITTGRAF: Ms. Garlow.

3 PRESENTATION OF JUDY GARLOW

4 MS. GARLOW: Mr. Huntington has already told you
5 that our IOLTA grants in California will be down 33 percent
6 with the grant year starting July 1st, and I'm certain you
7 heard yesterday from programs telling you what the impact of
8 the cuts is going to be on their programs.

9 It seemed to me that the only thing I had to add
10 was perhaps a few comments to underline the severity of the
11 problem with IOLTA, particularly in California, although this
12 is true all over the country. I don't want you to think
13 that, because grants are down beginning July 1 by 33 percent,
14 that that is the full extent of the problem because it isn't,
15 by any means.

16 Revenue today is down 35 percent in California.
17 The receipts from the banks are down 35 percent from a year
18 ago today, and that was already down 15 percent from the
19 previous year.

20 CHAIRMAN WITTGRAF: You're talking about calendar
21 '93's revenues through the first three or four months
22 compared with calendar '92's revenues during the first three

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1 or four months?

2 MS. GARLOW: That's right. And '92 was already
3 down. Our revenue right now is running between 40 and 50
4 percent, depending on the month you look at -- and we're sort
5 of waiting to see what this trend means -- from what it was
6 at the peak.

7 The interest rate in December of 1991 on checking
8 accounts in California -- which is where this money is -- in
9 December of '91, the interest rate was 4 percent. March 1,
10 '93, the average interest rate at the banks that hold the
11 largest number of accounts was 1.50 percent. Since March
12 1st, we've seen rates drop further.

13 For example, just to take one bank -- and I don't
14 mean to single them out, because it's all of the big banks in
15 California, although this one is probably the extreme right
16 now -- at Wells Fargo Bank in California, attorneys have \$110
17 million on deposit in over 6,000 accounts.

18 The interest rate today, unless it's gone down in
19 the last three or four days, is 1.25 percent. Well over half
20 of the money goes for service charges. Even at 1.50 percent,
21 which is the last time we actually had a remittance from
22 them, the net return after service charges was under .75 of a

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1 percent. Now, it will be lower.

2 What that means is that \$110 million worth of
3 attorney-client trust account deposits will be generating
4 about \$600,000 interest in a year. That's down from four
5 times that a couple of years ago. So this is really serious
6 business. Now, rates in California are lower than in the
7 rest of the country, but they started out lower. So, by
8 comparison, this is the kind of drop that you're seeing in
9 IOLTA revenue in lots of states.

10 In February, at the national IOLTA meetings, we
11 have been in the habit recently of dividing up for roundtable
12 discussions by size of program, and one program size was
13 programs over \$10 million revenue. Well, last summer in San
14 Francisco there were 12 or 13 programs sitting at that table.
15 In Boston in February, there were four of us, and all of us
16 sat down saying, "Well, today we're over \$10 million."

17 So I think certainly in California we haven't seen
18 this bottom out. The ABA is in the process of trying to do a
19 survey of what is going on and what IOLTA directors are
20 expecting. They asked us whether we thought the decline had
21 bottomed out.

22 Of the 27 programs that so far have ventured a

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1 projection -- and we're all kind of nervous about venturing
2 projections -- 17 of the 27 said no, rates were still
3 dropping, income is still dropping, this is not the worst
4 it's going to get.

5 We're trying to do something about it in
6 California, but we're not real optimistic about how much we
7 will be able to accomplish. We've launched a project of
8 negotiating with banks to try to get them to give us a better
9 deal on these accounts. We are exploring whether there is
10 any way to change the way in which the money is held to get
11 it out of checking accounts and into any other kind of
12 product in the banks.

13 Granted that in California we're still among the
14 worst economies in the country, that we have a monolithic
15 banking industry that's difficult to deal with -- granted all
16 of that -- I think that the extent of the problem in
17 California is not unique and that you will be seeing this
18 happen elsewhere in the country.

19 Certainly I'm sure you heard yesterday that our
20 grantees in California -- our mutual grantees in California,
21 yours and ours -- are doing what they can to cut corners, to
22 find other funding. I think any money-cutting efforts you

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1 can name, some legal services program in California has
2 instituted them in an effort to live within their reduced
3 budgets. In addition to money-cutting efforts, we're seeing
4 layoffs all over the place. We're seeing programs cutting
5 their staff by attrition.

6 In talking to the banks, the banks come back to us
7 and they say, "Well, you know, times are tough all over and
8 we're in an economy of downsizing and retrenchment and
9 programs need to look at cutting back." I think it's
10 important for all of us to remember that the banks are
11 talking about private business where retrenchment and
12 cutbacks have been going on for a couple of years, maybe. In
13 legal services, we're looking at an institution where
14 retrenchment began ten years ago, where downsizing happened
15 in 1981-1982.

16 Legal services programs all over the state of
17 California closed branch offices, laid off lawyers, cut back,
18 dropped services in family law, in routine family law
19 matters, dropped services in landlord-tenant cases where
20 there wasn't already a three-day notice and an affirmative
21 defense. That kind of process has already gone on and, even
22 with IOLTA funding, programs have been able only to maintain

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1 services at a very low level, really bare-bones kind of
2 situation.

3 We see a lot of fund-raising going on in all sorts
4 of legal services in California. It probably started with
5 the most vigor in the programs that don't have LSC funding,
6 but we're seeing -- and I'm assuming you're probably hearing
7 about this as well -- we're seeing more and more LSC-funded
8 programs go out and begin looking for donor bases, go out and
9 begin looking for foundation funding, go out and begin
10 looking for other government funding.

11 As Mr. Huntington mentioned, we've been able to
12 keep grants at the wondrous level of being down only 33
13 percent in part by dipping into our cash on hand, so that we
14 begin the grant year with less money that we will actually
15 need to pay grant through the whole years. The other thing
16 that is happening is that more and more programs are setting
17 up clinics to try to deal with family law matters, for
18 example, to educate pro per litigants so that they go to the
19 courthouse with a map and a script and directions and that
20 kind of thing.

21 There are many places in California where there is
22 someone on hand in the courtroom, usually pro bono lawyers,

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1 often kind of in the back of the courtroom, to help people
2 getting restraining orders. Now, that's pretty limited and
3 that's a small part of what is going on in family law issues
4 in the state, but that is one place where programs have
5 managed to get that happening.

6 But even with all of this, I think the message --
7 which I know you've heard and I'm sorry to be one more person
8 pounding on the table and saying it -- the message is that
9 these really are desperate times for legal services programs.
10 I think we saw that IOLTA was able to step in as a funding
11 source in California to pick up some of the losses from the
12 cutbacks in the early '80s in federal funding. We are this
13 month in California celebrating ten years since the first
14 money started coming into the IOLTA program.

15 But that money is not able to fill the gap now, and
16 I think that, for all of the other efforts that can be made,
17 people feel like, at this point, the federal government may
18 be the only source of money that can bail legal services
19 programs out right now.

20 I realize it's a real chancy sort of operation,
21 trying to get that money, but we really -- certainly in the
22 state bar of California as Mr. Huntington said, and I think I

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1 can speak on this subject, at least, for the IOLTA community
2 nationwide -- certainly appreciate your Board's efforts to
3 get more funding and certainly encourage you to continue
4 those efforts.

5 I would be happy to try to answer any questions you
6 might have about any questions I've raised in your mind or
7 any questions you might have about IOLTA in California.

8 CHAIRMAN WITTGRAF: Thank you, Ms. Garlow. I think
9 your point about retrenchment or downsizing is particularly
10 appropriate, that that's a phenomenon of about a dozen years'
11 standing with most legal services programs and that the
12 wringing out has gone about as far as it can.

13 MS. GARLOW: Yes.

14 CHAIRMAN WITTGRAF: Questions or comments for Ms.
15 Garlow?

16 MR. O'HARA: Mr. Chairman?

17 CHAIRMAN WITTGRAF: Mr. President?

18 MR. O'HARA: Thank you, Mr. Chairman, and thank you
19 for your statements, both of you. I just have a comment;
20 it's not a question. I just want to say that, as the
21 president of the Corporation, we look at the situation of
22 California as one who has always considered California to

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1 have been on the cutting edge, not only in legal battles, but
2 in finding new ways to do things.

3 I look back at Greg back there, and I think of
4 Tomas Olmos and Nancy Strohl and all the other executive
5 directors that I met with a few weeks ago in San Francisco,
6 and we are looking at those cuts and what they are doing in
7 response to those cuts as the answers that the other programs
8 are going to be facing around the country, because California
9 was, I guess, the first state to get really hit in the
10 current economic situation. Los Angeles had a growth of 46
11 percent, I believe, in their poverty population. I'm not
12 sure what Greg's is in San Diego.

13 But I just want to say that we recognize the impact
14 of the cuts on the programs and, in the process of our
15 reviewing the programs, we are going to consider that. But
16 we are also looking at the other side of the coin, which is
17 the things that Greg and Tomas and all the other executive
18 directors are doing to overcome those problems, and I think
19 that's the way we're going to get out of the woods in this
20 area.

21 Thank you, Mr. Chairman.

22 CHAIRMAN WITTGRAF: Further questions or comments?

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1 (No response.)

2 CHAIRMAN WITTGRAF: Thank you both for taking your
3 time.

4 MS. GARLOW: Thank you.

5 MR. HUNTINGTON: Thank you.

6 CHAIRMAN WITTGRAF: We appreciate your being with
7 us this morning.

8 MR. HUNTINGTON: We appreciate the chance. Thank
9 you.

10 MS. GARLOW: Thank you.

11 CHAIRMAN WITTGRAF: At this time, we'll proceed to
12 Agenda Item 3 -- any reports or comments, observations, from
13 members of the Board.

14 I have first just one thing I'd like to share with
15 the members of the Board and with the audience. It's a
16 letter I just received this past Friday from Rick Tietleman,
17 whom I think most of you know. He's the executive director
18 of Legal Services of Eastern Missouri, headquartered in St.
19 Louis. It's a short letter, and I'd like to read it to you:

20 "Dear Mr. Wittgraf:

21 "This is to advise you that the two programs listed
22 above" -- and that would be both Legal Services of Eastern

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1 Missouri and Legal Services of Northeast Missouri -- "have
2 merged, effective April 12, 1993. I know this merger will be
3 of benefit to the clients of our combined service areas.
4 Your encouragement over the period of time during which this
5 amicable merger was being completed is greatly appreciated by
6 me.

7 "Jack O'Hara, Ellen Smead, John Myer, and Charlie
8 Moses did a superb job of working with our programs
9 throughout this process. I think the process of
10 consolidating programs on a voluntary basis can lead to great
11 savings for legal services programs which will benefit our
12 clients in the long run.

13 "Sincerely, Richard B. Tietleman, Executive
14 Director."

