

*Leanne Bernstein*  
*Secretary*

LEGAL SERVICE CORPORATION

Meeting of the Board of Directors

Auditorium  
GSA Central Office  
18th and F Streets, Northwest  
Washington, D. C.

Tuesday, March 15, 1983

The above-entitled meeting was convened, pursuant to notice at 11:11 a.m., Mr. Donald Bogard, President, presiding.

MEMBERS PRESENT:

DONALD BOGARD	President
ROBERT E. MCCARTHY	Chairman
DANIEL RATHBUN	
FRANK DONATELLI	Vice Chairman
DONALD E. SANTARELLI	
MS. LEANNE BERNSTEIN	Secretary to the Corp.

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P R O C E E D I N G S

(11:11 a.m.)

1  
2  
3 MR. BOGARD: I would like to call to order this  
4 March 15th meeting of the Board of Directors of the Legal  
5 Services Corporation. This is the regularly scheduled  
6 meeting moved back a little bit from the original timetable,  
7 but it is the March meeting. And we have proceeded with  
8 an Executive Session this morning.

9 And the first item on the agenda now is the  
10 adoption of the agenda. May I have a motion from the floor  
11 to adopt the agenda?

12 MR. DONATELLI: Motion to adopt.

13 MR. SANTARELLI: Second.

14 MR. BOGARD: Moved and seconded that the agenda  
15 be adopted. Any discussion?

16 (No response.)

17 MR. BOGARD: All those in favor signify by saying  
18 Aye.

19 (Chorus of Ayes.)

20 MR. BOGARD: Opposed?

21 (No response.)

22 MR. BOGARD: It carries, the agenda has been  
23 adopted.

24 As last time we met, I am presiding momentarily  
25 at this point. The next item on the agenda is for the

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1 election of Chairman and for the election of Vice Chairman.  
2 Is there a motion from the floor to elect the Chairman for  
3 the Corporation?

4 MR. SANTARELLI: I move the nomination of Mr.  
5 McCarthy to be Chairman.

6 MR. DONATELLI: Second.

7 MR. BOGARD: It is so moved and seconded that Mr.  
8 McCarthy assume the position of Chairman of the Legal  
9 Services Corporation.

10 All in favor say Aye.

11 (Chorus of Ayes.)

12 MR. BOGARD: Opposed, same sign?

13 (No response.)

14 MR. BOGARD: It is carried, Mr. McCarthy is now  
15 the Chairman.

16 I shall turn the meeting over to him for election  
17 of the Vice Chair, and any appropriate remarks he would  
18 like to make.

19 CHAIRMAN MCCARTHY: Well, first, thank you,  
20 gentlemen, and I hope that your trust won't be misled in  
21 my conduct.

22 The Corporation calls for a Vice Chairman of  
23 this Board, and I would be open for nominations.

24 MR. RATHBUN: I make a motion that Frank  
25 Donatelli be named to the position of Vice Chairman.

1 CHAIRMAN MCCARTHY: Do I hear a second?

2 MR. SANTARELLI: Second.

3 CHAIRMAN MCCARTHY: Thank you.

4 Any discussion?

5 (No response.)

6 CHAIRMAN MCCARTHY: All those in favor signify  
7 by Aye.

8 (A chorus of Ayes.)

9 CHAIRMAN MCCARTHY: Opposed?

10 (No response.)

11 CHAIRMAN MCCARTHY: Congratulations, Mr. Vice  
12 Chairman.

13 The next agenda item is the Public Ratification  
14 of Meeting Closure/Report. The Board had scheduled the  
15 Executive Session before the public portion of this meeting  
16 by written votes which were duly published in the Federal  
17 Register, along with the certification by the General  
18 Counsel of the Corporation. This is contained on pages  
19 4 and 5 of the Board book.

20 However, I will now ask the Board to ratify the  
21 procedure followed in closing the meeting. The meeting  
22 closure is authorized in 1622.5(a)(e) and (h).

23 Do I hear a motion?

24 MR. SANTARELLI: So moved.

25 MR. DONATELLI: Second.

1 CHAIRMAN McCARTHY: All in favor signify by Aye.

2 (Chorus of Ayes.)

3 CHAIRMAN McCARTHY: Opposed?

4 (No response.)

5 CHAIRMAN McCARTHY: The meeting closure has been  
6 ratified.

7 In connection with the Executive Session, which  
8 the Board has just completed, I would like to call upon  
9 our President, Don Bogard, to give this meeting a summary  
10 of the action taken.

11 MR. BOGARD: Thank you, Mr. Chairman.

12 The purpose of the Executive Session was to  
13 discuss various personnel matters, as well as to provide  
14 the members of the Board with an over-briefing regarding  
15 the litigation that was pending against the Board.

16 The Board has adopted by resolution at the meeting  
17 a resolution which will eliminate eight officerships that  
18 are existing in the Corporation. This is done because  
19 for several years officerships have been created by  
20 resolution, and we are not certain if there are more than  
21 the eight currently in existence -- that we haven't been  
22 able to locate.