15 Nancy Strohl left the room, I guess. But I had
16 encouraged Nancy yesterday in her new position of
17 responsibility to encourage, particularly in the northern
18 part of the state, where we see so many programs, the
19 possibility of voluntary consolidation.

20 Mr. President, I'll give you that letter, just to
21 hang onto.

22 Before we move to Agenda Item 3-a, are there any

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1 comments or reports that any other members of the Board wish
2 to share at this time?

3 (No response.)

4 CHAIRMAN WITTGRAF: If not, the Chair recognizes
5 Mr. Kirk for Agenda Item 3-a.

6 MR. KIRK: I'm going to ask Mr. O'Hara to make the
7 presentation on that. Didn't you prepare the proposal?

8 CHAIRMAN WITTGRAF: Mr. Fortuno?

9 MR. FORTUNO: Was there a question? I couldn't
10 hear in the back what was being said.

11 MR. KIRK: We're talking about the policy to govern
12 Board requests for assistance.

13 MR. FORTUNO: I think what happened was we
14 prepared, at the request of the Board, a couple of policies:
15 one for the president, governing the internal operations of
16 the Corporation and the other for consideration by the Board,
17 which would govern requests for staff assistance by members
18 of the Board. I think copies of that were provided to the
19 Board at the last meeting and my understanding was that
20 people would review it, consider it, and then discuss it at
21 this meeting.

22 MR. KIRK: I did not bring my copy. Can we defer

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1 this until later in the meeting and distribute copies?

2 CHAIRMAN WITTGRAF: Certainly. Certainly. Agenda
3 Item 3-a will be considered by the Board later in the
4 meeting. Further reports or comments to be made under Agenda
5 Item 3?

6 (No response.)

7 CHAIRMAN WITTGRAF: Hearing none, then, we will
8 proceed to Agenda Item 4. That is the report of the
9 Operations and Regulations Committee.

10 MR. KIRK: Mr. Chairman?

11 CHAIRMAN WITTGRAF: Mr. Kirk.

12 MR. KIRK: Could I go back to the chairman's
13 report?

14 CHAIRMAN WITTGRAF: Sure. Mr. Kirk.

15 MR. KIRK: It's probably too late for this Board
16 but, maybe for future Boards, I think when we're away on a
17 trip like this some consideration might be given to travel
18 schedules. We didn't start this meeting until 9:30.

19 I think most of us were up on Eastern or Central
20 Time ready to go. And to get out of here and make a trip, a
21 plane trip back East, you almost have to catch a 1:30 flight.
22 There's no flights between 1:30 and the "red eye." If we

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1 could have started this meeting at 8:00 and given us a real
2 good chance to finish by 1:30, a real probability, that would
3 have been helpful.

4 Likewise, the scheduling of yesterday's committee
5 meetings starting at 11:00 made it impossible for those of us
6 who didn't want to spend an extra night to fly in, whereas I
7 think any of us would have been willing to go until 7:00 or
8 7:30 to have gotten the work done. But it just necessitates
9 an extra day and I think a lot of extra cost.

10 So if we're still on-board for any future meetings
11 like that, I would sure suggest that we try to do them as
12 early as possible on the day of the Board meeting and, if
13 we're going to have committees, that some consideration be
14 given to what general flights are so that the other people
15 can make it in without spending the extra night.

16 CHAIRMAN WITTGRAF: Thank you, Mr. Kirk. I'm sure
17 that Mr. O'Hara and Ms. Batie and I will take your comments
18 into consideration to the extent possible as they apply to
19 any future meetings of the Board. Thank you.

20 We'll proceed, then, to Agenda Item 4. That is the
21 report of the Operations and Regulations Committee. For that
22 purpose, the Chair recognizes Mr. Shumway.

1 MR. SHUMWAY: Thank you, Mr. Chairman. The
2 Operations and Regulations Committee has not met since this
3 Board of Directors last met and, hence, I have no report for
4 the Board. An item, however, of continuing interest to that
5 committee and the entire Board is the comparative
6 demonstration projects. I notice you have a report on that
7 scheduled by President O'Hara.

8 CHAIRMAN WITTGRAF: Mr. President, would you and
9 Ms. DiSanto like to comment, I guess particularly relative to
10 the initial site visit schedule, which has been distributed
11 to the members of the Board?

12 MR. O'HARA: Right. Thank you, Mr. Chairman.
13 Emilia is at the table to answer any questions, and I will
14 help out where I can.

15 The training of the people who are doing the
16 reviews is taking place while we are speaking. It started in
17 Denver yesterday afternoon.

18 These are the peer reviewers who will do the Denver
19 test site and after they do their test site visit, they will
20 re-gather and go over their schedule and look at the way they
21 did their peer review and refine, and then get on with the
22 training of the remainder of the peer reviewers who

1 thereafter will take off on the schedule which has been
2 placed in front of each Board member this morning, or I
3 believe was placed there yesterday.

4 Emilia, is there anything you want to add to that?

5 MS. DiSANTO: The only addition is that on May 1
6 will be the opportunity for the peer reviewers, Jonathan
7 Asher who is the executive director of the test site, as well
8 as the trainers, to kind of debrief, to get a sense of how
9 the methodology went, how the scoring went, how the criteria
10 is working, for any refinements that need to be done.

11 As Susan Sparks mentioned yesterday, on the 13th,
12 all of the executive directors who are involved in the
13 comparative demonstration project are going to be coming to
14 Washington and, at that time, they're going to have an
15 opportunity to kind of meet and talk about what is going to
16 happen over the next 18-month period.

17 Later on in the month of May is going to be the
18 final training of the rest of the peer reviewers, taking into
19 account all the refinements that happened in the previous
20 meetings and, probably toward the end of the month and
21 perhaps the beginning of June, the incentive grants will be
22 given out to the programs so the first grants going out under

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1 the comparative demonstration project. So everything is
2 moving along on schedule.

3 CHAIRMAN WITTGRAF: When did you say the incentive
4 grants will go out?

5 MS. DiSANTO: It looks like toward the end of May,
6 beginning of June.

7 CHAIRMAN WITTGRAF: Further questions or comments,
8 either for President O'Hara or Ms. DiSanto?

9 (No response.)

10 MR. O'HARA: Thank you, Mr. Chairman.

11 CHAIRMAN WITTGRAF: Mr. Shumway, anything else
12 you'd like to add?

13 MR. SHUMWAY: No, I have nothing further. Thank
14 you.

15 CHAIRMAN WITTGRAF: The Chair next recognizes Mr.
16 Hall for the presentation of the report of the Committee for
17 the Provision for the Delivery of Legal Services. Mr. Hall?

18 MR. HALL: Thank you, Mr. Chairman. We had several
19 items of discussion on our agenda.

20 One thing we talked about was the current status of
21 the attorney retention and recruitment surveys that were
22 mailed out a couple months ago. When I last reported to you

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1 on this, I think we had received about 80 of those back and,
2 since then, we've received about 66 more for a total of 146
3 surveys back, and we're hoping to continue to receive more.

4 Currently, the surveys that we've received show a
5 number of items, but I think the most important ones are that
6 82 percent of those reporting do have difficulty tracking and
7 retaining minority lawyers, a little over half have problem
8 with recruitment of lawyers, and right at half have a problem
9 with retaining.

10 We have also learned that the average loan for
11 lawyers with one to ten years' experience is about \$20,000.
12 And also, the problem seems to be mainly in rural areas,
13 although urban, they do have a significant problem in those
14 areas as well.

15 As I say, the staff will follow up some of the
16 grantees who haven't answered and try to get those
17 questionnaires back and will be reporting to us in the future
18 and, hopefully, will have some final data to report. The
19 committee took no action on that topic.

20 We also heard a report on the status of the Migrant
21 Ombudsman Project Survey. The solicitation was mailed out
22 sometime last month, I think, to a hundred or so grantees.

1 We've got about six of them back. There's no detailed report
2 on that, and staff will continue to gather those and to
3 gather that data and make a report on that in the future as
4 well.

5 We also heard a report on the timekeeping money,
6 the \$300,000 that we have had earmarked for timekeeping for
7 some time now. We were presented with a draft proposal, or a
8 draft request for a proposal on timekeeping that will be
9 published, hopefully, by June 1 of '93 with the thought that
10 we can get that money out before the end of September. I
11 think \$15,000 will be the high mark of those.

12 Money can be used to upgrade or improve. I think
13 we learned that about 25 percent of the programs have some
14 type of timekeeping mechanism in place or may be run on that
15 figure.

16 We think it's a good opportunity, one, to get this
17 money out to the field and secondly, for the field to upgrade
18 their systems that they currently have or to implement some
19 type of timekeeping system that will upgrade their program.
20 We took no action on that, as well.

21 That concludes my report.

22 CHAIRMAN WITTGRAF: While no action necessarily was

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1 required regarding the timekeeping request for proposals,
2 your committee encouraged the staff to proceed as quickly as
3 possible, did it, with publishing the request for proposals?

4 MR. HALL: That's correct, as quickly as can be.

5 CHAIRMAN WITTGRAF: Questions or comments for Mr.
6 Hall?

7 (No response.)

8 CHAIRMAN WITTGRAF: Thank you, Mr. Hall. The Chair
9 inadvertently passed over Agenda Item 5, the report of the
10 Inspector General Oversight Committee. For that purpose, the
11 Chair now recognizes Mr. Kirk.

12 MR. KIRK: Thank you, Mr. Chairman. On March 30,
13 the inspector general sent letters to Senator Glenn and also
14 to the House suggesting changes in the Inspector Generals
15 Act. I would have scheduled a committee meeting to discuss
16 these. Those had not gone before the committee. But I
17 didn't think I was going to be here. I would like to
18 schedule one for next time to discuss these.

19 I want to encourage the inspector general to have
20 his full contact with Congress. On the other hand, I think
21 that we may not agree with all the recommendations and, if
22 so, we may, as a committee or as a Board, want to give some

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1 different opinions.

2 For those of you that don't know, some of this
3 deals with termination at will provisions of our policy and
4 administrative manual with the employees. I would ask the
5 staff to give some thought to absolutely clarifying that it
6 would be against our policy for anyone to be subjected to
7 termination or any recriminations as a result of any talking
8 to the inspector general or anything like that. I certainly
9 think that's something that we can handle internally and
10 perhaps should be addressing.

11 So those are the things I wanted to comment on.
12 Thank you.

13 CHAIRMAN WITTGRAF: Mr. Chairman, have you received
14 the March 31st semi-annual report?

15 MR. KIRK: I have not.

16 CHAIRMAN WITTGRAF: Okay. Presumably, your
17 committee will also want to meet to consider a response to
18 that in conjunction with the next Board meeting?

19 MR. KIRK: Have I gotten it yet?

20 CHAIRMAN WITTGRAF: Mr. Quatrevaux, if you want to
21 come forward for a moment, perhaps you can note for the
22 record and for the benefit of the Board members and, in

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1 particular, Mr. Kirk, what the status of the March 31st
2 report is, when it might be available. Mr. Quatrevaux?

3 MR. QUATREVAUX: Thank you, Mr. Chairman. For the
4 record, my name is Ed Quatrevaux. I'm inspector general for
5 the Corporation.

6 The report will be available next week. We will
7 give a copy to corporate management at the same time we send
8 it to the printer, so you have a little advance there. For
9 the purposes of, I think, scheduling OIG Committee meetings,
10 it is correct. There should be one scheduled on that topic.
11 It should be an agenda item.

12 Even though we'll discuss it next time, I'd like to
13 just go back to a comment Mr. Kirk made. In fact, the
14 president of the Corporation did issue a memorandum recently
15 that reinforced the appropriation against retaliation by IG.
16 So I just wanted to mention that today.

17 CHAIRMAN WITTGRAF: Thank you, Mr. Quatrevaux. Mr.
18 Kirk, anything further?

19 MR. KIRK: Nothing further.

20 CHAIRMAN WITTGRAF: Thank you. At this time, the
21 Chair recognizes Mr. Uddo for presentation of the report of
22 the Audit and Appropriations Committee.

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1 MR. UDDO: Thank you, Mr. Chairman. The Audit and
2 Appropriations Committee did meet yesterday and discussed
3 several agenda items -- a few more than listed in the Board
4 agenda.

5 With respect to Item 7-a, the consideration of
6 guidelines governing Board travel, the committee received a
7 report from Mr. Richardson about the nature of the travel
8 regulations in response to my request prompted by my own
9 difficulty with adhering to some of the contract carrier
10 requirements and requests of other Board members who have had
11 similar difficulties.

12 Mr. Richardson explained the exceptions, which he
13 also indicated to the committee are more flexible than I
14 thought they were, and he is going to issue some
15 interpretation of those exceptions to give Board members a
16 clearer picture of what situations would allow deviation from
17 the use of the contract carrier, which Omega, our travel
18 agency, has started to enforce somewhat more rigidly. So we
19 look forward to getting those interpretations from Mr.
20 Richardson.

21 Also, after the meeting, in conversations with
22 someone else who has some knowledge about it, it was

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1 explained to me that we might want to take a look at the
2 federal travel regulations a little bit more carefully,
3 because I'm told that there are provisions of the federal
4 travel regulations that apply to the situation of the Board a
5 little better, in that there are some provisions about non-
6 employees who are traveling for agency or, in this case,
7 Corporation business, that recognize the need for flexibility
8 when you have folks who are not employed by the agency and
9 who are not traveling from the worksite to another worksite
10 and back to the worksite. We are traveling from our own
11 private locations and private spheres to the Board meetings
12 and back.

13 So I am requesting -- have requested -- a copy of
14 the federal travel regulations. There may be some things in
15 there that we can work and integrate into the Corporation's
16 travel policy with respect to Board travel. But I don't know
17 the specifics of that. That was just something that was told
18 to me after the meeting yesterday.

19 With respect to the request for proposals for
20 grantee timekeeping mechanism, the only role that our
21 committee really has in that is to assure that the \$300,000
22 that has continually been carried over for purposes of

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1 funding timekeeping continues to be available, which it is.

2 We were assured by Mr. Richardson that it is there,
3 it is available, no further action is necessary to make it
4 available for this purpose. So the money is available, once
5 the Delivery Committee does approve of a request for proposal
6 document and that process begins.

7 The other matter which the committee did get a
8 report on was the status of the request for reprogramming the
9 \$1.25 million from the law school clinic line to other uses.
10 Mr. Boehm reported that, while that was originally going to
11 be in the supplemental request, that has since not made its
12 way through Congress, that it appears now that it will be
13 included in a second supplemental, which includes a variety
14 of other matters of greater importance and some with fairly
15 significant time deadlines.

16 So he believes that some action will be taken on
17 that fairly quickly and, within the next few weeks, we should
18 know whether or not our request for reprogramming that money
19 is on a track to be approved, not necessarily approved in the
20 next couple of weeks, but we should know whether it's moving
21 on that track.

22 We also, as a committee, didn't take the action,

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1 but urged the staff not to make any awards of those grants at
2 least until after the next committee meeting when we have an
3 opportunity to see if, in fact, we're on a track to have that
4 request considered by Congress and possibly approved.

5 I think that completes my report. Mr. Kirk has a
6 question, Mr. Chairman.

7 CHAIRMAN WITTGRAF: Mr. Kirk.

8 MR. KIRK: Thank you, sir. I'd like to, through
9 you, sir, ask Mr. Richardson if he would just send me a copy
10 of the Federal Travel Directory -- the FTD -- so that I can
11 understand the KCAs, MCAs, the QCAs, the VCAs, the YCAs, the
12 BCAs, and the GTR and GSA accounts; and then, if you can also
13 send me Section G of this, which I have found, but it says
14 it's going to explain these terms, but I didn't understand
15 the terms -- and that would help me some.

16 MR. UDDO: I doubt it.

17 CHAIRMAN WITTGRAF: It's going to be frightening,
18 Mr. Kirk, if you master the subject. You may have to become
19 a consultant and travel about and speak on it.

20 MR. KIRK: Well, I got an ARC and an SSP.

21 CHAIRMAN WITTGRAF: Do you know what all these
22 acronyms mean?

1 MR. KIRK: I have no idea. That's why I want
2 Section G. It says "See Section G for explanation of these
3 terms." And it's not in there.

4 MR. UDDO: That's the same feeling I had when I
5 read that contract.

6 MR. KIRK: I read it very carefully.

7 MR. UDDO: Well, somebody does understand it. We
8 got something of an explanation.

9 CHAIRMAN WITTGRAF: Mr. Shumway.

10 MR. SHUMWAY: With reference to the timekeeping
11 funds, are we now on track to encumber, before the end of the
12 fiscal year, those funds that are on hand for this proposal?

13 MR. UDDO: As I understand it -- and David, if I'm
14 incorrect, you can correct me -- that money has been carried
15 over for several years, earmarked for timekeeping, and is
16 readily available for that purpose, right?

17 MR. RICHARDSON: Yes, sir.

18 CHAIRMAN WITTGRAF: I believe the staff memorandum,
19 Mr. Shumway, prepared by Ms. Sparks and others and discussed
20 by Ms. Sparks yesterday in the context of the Provision
21 Committee meeting, would allow for the actual awarding and
22 distribution of those grants by September 15 of 1993, the

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1 last month of the current fiscal year at the latest and
2 perhaps even a little bit sooner.

3 Mr. Richardson?

4 MR. SHUMWAY: So there is no danger that the funds
5 could be lost for timekeeping?

6 CHAIRMAN WITTGRAF: Correct.

7 MR. RICHARDSON: That's correct. For the record,
8 my name is David Richardson. I'm the treasurer and
9 comptroller of the Corporation.

10 The funds in question, the \$300,000 is funds that
11 have been carried over since 1985-1986. They were
12 appropriated during those years. The Board has continued to
13 set them aside for the timekeeping issue. The only way that
14 the money would be lost is if the Board decided to reprogram
15 it or transfer it. So the money is there for this particular
16 project, and there is no danger of losing it otherwise. It
17 would take a Board action.

18 MR. SHUMWAY: Thank you.

19 MR. UDDO: Thank you. That's my report, Mr.
20 Chairman.

21 CHAIRMAN WITTGRAF: Further questions or comments
22 for Mr. Uddo? Mr. Hall.

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1 MR. HALL: Do you feel like our committee, the
2 Provisions Committee, needs to approve that?

3 CHAIRMAN WITTGRAF: No, I don't think so. I don't
4 think the general procedure is that we specifically approve.

5 We've been making what I'm like to think are
6 constructive suggestions regarding draft requests for
7 proposals. I think we did that yesterday in the context of
8 your Provisions Committee meeting, and my sense is that Ms.
9 Sparks and her colleagues on the staff are now going to make
10 whatever corrections or modifications they need to in light
11 of the discussion yesterday and that they're going to publish
12 the request for proposals as soon as possible. Is that
13 correct, Ms. Sparks?

14 MS. SPARKS: Yes, sir.

15 CHAIRMAN WITTGRAF: Ms. Sparks is both nodding in
16 agreement and has said yes verbally, away from the
17 microphone.

18 Further questions or comments for Mr. Uddo
19 regarding the report of the Audit and Appropriations
20 Committee?

21 (No response.)

22 CHAIRMAN WITTGRAF: Thank you, Mr. Uddo. We will

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1 now proceed to Agenda Item 8. That is discussion of the
2 state-by-state survey of the loss of interest on lawyer trust
3 account or IOLTA funds. Let me make a couple of comments by
4 way of background.

5 I think most of the members of the Board -- Mr.
6 Hall was not able to be there, Mr. Shumway was not, but most
7 of the rest of us, including Mr. Molinari were present for
8 some or all of the House Appropriations Subcommittee hearing
9 on March 23rd, the day after -- or 24th, I guess -- the day
10 after our last Board meeting.

11 Our formal request made a great deal of, and
12 certainly pointed out as best the written word can, the
13 crisis that is now arising from the loss of IOLTA funds. In
14 fact, we made that same point in our appropriation request a
15 year ago for fiscal year 1993. But I think, because of some
16 of the figures, we had to back up that observation. This
17 year, we got more of a response from the members of the
18 subcommittee. In fact, there were more members in attendance
19 than there usually are for such a hearing.

20 Just as the awareness and the interest was greater,
21 the questions were greater as well -- questions such, as if
22 we are talking about reduced IOTA funds, are those reductions

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1 in all IOLTA funds or just reductions in the IOLTA funds that
2 go to legal services programs or our grantees? Are those
3 reductions in IOLTA funds for calendar '92, for fiscal year
4 '92-'93, for calendar '93, for fiscal year '93-'94? What are
5 they? And, beyond that, exactly what are the dollar amounts
6 and, anecdotally, what do they mean in terms of office
7 closings, lawyer layoffs, paralegal layoffs, other staff
8 layoffs -- in effect, reductions in services.

9 To me it seems that one of the most important
10 things that we as a Board advocating increased funding for
11 the Corporation can do over these next couple of months, is
12 to try to continue to flesh out -- to give both quantity and
13 anecdotal substance to the reduction in IOLTA funds.

14 I'll ask the president and any of the staff members
15 he wishes to recognize to respond here, but what I am looking
16 for, as one Board member at least, is a comprehensive report
17 by our next Board meeting as to the reduction in IOLTA
18 dollars for our grantees -- our basic field program
19 grantees -- and, insofar as possible, for each and every
20 grantee, not only the dollar amount, but anecdotally what
21 that has meant so far in the way of office closings and
22 layoffs and, if possible -- and what I've already indicated,

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1 I think, is probably a substantial task -- but if possible,
2 those people who able to project, for the new fiscal year
3 beginning July 1 of '93 or for the new calendar year
4 beginning January 1 of 1994, what the additional dollar cuts
5 will be and what the additional consequences will be in terms
6 of office closings and staff layoffs.

7 With that modest request, Mr. President, would you
8 and any members of your staff like to indicate what, if any,
9 progress we've been able to make since March 24th and what,
10 if any, concerns you have about being able to pull this
11 together prior to our next meeting in May so that we will be
12 able to take it to the Congress and, particularly, to the
13 members of the House Appropriations Subcommittee?

14 Mr. President?

15 MR. O'HARA: Thank you, Mr. Chairman. As you know,
16 the difficult we to today and the impossible takes maybe a
17 couple of weeks.

18 CHAIRMAN WITTGRAF: Well, good. You've got about
19 four weeks.

20 MR. O'HARA: We are working on it and we're working
21 cooperatively with the Project Advisory Group and NLADA. And
22 I think that Emilia has some comments that she would make at

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1 this time.

2 MS. DiSANTO: Mr. Chairman, your request sort of
3 dovetails with another agenda item which is on the door.

4 CHAIRMAN WITTGRAF: Let's go ahead and do Agenda
5 Items 8 and 9 together. As we were discussing the reduction
6 in IOLTA funds, it led, particularly in the inquiry being
7 made by the Ranking Minority Member of the subcommittee, Mr.
8 Rogers -- Harold Rogers from Kentucky -- into a discussion of
9 unmet legal needs. And that took us to the different
10 methods, the different surveys that have been undertaken in
11 recent years to try to determine unmet legal needs.

12 Coincidentally, we had such a report from Tomas
13 Olmas yesterday regarding Legal Aid Foundation of Los Angeles
14 and the efforts they have made in that specific area. But
15 not only do we have an obligation to report to the House
16 Appropriations Subcommittee regarding as much specific detail
17 as we can give in IOLTA fund reductions, but also -- and
18 particularly for Mr. Rogers -- to give what information we
19 can regarding present declination of representation numbers,
20 and to make any projections or extrapolations therefrom that
21 we can.

22 Those two do go together, and they were both

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1 discussed at great length during our Appropriations
2 Subcommittee hearing. So let's consider the two items
3 together, certainly.

4 MS. DiSANTO: Thank you. First, just speaking a
5 little bit about IOLTA, there is no question -- and I think
6 you've heard it over and over again over the last few
7 months -- that there is a tremendous decline in the amount of
8 IOLTA funds that are available to our programs.

9 The bottom line is about 80 percent of the IOLTA
10 funds that are gathered among all the states are provide to
11 our programs. If you look at all the 50 states, there is a
12 decline in every single state, but there is less of a decline
13 in some states than in other states. Let me give you an
14 example.

15 Some smaller declines are occurring in states such
16 as Maryland, South Dakota, and Virginia, where the declines
17 are under 10 percent. But the majority of the IOLTA programs
18 -- about 44 percent -- are suffering much higher declines in
19 the amount of IOLTA, probably in the neighborhood of 35
20 percent and above; and you have states such as Illinois that
21 has suffered a 50 percent decline; California, a 35 percent
22 decline; Arizona, a 50 percent decline; Oregon, 38 percent

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1 decline; Oklahoma, a 38 percent decline.

2 So we see this happening right across the board,
3 with an average of about a 22 percent decline in IOLTA
4 generally of which 80 percent of those funds go to our
5 programs.

6 CHAIRMAN WITTGRAF: You touched on one of the two
7 questions I wanted to interrupt you with. that is that you
8 are saying generally -- and I think we need to have it state-
9 by-state, in so far as possible -- generally, 80 percent of
10 the IOLTA funds are going to legal services programs.

11 MS. DiSANTO: Yes.

12 CHAIRMAN WITTGRAF: Now, when you are talking about
13 these cuts, are you talking about the difference between
14 calendar '92 and calendar '93, fiscal year '92 and fiscal
15 year '92, or a potpourri?

16 MS. DiSANTO: Calendar year '91 to '92, because
17 those are the figures that are the most reliable that we have
18 been able to get our hands on so far.

19 CHAIRMAN WITTGRAF: Okay. And I would say, Mr.
20 President and Ms. DiSanto, I don't think that is good enough.
21 Essentially, those are the figures that we have presented to
22 the Appropriations Subcommittee, and I don't think they're

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1 good enough because I don't think that they're dramatic
2 enough.

3 We're dealing with the reality and, as we make a
4 case for an appropriation, which is for calendar year '94 as
5 far as the grants go, for us to be talking about something
6 that's two years old, I don't think is good enough.

7 I think we've got to be talking about calendar '93
8 or the fiscal year July 1, '93 to June 30, '94. That makes
9 it more difficult, I understand. But I think because we're
10 talking about monies that we're asking for that affect
11 calendar year '94, we've got to be more current, both to make
12 it more meaningful and because the dramatic nature of the
13 cuts is that much greater the closer we get to January 1 of
14 1994.

15 MS. DiSANTO: To the extent those figures are
16 available -- and we have been having trouble with
17 availability of information from the IOLTA programs
18 themselves and then, in turn, from our programs themselves,
19 because we're finding the situation where some of our
20 programs are being advised of dramatic reductions six and
21 eight weeks before the reduction occurs. So things are very
22 much on the cusp when we have these reductions. But we will

1 continue our efforts to get as up-to-date information as we
2 can.

3 CHAIRMAN WITTGRAF: It may be a combination of the
4 two things. You may have the most meaningful gross figures
5 as between '91 and '92, and I understand, I think, some of
6 the difficulties you are facing and will continue to face.
7 But I think, beyond that, we have to, even if it's different
8 state-by-state and different, almost, for each and every
9 state, we have to make what effort we can to get into the
10 current funding period, calendar '93 or fiscal year '93 as
11 well.

12 MS. DiSANTO: This topic kind of, then, dovetails
13 with DORR. As Chairman Wittgraf stated, a large topic of
14 discussion at the hearings was about the declination of
15 representation forms.

16 What we have done is basically -- Corporation staff
17 members, clasp, and NLADA -- we are involved in a joint
18 effort right now. We met a few weeks ago at the Corporation
19 with Linda Pearl and Don Saunders. What we did was kind of
20 scope out what we were going to do over the next two weeks to
21 try and get a survey out to a representative sample of the
22 field so that the information could be compiled and presented

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1 to Mr. Rogers in advance of markup.

2 What we have at the moment is that, with the
3 assistance of CLASP and NLADA, 30 volunteer programs have
4 been identified among all the programs in the country to fill
5 out a declination of representation form. It's a very simple
6 form that basically asks the question about who is coming
7 into your program, that if you had the resources, you would
8 provide assistance but, because you don't have the resources,
9 you're turning them away. That is the figure that we're
10 capturing.

11 We have 30 programs -- some urban, some rural, some
12 large, some small, just a nice sample across the board --
13 that are going to be doing this over the month of May. On
14 Friday, Federal Express letters went out under the signatures
15 of Jack O'Hara, Harrison, and Clint Lyons, explaining to
16 these 30 programs exactly what it is we were doing, why it is
17 we were doing it. So we will have a report that will contain
18 those particular numbers on the declination of representation
19 for this particular month. So it's one month, the month of
20 May.

21 In addition, what we are trying to put together is
22 what is going on in the field with regard to closings of

1 offices, layoffs of staffs, RIFs of staff members, and trying
2 to get some of that information together about what is going
3 on in the field as a result of these reductions.

4 CHAIRMAN WITTGRAF: Let me see if I'm understanding
5 you correctly. Are you asking only the 30 programs about
6 closings and reductions or are you asking all basic field
7 grant recipients about closings and staff reductions?

8 MS. DiSANTO: We are not asking all programs about
9 closings and reductions. Basically, with the assistance of
10 CLASP and NLADA, we are kind of just reaching out to get
11 information from particular programs, to get both anecdotal
12 information and just some additional information. We are
13 not, at this point in time, getting actual figures because of
14 the nature of the requests going out to the programs and the
15 ability to compile the information in a rather short window.

16 CHAIRMAN WITTGRAF: I'm looking at, now, about a
17 four-week window, as you say. I think four weeks is
18 critical, because we'll be on the cusp of House
19 Appropriations Subcommittee markup, and it's unlikely that
20 we'll do much better than we do at markup, so that that's a
21 critical juncture.

22 But I think, even so, that we have an obligation as

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1 to all basic field grant recipients, to continue to compile
2 anecdotal information for all of them as to the closings, as
3 to the reductions or layoffs of professional and support
4 staff that they've having, if for no other reason than to
5 begin to look to the fiscal '95 appropriation request and to
6 have as much information available as possible to underscore
7 that.

8 So I am very much concerned with roughly the four-
9 week window now between now and the next Board meeting, and
10 especially so because of House Appropriations Subcommittee
11 markup of our appropriation. But I think we should continue
12 the process and make it complete insofar as possible, taking
13 a longer view that this is a case that we and our successors
14 will have to continue to make into the foreseeable future.

15 Please proceed, Ms. DiSanto. I cut you short.

16 MS. DiSANTO: That's more or less the conclusion of
17 my report.

18 CHAIRMAN WITTGRAF: Mr. Kirk.

19 MR. KIRK: I sat in on the first committee meeting
20 with Congress, and I know that I'm not as politically astute
21 as most people here, but I'm going to throw off some thoughts
22 that may disagree with some of the things previously said.

1 I think that Congress probably looks to us not for
2 drama but for reliability and facts. I think that we can
3 count on PAG and NLADA, who are advocates -- they are paid to
4 be advocates for their position -- to be strong, dramatic,
5 and vociferous in saying, "Here is what we need and here is
6 what we want."

7 I think that if we go in as shills for these really
8 outstanding groups that have a good cause, if we're just
9 shills, I think that we lose credibility. I think some of
10 what we have to do is to look beyond that and say, "Here's
11 the information we got from PAG and NLADA. I think we need
12 to temper that and look at it this way. Here is what we
13 think it should be."

14 I don't think it does us good to go in and say
15 "We're asking for 500 and X odd million dollars, but we know
16 we're not going to get it." I think we'd be better off to
17 pick the number that we thought we could get and to say, "By
18 damn it, I'm really serious about it and here's why we need
19 it."

20 I don't think that we ought to round off and say,
21 "Here's what the loss is in IOLTA funds." I've checked just
22 a couple of programs. It seems like there is a net loss of

1 10 percent of overall funds in the two or three programs I've
2 checked -- certainly, that's what the San Diego program is --
3 which I think is dramatic.

4 I think that, itself, is dramatic enough, and we
5 don't need to use the 80 percent figure, which really doesn't
6 tell you what the net effect is on the program. If it's 15
7 percent or if it's 8 percent, or whatever it is, I think
8 that's what we ought to be talking about is what the overall
9 loss is.

10 I think that when we say, "Here's the figure that
11 we need to be restored to 1980 money when you account for
12 inflation, I think that we need to admit that our field
13 programs, however, have gotten other sources, that there
14 wasn't that much IOLTA money back in the '70s, and that it is
15 a relatively new phenomenon.

16 I think that we need to tell Congress: "Yes, the
17 interest is down now. If interest goes back up, we'll still
18 need the money, but we're not going to come in and lie to you
19 and say, oh, when interest is back up at 6 percent and we've
20 tripled our income from IOLTA, we're going to tell you the
21 truth about that, we're not going to keep it quiet and hide
22 it under the rug."

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1 I really felt like Rogers had done his homework and
2 he was asking some really good questions. I think that we
3 need to go in there, we've got a need that we don't need to
4 exaggerate. The need is there. I think that we can go in
5 and establish credibility, and that's where we need to do it.
6 And, to the extent that you can take the figures and they can
7 be utilized in that way, I would suggest that be done.

8 I have to tell you, that's my first time in
9 Congress, and maybe you're not supposed to do that. Maybe
10 we're supposed to get through and go for headlines or
11 something. But this is just my suggestion of the way we
12 ought to look at it.

13 CHAIRMAN WITTGRAF: Are you applying those comments
14 both to the IOLTA reductions and to the declination of
15 representation figures, or to one or the other?

16 MR. KIRK: Well, I heard principally on the IOLTA
17 figures, and the declination of representation, you know, I
18 had some issues with that, but I don't think I'm as prepared
19 to talk about those.

20 CHAIRMAN WITTGRAF: It seems to me that, in talking
21 about the IOLTA figures, all we're trying to do is get facts
22 and figures. And I guess I don't, as one Board member at

1 least, view myself as a shill for anybody in particular, but
2 am looking, rather, for the facts and figures that make even
3 clearer the points that we were making in somewhat general
4 terms and which were challenged and questioned by Mr. Rogers,
5 as you've said.

6 It seems to me that the tougher figures to quantify
7 -- the ones that are more pejorative, more subject, perhaps,
8 to exaggeration -- are the declination of representation or
9 the legal needs or unmet legal needs survey figures.

10 I think the IOLTA figures are generally specific
11 figures, specific dollar amounts. And, in turn, if offices
12 are being closed, that's a fact. If people are being laid
13 off, that's a fact. I don't think presenting those facts and
14 figures makes us shills. I'm a little more concerned,
15 myself, about the declination of representation figures and
16 not extrapolating too much from them.

17 It seems to me that, in the waning days of this
18 Board's responsibilities, there is nothing more important
19 that we can do than to try to put as much flesh as we can on
20 the bones of the case for increased funding, and the most
21 important part of that fleshing out, I think, is making the
22 IOLTA figures as specific and as current as possible. Are

1 you taking exception to that?

2 MR. KIRK: No, as long as they're presented that
3 way. I thought that the implication we gave and the
4 challenges that we got from the committee were well done and
5 showed some research and showed some people that were
6 dealing, I thought, with more realistic figures than maybe we
7 were.

8 We were leaving one impression, and it was the same
9 exchange that I've had in a meeting here with someone who was
10 talking about IOLTA, and I started asking, "Well, tell me
11 what the percentage is; what is the net percentage?" And it
12 just got lost. And I thought that we did the same thing and
13 that we really didn't have those figures.

14 I am supporting that we get those figures, but that
15 we look at them overall. I think there's a good story to be
16 told, but it shouldn't be just in the IOLTA drop. It ought
17 to be as it pertains to the entire budget of the various
18 field offices. You can't go say that, you know, "Here's how
19 much we need to go back to 1980," because you have to add in
20 what the new IOLTA funds are. I just think we need to be
21 fair and straightforward with them.

22 As far as the declination of representation, I

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1 don't know quite where we get those figures, but I do know
2 that when you talk about 80 percent that keeps popping up, we
3 don't have to argue over whether it's 80 percent unmet or 60
4 or 40. Gee whiz, I mean, let's not let him bait us into that
5 argument. Let's take the worst it is -- take the 40 percent.
6 We still have some needs that have to be met.

7 CHAIRMAN WITTGRAF: But of course, that was the
8 greater portion of Mr. Rogers' questions, and I think Mr.
9 O'Hara and I at least felt an obligation to give some kind of
10 response, some kind of followup to that. As Mr. Molinari
11 said when he testified, whatever the increase in
12 appropriation there is, if any, it's not going to be too
13 great or is not going to be enough to meet the unmet need --
14 much as you've just said.

15 But I do think we have some obligation regarding
16 declination of representation or unmet need to follow up.
17 Mr. Rogers was quite specific in putting all of us and,
18 perhaps most particularly, Mr. O'Hara, on the spot that
19 morning and saying, "Can't you give us something?" I think
20 we have an obligation to give him something, and that's why,
21 apparently, the effort is being made that's been described
22 this morning by Ms. DiSanto.

1 For me not to follow through on the IOLTA funds
2 would be a cardinal omission on our part at this point in
3 history, and I guess, in my mind, the significance of the
4 IOLTA funds and the dramatic reductions in the IOLTA funds is
5 that most of the members of that subcommittee, I don't think,
6 are compelled by the general argument, "Take us to where we
7 would have been in fiscal year 1981 if adjusted for
8 inflation; take us to \$525 million."

9 I agree with you that that, in and of itself, is
10 not compelling for most of the members of that subcommittee.
11 But I do think that what is compelling for most of the
12 members of that subcommittee, what is very real for them, is
13 the dramatic reduction in IOLTA funds.

14 They have come to understand what that is. They
15 have come to understand what a big part of funding for legal
16 services programs it is. They can understand that it's
17 fallen way, way off and that it means office closings and
18 staff layoffs.

19 Mr. Rogers had some good questions. The one, as I
20 said, to Ms. DiSanto earlier is: "Are we talking about
21 overall reductions in IOLTA fundings or legal services
22 grantees' reductions in IOLTA fundings?" I think we have to

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1 be as precise as possible on that matter. But I think the
2 IOLTA falloff is critical, because it's a hook. It's
3 something specific. It's something immediate.

4 It's something that can be used, hopefully, by the
5 members of the subcommittee as a rationale for saying, "Yes,
6 we have to do a little something extra, even if not \$525
7 million, this time, because there is a special problem that
8 didn't even exist last or the year before but does exist
9 now."

10 Further questions or comments? Mr. Kirk.

11 MR. KIRK: Having heard what you just said, I'm not
12 sure you understood what I said, but I don't think it's worth
13 it to belabor the point. It will be in the minutes.

14 I do want to say one thing. I think that NLADA and
15 PAG are doing exactly what they are supposed to be doing.
16 There was no intention that you shouldn't be advocates and
17 pushing very hard for what you do. I just was saying that we
18 should separate ourselves and say, "This is good information
19 from them; we would question this." I think it gives us more
20 credibility to do that.

21 Certainly there was no indication in any way in a
22 pejorative nature toward PAG. Thank you.

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1 CHAIRMAN WITTGRAF: Mr. Uddo.

2 MR. UDDO: I was daydreaming for a few minutes
3 there, and I may have missed the answer to my question.

4 CHAIRMAN WITTGRAF: I can't imagine that, during
5 that scintillating discussion that Mr. Kirk and I were
6 having.

7 MR. UDDO: Well, occasionally I do drift off. The
8 legal needs survey that you're talking about here, are you
9 talking about presenting something to Congress based upon
10 anecdotal data about declination of representation?

11 CHAIRMAN WITTGRAF: Yes. Go ahead, Ms. DiSanto.

12 MS. DiSANTO: At this point, we have 30 programs
13 that are going to keep actual data on declination of
14 representation for the month of May. Those will be actual
15 figures that will be compiled, and then, depending on how
16 those figures run -- and our economists on staff would look
17 at this -- extrapolate whatever information they could from
18 that base of information. But the report would contain
19 actual data and then an extrapolation on that strictly on the
20 declination of representation form information.

21 MR. UDDO: But it's only going to give numbers?

22 MS. DiSANTO: The report would give -- yes, it will

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1 probably, it will give numbers.

2 MR. UDDO: This legal needs debate is one that's
3 gone on, I guess, as long as there's been legal services, and
4 I've lived through some of it, and I know that, no matter
5 what you come up with, there are certainly very valid
6 criticisms of whatever we produce, from both sides.

7 The problem with just giving them numbers,
8 certainly, I don't think Mr. Rogers is going to be satisfied
9 with that, because the immediate question is, you know, what
10 do those numbers represent? Are 80 percent of those people
11 people who didn't really have a problem if you looked at it
12 more carefully and so they really haven't not been
13 represented in something that's significant?

14 MS. DiSANTO: That was something that Linda and I
15 discussed pretty much at length. We even got into the
16 discussion of legal need versus legal want and can we capture
17 that type of information. At the same time, we recognize we
18 can't capture some other things.

19 We can't capture those people who know that legal
20 services doesn't do that kind of case any more. We can't
21 capture those people who don't know legal services is there.
22 We can't capture those people who have gone to legal services

1 once, were not provided assistance for whatever reason and
2 don't come anymore. That is all things that we cannot
3 capture.

4 I think what our discussion kind of centered around
5 as far as a report or information to Mr. Rogers was that
6 looking at the declination of representation as a factor
7 among countless other factors of what legal needs is, that is
8 all it is. All it is is a small facet on a much larger
9 crystal that we're trying to fill in.

10 In addition to that information -- recognizing it's
11 30 programs; it's about 10 percent of our programs; these are
12 programs that have agreed to do this on a voluntary basis --
13 the other part of the report was going to say: "Okay, during
14 the hearing, we talked about DORR, and here's some
15 information that we got about DORR. But we want to let you
16 know that this information about DORR is only a small part of
17 a much larger story in order to understand what legal needs
18 is out there."

19 We were then going to collect some additional
20 information -- and it was not considered nationwide; it was
21 not considered for all 324 recipients -- to try and get a
22 grasp of how many office closings do we think we are dealing

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1 with.

2 For instance, we know that we have 477 vacancies
3 among attorney openings in our programs. What does that
4 mean? How many are going to be filled? We start talking
5 about office closings, RIFs, cuts in staffs. As Greg was
6 talking about a little bit earlier, programs that the plans,
7 the blueprints are there, and we thought we had the money to
8 go forward and now, suddenly, this program is stopped. So we
9 were trying to put together to kind of fill in some
10 additional facts on the crystal for Mr. Rogers who wanted
11 initially declination of representation.

12 We were going to go a little bit further, say "It's
13 a much more complicated question, and these are some other
14 things that you want to look at," and that is the direction
15 in which we were going.

16 MR. UDDO: I just think it's an almost fruitless
17 task, because we've lived through it before and for so long.
18 I guess we have to do it because Mr. Rogers wants it. It
19 wouldn't hurt if someone were in touch with his office to
20 kind of find out what it was that he would really like to
21 see, that we don't go through all this and then, when you
22 give it to him he says, "Well, you know, that doesn't answer

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1 anything."

2 CHAIRMAN WITTGRAF: I believe, Mr. Uddo, that
3 President O'Hara attempted to do that last week prior to the
4 mailing of the survey to which Ms. DiSanto has referred, and
5 I assume that Mr. O'Hara is going to continue in his effort
6 to let Mr. Rogers know that we have undertaken it so that he
7 can appreciate that we are responding. Let's say that this
8 is the beginning of a process, rather than the end of a
9 process or the end of the process in and of itself.

10 For the time that David Martin was president, he
11 undertook, as Mr. Rogers noted in his questions and comments
12 during the Appropriations Subcommittee hearing, a declination
13 of representation report initiative. But, at that point,
14 there was such resistance from the field that it was put on
15 hold, I think, while Mr. Martin was still president, and not
16 picked up again.

17 Due to the efforts of President O'Hara and his
18 staff, and the members of the Board, there is the ability for
19 the staff and the field to see that hopefully we are moving
20 in the same direction, and to cooperate in the declination of
21 representation reporting effort, rather than to fight one
22 another in undertaking such an effort.

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1 So perhaps this is the beginning of something. But
2 I think Mr. O'Hara is going to continue to visit with Mr.
3 Rogers to let him know what we're doing, that we are trying
4 to respond. It is just a first step, and it is certainly not
5 a perfect step. But he was so persistent and so pointed in
6 his inquiries, that I think we were left with no alternative.

7 Mr. Uddo.

8 MR. UDDO: Perhaps I would suggest that maybe the
9 folks in Louisville or some of the other cities in Kentucky
10 might invite him to their offices to spend a day sometime.
11 That might be a more effective way of letting him experience
12 what goes on in a legal services offices.

13 CHAIRMAN WITTGRAF: That's legitimate.

14 MR. UDDO: I think that that's a way to find out,
15 sort of on a first-hand basis, for example, some of what we
16 heard yesterday and this morning about seeing the person who
17 is answering the phone not be able to answer the phones fast
18 enough to get the information, is a fairly persuasive
19 example.

20 CHAIRMAN WITTGRAF: I think you are absolutely
21 right, in the abstract. But I think the job of that Member
22 of Congress, like any Member of Congress -- and he is the

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1 Ranking Minority Member on the House Appropriations
2 Subcommittee for Commerce, Justice, and State -- is so broad
3 in its responsibilities, along with his other
4 responsibilities as a Member of Congress, that it's not
5 realistic to expect him to do that.

6 In fact, that's our job, probably, to either go out
7 and do that or to try to understand that, and then to convey
8 that fact to him. Perhaps he's been invited previously. He
9 can be invited again. But I think, realistically and in all
10 fairness toward him, it's not practical.

11 MR. UDDO: Okay.

12 CHAIRMAN WITTGRAF: Ms. DiSanto.

13 MS. DiSANTO: I can tell you that, on Friday, a
14 meeting has been scheduled with a staff member in Mr. Rogers'
15 office just to kind of discuss the direction which we're
16 going in, just to ensure, to some extent, that this is the
17 type of information on the declination of representation form
18 that he is looking for.

19 CHAIRMAN WITTGRAF: That's Ms. Miller? Jennifer
20 Miller?

21 MS. DiSANTO: Jennifer Miller.

22 CHAIRMAN WITTGRAF: Further questions or comments

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1 for Ms. DiSanto or President O'Hara at this time?

2 (No response.)

3 CHAIRMAN WITTGRAF: I guess that concludes our
4 discussion of Agenda Items 8 and 9, and is just kind of the
5 beginning of what will be, I suspect, an equally-lengthy if
6 not longer discussion a month from now.

7 MS. DISANTO: Thank you.

8 CHAIRMAN WITTGRAF: Mr. Kirk, would you like to
9 return to Agenda Item 3-a at this time or not?

10 MR. KIRK: We can. I have before me a copy of the
11 proposal and perhaps -- it's not very long -- I should read
12 it:

13 "WHEREAS, in the normal course of its operations,
14 members of the Corporation's Board of Directors, either
15 individually or as a whole, make requests for information
16 from Corporation staff; and

17 "WHEREAS, in order to function at an optimum level,
18 it is important for all Board members to be fully informed in
19 a timely manner of all substantive matters brought before the
20 Board for consideration and action;

21 "BE IT RESOLVED, that the Board adopts the
22 following procedures to govern its members' requests for

1 information from Corporation staff;

2 "1. All requests from the Board, either from
3 individual Board members or from the Board as a whole, should
4 either be made to staff during a Board Committee or Board
5 meeting or be made to the President of the Corporation, who
6 will forward the request to the appropriate Office Director
7 for action.

8 "2. The President shall make all reasonable
9 efforts to ensure that all Board members are apprised of each
10 request.

11 "3. All Board members will be given timely notice
12 that a response has been finalized and will be given a copy
13 of the response."

14 I think this is a good outline of a beginning. I
15 do see some area for abuse, and I think it's occurred in the
16 past, where a Board member is getting some information and he
17 merely avoids ever having a final response prepared until
18 after the deadline is over and it's no longer of any interest
19 to anyone. And I think we need to see how that is abused and
20 we may need to make changes in it.

21 M O T I O N

22 MR. KIRK: I am prepared to move for adoption of

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1 this policy.

2 CHAIRMAN WITTGRAF: I take that as a motion. The
3 motion has been made.

4 MR. KIRK: I move that, yes.

5 MS. WOLBECK: Second.

6 CHAIRMAN WITTGRAF: And seconded by Ms. Wolbeck.
7 Discussion? Mr. Fortuno, will you identify yourself for the
8 record, please?

9 MR. FORTUNO: Yes. For the record, my name is
10 Victor Fortuno and I'm general counsel of the Corporation.

11 If I may, Mr. Chairman, I just want to point out
12 one short matter. In discussing this with the IG just very
13 briefly, and I managed to make copies of this and distribute
14 it, I think that you may want to consider making one
15 exception.

16 The exception would be that when it's a request for
17 information from the Office of Inspector General, you may
18 want to have essentially a comparable resolution which
19 substitutes "inspector general" for "president" so that the
20 request would not be made of the president for information
21 from the staff of the OIG. A request for information from
22 the OIG would be made of the inspector general.

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1 So essentially, having either an exception to this
2 that would provide for requests made of the OIG or adoption
3 of an almost identical resolution which would be aimed at
4 specifically the staff of the OIG instead of the remaining
5 staff of the Corporation.

6 CHAIRMAN WITTGRAF: Mr. Kirk.

7 MR. KIRK: Before I move to amend it, I'll just
8 wait and see what other discussion there is.

9 CHAIRMAN WITTGRAF: Further discussion? Mr. Uddo.

10 MR. UDDO: I would want to make some amendments,
11 and let me just tell you what they are, and I'll explain them
12 to you if they need explanation.

13 In Paragraph Number 1, "All requests from the
14 Board, either from individual Board members or from the Board
15 as a whole, unless they are confidential, should be made to
16 the staff during a Board committee or Board meeting or be
17 made to the president of the Corporation who will forward the
18 request to the appropriate office director for action."

19 Add a sentence: "If the request is confidential,
20 it should be made to the staff or president as such."

21 Then I would add a numbered Paragraph 4: "Board
22 members shall honor all requests by the president or other

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1 Board members to maintain confidentiality of all requests and
2 responses noted to be confidential until such time as they
3 are no longer confidential or cannot continue to be held
4 confidential."

5 The reason that I think that that should be there
6 is that there can be requests made about information that, by
7 law, can be kept confidential. For example, litigation
8 matters, personnel matters, and things such as that.

9 Secondly, as a chairman of a committee, I think
10 that there are times when you request information because of
11 something that you may be contemplating proposing, but you
12 don't want to create a public debate about it until you've
13 gotten some information and decided whether it's a proposal
14 worth making.

15 So I think that those amendments would give that
16 kind of flexibility. And it's carefully restricted because,
17 once it's no longer confidential -- either by being made
18 public or can't be confidential because of the operation of
19 law -- then, obviously, the Board members could do what they
20 wanted with it.

21 CHAIRMAN WITTGRAF: Are you offering an amendment?

22 MR. UDDO: Yes. I would offer that as an

1 amendment. Has the proposal been seconded, yet?

2 CHAIRMAN WITTGRAF: Yes, it has. It was by Ms.
3 Wolbeck.

4 MR. UDDO: I would offer that as an amendment. I
5 think you almost have to have it for information that you
6 have to keep confidential.

7 CHAIRMAN WITTGRAF: Is there a second?

8 MR. KIRK: I would just, if I may --

9 CHAIRMAN WITTGRAF: Mr. Kirk?

10 MR. KIRK: -- if it were a confidentiality
11 requirement for those matters that are recognized under the
12 Sunshine Act as needing to be kept confidential, then I would
13 agree. But just giving someone the wright to say, "Well, I'm
14 going to call it confidential and that way nobody" --

15 MR. UDDO: No, it goes to the Board members. The
16 Board members would still all be informed of it. It's just
17 that they would have to respect the confidentiality of it
18 until such time as it's made public or would have to be made
19 public. It's not keeping it from other Board members.

20 My intent it to try to keep it from being sort of
21 put into the public realm until it's put into the public
22 realm. It's not being kept from the Board member. Number 2

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1 remains: "The President shall make all reasonable efforts to
2 ensure that all Board members are apprised of each request,"
3 whether or not they're confidential.

4 MR. KIRK: I did not understand that.

5 MR. UDDO: No, the Board members would still get
6 the information. It's just I'm thinking of instances where
7 you're just asking for some information before you decide to
8 make a proposal. The Board can be aware of it but, you know,
9 give that Board member a chance to put his proposal together
10 before it becomes a matter of public debate.

11 CHAIRMAN WITTGRAF: Unless there is objection, the
12 Chair is going to ask that we continue our discussion of this
13 issue after we return to open session so that Mr. Kirk and
14 Mr. Uddo and anybody else who is interested has the
15 opportunity to work on some wording that would be
16 appropriate. I think it will be easier to do it that way
17 than to sort of draft it in committee. Any objection?

18 (No response.)

19 CHAIRMAN WITTGRAF: At this time, then, the Chair
20 recognizes President O'Hara for the President's Report. Mr.
21 O'Hara.

22 MR. O'HARA: Thank you, Mr. Chairman. Ken.

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1 MR. BOEHM: For the record, my name is Ken Boehm.
2 I'm assistant to the president and counsel to the Board. I
3 have a brief legislative report.

4 On several of the topics, there really hasn't been
5 much change since the last time the Board met.
6 Reauthorization, for example, no bills have been introduced,
7 no hearings have been scheduled.

8 With respect to nomination or selection of a new
9 Board, we have no information that that is underway or
10 imminent. There are more than 100 vacancies in federal
11 judgeships, and that may be a priority over Legal Services
12 Board, but the expectation, I think, is that that is
13 downstream a bit still.

14 With respect to appropriations, there has already
15 been a bit of discussion about the House Subcommittee hearing
16 took place on Wednesday, March 24th. There were two things
17 that were somewhat unique about that hearing.

18 One was that it lasted for more than two hours.
19 That is the first time in recent memory that we have had such
20 a lengthy hearing before the House Appropriations
21 Subcommittee; and the second was that it was done without the
22 President's budget. The President's budget, as you know,

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1 came out on April 8th, and they did not have it at the time.
2 I've since seen the draft of the transcript, and they've
3 inserted that information.

4 Also, with respect to the Senate subcommittee
5 taking up our case as of Friday, there was no scheduled
6 Senate subcommittee hearing. We had previously been informed
7 that there may not be a hearing this year. That is still a
8 possibility. There are attempts, however, to communicate
9 with the respective leaders of that subcommittee about our
10 budget request.

11 With respect to the 1993 reprogramming, we went
12 into that a little bit yesterday. In a nutshell, where we
13 are is that the President, in his April 8th budget submittal
14 for FY '94, had also called for some reprogramming --
15 approximately \$1.1 billion in supplemental spending for FY
16 '93.

17 A number of the items to be funded in that funding
18 package are somewhat urgent or important or, to some degree,
19 noncontroversial. There is a veterans' COLA -- cost-of-
20 living adjustment -- for example. There are judiciary
21 expenditures. There is the Federal Defender Service. There
22 are some portions of the federal judiciary which will run out

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1 of funds in May. So there is a case to be made that that
2 should be taken up.

3 The other point made was that the first
4 supplemental -- the controversial one that was held up by the
5 action in the Senate -- had a little over \$16 billion in
6 additional spending. This only has \$1 billion in spending.
7 The budget agreement last year that the Congress agreed to,
8 there was approximately \$16 billion more in authorized
9 spending that they could do.

10 The fact that the President's first supplemental
11 was scaled back quite a bit means that there still is this
12 excess spending authority which I think, if you're trying to
13 weigh the changes of whether Congress will take this up or
14 not, would weigh in on the side that they would take it up.

15 Having said that, they haven't as yet and, as Mr.
16 Uddo had said earlier, we don't know yet whether we'll be on
17 track or not, but the suspicion is because the federal
18 courts, some portions of it, will run out of funding in May,
19 that they're going to take it up very shortly. And, as soon
20 as they do, we will report back to the Board and let you know
21 what is happening on that particular request. The fact that
22 LSC's request for FY '93 reprogramming would add no

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1 additional spending should be helpful to us in seeking that,
2 in getting that.

3 Also, we've had some actions take place with the
4 Court of Veterans' Appeal Pro Bono Representation Project.
5 There have been hearings before the House Appropriations
6 Subcommittee, which is not ours -- it's the one that handles
7 the Veterans Administration -- that President O'Hara had
8 attended. There also was a hearing before the House
9 Veterans' Affairs Committee this past week.

10 For the information of the Board, the Court is
11 asking for an additional just under \$800,000 for the next
12 fiscal year -- Fiscal Year '94 -- for this project. In
13 talking to members of the Veterans' Affairs Committee, which
14 is not the appropriating committee but the oversight
15 committee, the feeling is very, very strong that they will
16 recommend that to the appropriating committee. So that would
17 be helpful in continuing that particular project.

18 The project itself is well underway, as you may
19 know. More than 360 cases have been screened, more than 200
20 attorneys have been recruited. If anything, they are finding
21 it easier to recruit pro bono attorneys for this screening
22 project than originally was anticipated. So that's a very

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1 favorable outcome at this point.

2 The final item in the legislative report is the
3 President's budget itself. I think you-all have copies of
4 it. A couple things should be stressed. One is, basically,
5 they are just repeating last year's spending -- \$357
6 million -- so it's a zero percent increase. There's not a
7 cost of living.

8 But the overriding factor is that the OMB process
9 is not legally part of the LSC method of requesting budgets.
10 Most federal agencies go directly through OMB at the time the
11 budget request is being formulated. It must go through OMB.
12 It's the way the Executive Branch, the President, exerts its
13 will on what the spending will be, and it's the way you get a
14 President's budget.

15 Legal Services always consults with OMB. We always
16 send them a copy of our budget request. They always look at
17 it, and they always pencil in a dollar figure. Even if, in
18 some years in the past, it was zero, they always put in a
19 dollar figure, and that is considered the President's
20 request. But, as a legal matter, it's not part of it.

21 So what is in there, both in terms of the dollar
22 figure and in terms of the legislative language, will not

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1 necessarily be what comes out the other side. It certainly
2 will be taken into consideration.

3 I believe you-all have copies of the page of the
4 President's budget that lists the dollar amounts. There was
5 some concern initially because there is a provision in there
6 that, until there is a new Board confirmed, that we can't
7 draw down more than 1/12th of our budget figures in any given
8 month for expenditures. It apparently is to prevent the
9 Board from spending the cupboard bare so a next succeeding
10 Board would not be able to spend it.

11 That will not create any problems for the
12 administration of our field grant program. As you know,
13 programs in January get their January grant and their
14 December grant but, because the federal fiscal year starts on
15 October 1st, effectively we have three months of funds that
16 we can draw down against to prepare for that big series of
17 January checks. So because we have a calendar year-fiscal
18 year split there, that won't create any financial problems
19 for us.

20 Above and beyond that, any other language that's in
21 there really is hortatory in the sense that actually Congress
22 is going to be deciding what finally goes in there.

1 That concludes the report, but I'd be happy to take
2 any questions if there are any.

3 CHAIRMAN WITTGRAF: Questions or comments for Mr.
4 Boehm?

5 (No response.)

6 CHAIRMAN WITTGRAF: Thank you, Mr. Boehm.

7 MR. O'HARA: Thank you, Ken. Since we last met in
8 March, my schedule has included a visit to the Santa Cruz
9 office of the legal services program in that area, which was
10 dedicated on April 1st, and I spoke at a meeting that
11 evening, at the dedication. I must say that I was impressed
12 with the number of people from the community who attended
13 this dedication and the number of attorneys who are offering
14 pro bono services to that program.

15 On the following day, I met with Nancy Strohl and
16 the executive directors from California and Nevada. We had
17 about, I guess, a two-hour or better exchange, a kind of a
18 "getting to know you" session. They got a better
19 understanding of where we are and where we're coming from and
20 how we'd like to work with them.

21 Last month, or this month, I also attended the
22 annual meeting of the National Center for the Medically

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1 Dependent, along with Board member Basile Uddo, and Charlie
2 Moses and I also visited with the Loyola Law School Clinic
3 people the day before, and we were very impressed with that
4 operation.

5 This month I also had a meeting with Sheldon
6 Roodman, who is the executive director of the Legal Aid
7 Foundation of Chicago in response to an inquiry from Senator
8 Simon's office regarding a reported closing of one of that
9 office's local offices on 18th Street in Chicago. It's a
10 situation that has developed because of a loss of funds --
11 both IOLTA and other private funds -- to Sheldon's program.

12 The Senator was concerned about the program being
13 closed. Actually, it's not being closed. The service in the
14 office is being reduced somewhat, but two attorneys are there
15 to do intake and there are people there who will talk to
16 people who come in when the attorneys are not there.

17 It's not an attempt to decrease service in the
18 area; it's just a question of dollars and cents. They don't
19 have the money to keep all of their offices open, and the
20 Board voted to close two offices, leaving five others open.
21 They did a survey of their clients to determine if there
22 would be any hardships traveling to other offices, and it

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1 doesn't appear that that is going to be a problem.

2 On Friday of this week we also met with Senator
3 Simon's aide in Chicago and, prior to that, we had met with
4 the Senator in Washington, and he clearly understands the
5 situation with regard to money and has said that he will do
6 everything he can to support the program.

7 He indicated that his daughter had worked in a
8 legal services program back in the early 1980s. He is
9 familiar with it and he will be supportive of the
10 Corporation's efforts to get more money for the program.
11 Later this week, we will meet with Senator Simon's top
12 legislative aide on this same subject.

13 We also had a meeting a couple of weeks ago during
14 the pro bono conference in Baltimore. Representatives of the
15 Legal Aid Services of Hawaii program visited our office and
16 we had a couple-of-hour conversation with them about that
17 program. I thought it was very good.

18 We had several members of our staff who attended
19 and participated in the pro bono conference in Baltimore --
20 Emilia DiSanto, Susan Sparks, and Suzanne Glasow -- and the
21 comments I've gotten from people who attended is that they
22 represented the Corporation very well.

1 Thursday morning of last week I met with Larry
2 Lavin, who is the executive director of the National Health
3 Law Program, and he came in with Frances Werner from the
4 National Housing Law Project, Burton Fretz of the Senior
5 Citizens Law Center ,and Will Ogburn from Boston.

6 With regards to what I hope to do in connection
7 with the national support centers, one of the concerns I have
8 is that NLADA does a very good job of providing training once
9 a year at Berkeley. We have a lot of programs that cannot
10 make it to Berkeley. Because of travel funds, because of
11 shortage of staff in their programs, they can't let them go
12 away.

13 I talked to Larry about developing a program to
14 work with the Corporation whereby the national support
15 centers would come in with regional training conferences, and
16 we would be the facilitators in helping them set up the
17 conferences by providing assistance in travel, in housing,
18 where we could do that, and we would be able to sustain
19 substantial savings to them because we would be able to get
20 government fares for their participants the same as we've
21 done with the Native American programs and with the migrant
22 programs when we've worked with them in their meetings.

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1 They are to get back to us sometime in June with a
2 proposal. It looks like there will be three regional
3 trainings the first year, with the other training being the
4 NLADA conference in Berkeley, and we are looking at other
5 projects down the road.

6 Internally, in the Corporation, we are continuing
7 to re-examine and assess our financial situation. We had a
8 furlough day on April 9th. It's possible we may have more.
9 At this time, I won't commit that we will. We're really
10 taking a hard look at it to see if we've got any fat at all
11 in our budget that we can pull out.

12 Down the road, I will be working with and meeting
13 with José Padilla from CRLA with regards to some work in
14 migrant areas, and will again be getting back to the Native
15 American programs, because they were to get back to us with
16 some thoughts and suggestions on things that the Corporation
17 could do to help them, and I hope to get that moving within
18 the next few months.

19 That is essentially my report.

20 CHAIRMAN WITTGRAF: Thank you, Mr. President. Any
21 questions or comments for Mr. O'Hara?

22 (No response.)

1 CHAIRMAN WITTGRAF: I guess not at this time.

2 Thank you. At this time, the Chair recognizes the
3 Corporation's inspector general, Mr. Quatrevaux.

4 MR. QUATREVAUX: Thank you, Mr. Chairman. I have
5 three information items for you today.

6 I was visited, at the end of March, by the General
7 Accounting Office auditors, who were updating their previous
8 work in their audit of the implementation of the IG Act at
9 the designated federal entities. He informed me that they
10 had not dropped the special review of implementation here at
11 LSC, as I had understood and reported to you fairly long ago.

12 Instead, this special review was incorporated, or
13 will be incorporated into the overall audit and there will
14 not be a separate report, but it will be part of the total
15 audit report which is expected this summer.

16 CHAIRMAN WITTGRAF: Excuse me just a second. When
17 you say an overall audit report, you're talking about for a
18 number of agencies and their IG functions, not just the Legal
19 Services Corporation and its IG function?

20 MR. QUATREVAUX: Correct. What happened, first the
21 broader, comprehensive audit was requested by the House
22 Government Operations Committee. Subsequent to that, the

1 Senate Governmental Affairs Committee requested that GAO do a
2 special review, as they put it, of implementation at LSC. I
3 think this was around, oh, February of '92. Subsequent to
4 that, they led me to believe that they had convinced the
5 Senate committee that it was not necessary.

6 Apparently, I think, the practical effect of this
7 is the portion of that report that deals with LSC will simply
8 be more detailed and perhaps more comprehensive than some
9 other organizations.

10 I'll go on to the next item, if there are no
11 questions. We will soon release a request for proposals for
12 performance review of the grantee monitoring function at LSC.
13 The objective of that review is to evaluate the effectiveness
14 and efficiency of the Corporation's most expensive and
15 sensitive function.

16 CHAIRMAN WITTGRAF: Is that an RFP that you're
17 having the Board or the OIG Oversight Committee review before
18 you release it? I'm not sure what you meant by a release --
19 if you meant a release under public notice or a release for
20 review by the Board or its committee.

21 MR. QUATREVAUX: We're going to put it in the
22 street for bids.

1 CHAIRMAN WITTGRAF: Without having any review by
2 the Board or its committee?

3 MR. QUATREVAUX: Correct, Mr. Chairman.

4 CHAIRMAN WITTGRAF: And it's an RFP for what?

5 MR. QUATREVAUX: A performance review. It's still
6 in draft stage. It's a performance audit in accordance with
7 the yellow book or the generally-accepted government auditing
8 standards.

9 CHAIRMAN WITTGRAF: And what is the amount of money
10 that's in the RFP?

11 MR. QUATREVAUX: There is no amount of money.
12 That's something that the marketplace will determine.

13 CHAIRMAN WITTGRAF: Don't RFPs usually at least
14 have an outside figure? I'm not an expert on RFPs, but I
15 thought usually there was some parameter or set of
16 parameters.

17 MR. QUATREVAUX: At this stage, our draft does not
18 have that limit. The sense is that the standards are so
19 explicit and well-known that we'll get bids back that we can
20 choose from. But it's going to be informational. We'll see
21 what we get. If we get something outrageous, then, of
22 course, we'll have to review the matter and take another

1 course.

2 The last item I have in this session relates to a
3 grantee employee, as you know, pled guilty to the theft of
4 federal funds in the amount of \$98,000. The scheme entailed
5 forging one of the two required signatures on incoming checks
6 to the grantee organization. The employee was one of the
7 authorized signatories.

8 Some checks were negotiated for cash, some
9 deposited in a personal account, and some were accepted by
10 the employee's creditors. The scheme was concealed by
11 substituting phony bank statements in place of the actuals.

12 The employee was sentenced on March 31st and was
13 sentenced to serve 15 months in prison followed by three
14 years supervised release and to pay restitution equal to 10
15 percent of the amount stolen.

16 CHAIRMAN WITTGRAF: Which grantee was this? It's
17 public record, isn't it?

18 MR. QUATREVAUX: Yes, it is. It's the Legal
19 Services Program of Northern Indiana. For your information,
20 Mr. Chairman, I'll have more to say on that matter in closed
21 session.

22 CHAIRMAN WITTGRAF: Anything else?

1 MR. QUATREVAUX: No, Mr. Chairman.

2 CHAIRMAN WITTGRAF: One question. As I looked at
3 your monthly activity survey, on the hotline complaints,
4 where you indicated that there was one substantive inquiry in
5 March, and I guess 19, I'll say non-substantive inquiries, do
6 you recall offhand whether or not the one substantive inquiry
7 had to do with the Corporation's operations or the operations
8 of a grantee?

9 MR. QUATREVAUX: It was the operations of a
10 grantee, and the allegation was embezzlement of funds.

11 CHAIRMAN WITTGRAF: And that's under investigation
12 at the moment?

13 MR. QUATREVAUX: That's correct, Mr. Chairman.

14 CHAIRMAN WITTGRAF: Questions or comments for
15 General Quatrevaux?

16 (No response.)

17 CHAIRMAN WITTGRAF: Thank you.

18 MR. QUATREVAUX: Thank you, Mr. Chairman.

19 CHAIRMAN WITTGRAF: At this time, the Chair is
20 prepared to receive a motion that we proceed to executive or
21 closed session for the consideration of the items published
22 as part of our notice -- those that are referred to in our

1 agenda as Items 12 through 18.

2 M O T I O N

3 MR. UDDO: So moved.

4 MR. SHUMWAY: Second.

5 CHAIRMAN WITTGRAF: It's been moved by Mr. Uddo,
6 seconded by Mr. Shumway. Is there discussion?

7 (No response.)

8 CHAIRMAN WITTGRAF: Hearing none, those who are in
9 favor the motion will signify by saying aye.

10 (Chorus of ayes.)

11 CHAIRMAN WITTGRAF: Those opposed, nay.

12 (No response.)

13 CHAIRMAN WITTGRAF: The ayes appear to have it; the
14 ayes do have it. The motion is approved. We will be in
15 executive session until approximately 1:00 p.m., at which
16 time we will be considering published Agenda Items 19 and 20
17 and also published Agenda Item 3-a. Thank you.

18 (Whereupon, at 11:50 p.m., the meeting was
19 adjourned to closed session.)

20 * * * * *

21 (1:25 p.m.)

22 CHAIRMAN WITTGRAF: At this time, the Chair is

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1 prepared to entertain a motion for the approval of that
2 amendment, consistent with the adoption of that amendment in
3 executive session.

4 M O T I O N

5 MR. UDDO: So moved.

6 MS. LOVE: Second.

7 CHAIRMAN WITTGRAF: It's been moved by Mr. Uddo,
8 seconded by Ms. Love.

9 Those who are in favor signify by saying aye.

10 (Chorus of ayes.)

11 CHAIRMAN WITTGRAF: Opposed, nay.

12 (No response.)

13 CHAIRMAN WITTGRAF: The ayes appear to have it; the
14 ayes do have it. The amendment is approved.

15 We move, then, to what was denoted initially Agenda
16 Item 3-a. That is the resolution offered initially by Mr.
17 Kirk, amended in consultation by both Mr. Kirk and Mr. Uddo.

18 Mr. Uddo, would you like to read the proposed
19 resolution now? And the Chair will assume, unless he's
20 corrected, that this resolution is, in fact, the resolution,
21 still, of Mr. Kirk and the second of Ms. Wolbeck still
22 stands. Mr. Uddo.

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1 MR. UDDO: Do you want me to just read it as
2 amended or tell you the changes?

3 CHAIRMAN WITTGRAF: Why don't you simply read it as
4 amended, please? I think that will be easiest for Ms.
5 Pullen, as well.

6 MR. UDDO: I'm going to skip the "Whereases" and
7 the "be it resolveds" and start with the substantive
8 Paragraph Number 1.

9 "1. All requests from the Board, either from
10 individual Board members or from the Board as a whole, unless
11 they are confidential," -- and I'm giving you the
12 punctuation, because that's a change -- "should be made to
13 staff during a Board Committee or Board meeting or be made to
14 the President of the Corporation, who will forward the
15 request to the appropriate Office Director for action. If
16 the request is confidential, it should be made to the staff
17 or President as such." That's an additional sentence there.

18 "2. The President shall make all reasonable
19 efforts to ensure that all Board members are apprised of each
20 request.

21 "3. All Board members will be given timely notice
22 that a response has been finalized and will be given a copy

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1 of the response.

2 "4." And this is an addition. "Board members may
3 request copies of any information given by a staff member,
4 even though not finalized.

5 "5. Board members shall honor all requests by the
6 President or other Board members to maintain confidentiality
7 of all requests and responses noted to be confidential until
8 90 days after such request or until the request becomes
9 public, whichever comes first.

10 "6. Matters covered by Sunshine Acts or other laws
11 providing for confidentiality or public disclosure shall be
12 governed by those respective acts."

13 CHAIRMAN WITTGRAF: You have heard the resolution.
14 Is there discussion?

15 (No response.)

16 CHAIRMAN WITTGRAF: Ms. Pullen, any questions?

17 MS. PULLEN: No, I don't have any questions, Mr.
18 Chairman.

19 CHAIRMAN WITTGRAF: Any comments? Any discussion?

20 MS. PULLEN: My comment would be it seems to me not
21 timely. But I don't want to go beyond that comment.

22 CHAIRMAN WITTGRAF: Further discussion?

1 (No response.)

2 CHAIRMAN WITTGRAF: Hearing none, those who are in
3 favor of the resolution as offered will signify by saying
4 aye.

5 (Chorus of ayes.)

6 CHAIRMAN WITTGRAF: Opposed, nay.

7 (No response.)

8 CHAIRMAN WITTGRAF: The ayes appear to have it; the
9 ayes do have it. The resolution is adopted.

10 Further business to come before the Board at this
11 time?

12 (No response.)

13 CHAIRMAN WITTGRAF: Hearing none, the Chair is
14 prepared to entertain a motion to adjourn.

15 M O T I O N

16 MR. LOVE: So moved.

17 MR. SHUMWAY: Second.

18 CHAIRMAN WITTGRAF: It's been moved by Ms. Love,
19 seconded by Mr. Shumway.

20 Those who are in favor of the motion to adjourn
21 will signify by saying aye.

22 (Chorus of ayes.)

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1 CHAIRMAN WITTGRAF: Those opposed, nay.

2 (No response.)

3 CHAIRMAN WITTGRAF: The ayes appear to have it; the
4 ayes do have it. The meeting is adjourned. Thank you.

5 (Whereupon, at 1:30 p.m., the meeting of the Board
6 of Directors was adjourned.)

7 * * * * *

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