23 So, the action taken by the Board was to eliminate  
24 those eight officerships.

25 At the same time the Board voted to create new

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1 officerships. Now, in addition to the four which are  
2 contained in the by-laws, being the President, Secretary,  
3 Treasurer and Controller, the Board today has agreed to  
4 establish the officerships of Vice President of Operations,  
5 Vice President of Finance, and Inspector General.

6 Thus, we have seven officerships which are now  
7 part of this Corporation. And as a result of those  
8 resolutions, I have presented my recommendations to the  
9 Board for people to fill those officerships.

10 As far as acting Vice President Ritter, he now  
11 becomes Vice President of Finance and will also assume the  
12 role of Treasurer, in addition to his position as  
13 Controller of the Corporation.

14 The Vice President of Operations will be Dennis  
15 Daugherty. The Inspector General position is being dis-  
16 cussed and we will have action taken at a later time.  
17 The Controller still continues to be Mr. Ritter, as  
18 indicated. The Secretary will be LeaAnne Bernstein, who  
19 has been acting as Acting Secretary to the Corporation  
20 for sometime.

21 I will, hopefully, continue as President, and  
22 that will take care of all seven positions.

23 Beyond that, the General Counsel made an overview  
24 of the litigation and advised the Board of the status of  
25 that.

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1 I think that concludes the remarks of the report  
2 on the Executive Session.

3 CHAIRMAN McCARTHY: Thank you, Don, that was very  
4 complete.

5 The next agenda item is Approval of Minutes. If  
6 you will note on page 9 of the Board book, there is a  
7 group of eight minutes that have not as yet been approved;  
8 all but number one were by prior boards, or the prior  
9 board.

10 I believe that Item 1 could be handled at this  
11 time, the minutes are in the Board book. The Board has  
12 had the opportunity to review them. I would at this time  
13 request that we have a motion approving the minutes of  
14 February 25th, 1983.

15 MR. DONATELLI: So moved.

16 MR. RATHBUN: Second.

17 CHAIRMAN McCARTHY: Thank you.

18 Is there any discussion, or additions to those  
19 minutes?

20 (No response.)

21 CHAIRMAN McCARTHY: If not, all those in favor  
22 of approving the minutes as contained in the Board Book,  
23 signify by saying Aye.

24 (Chorus of Ayes.)

25 CHAIRMAN McCARTHY: Opposed?

1 (No response.)

2 CHAIRMAN McCARTHY: The minutes of February 25th,  
3 1982, as contained in the Board Book have been approved.

4 I would like to ask our Secretary, LeaAnne  
5 Bernstein, to explain the procedure that has been recom-  
6 mended as to the approval of items two through eight, and  
7 possibly the transcript.

8 MS. BERNSTEIN: Okay, for the Board Meetings for  
9 which some of the Board Members on this Board were present  
10 at the meeting, I would presume that the Board would look  
11 those members for certification that the minutes represent  
12 basically what happened at the meeting.

13 Let me just say that those meetings would be  
14 December 16th, 17th, the Presidential Search Committee  
15 Meeting of October 28th, 1982; the December 4th, Contracts  
16 Committee Meeting; and the December 6th, Appropriations  
17 and Audit Committee Meeting. Either Mr. Donatelli or  
18 Mr. Rathbun, or both, were at those meetings, I believe.  
19 But if I am incorrect about that, please tell me.

20 Then I think that the best way to proceed is to  
21 deal with those minutes first. And I would assume that  
22 the best method would be for individual motions to be made  
23 by the Board for each individual set of minutes.

24 Let me just say that in the typing and preparation  
25 and compiling of the Board Book, the minutes for December

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1 16th and 17th, have some typographical and other errors,  
2 two appendices to the minutes, the wrong information was  
3 included in the Board Book.

4 So, I would ask that those minutes, if you wish  
5 to approve the substance of the minutes, in terms of the  
6 actions that were taken at the meetings, those -- I can  
7 go through technical changes, if you would like, page by  
8 page. But otherwise I would be glad to redraft the minutes  
9 and get them to you in better form for the next meeting  
10 for ratification.

11 If you want to go ahead and approve them, get  
12 them out of the way as far as housekeeping items, whatever  
13 way you would like to handle it. But the other minutes,  
14 individual motions.

15 MR. DONATELLI: Mr. Chairman, in the interest of  
16 time, may I move that those minutes of December 16 and 17,  
17 December 4, December 6th -- well, just those minutes right  
18 now, be approved, in that those are the meetings that I  
19 personally attended.

20 At the same time that we approve these minutes,  
21 though, I would encourage the President and the staff to  
22 continue to review them, review them once again, to try  
23 to find any additional corrections of a technical nature,  
24 and if additional action is necessary by the Board, at  
25 the next meeting, to re-adopt those technical changes,

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1 then we should do that. But we are well behind in a job  
2 that really should be one of the main administrative acts  
3 of this Board.

4 So, for that reason I would move that we adopt  
5 these minutes, but reserve the right to correct them  
6 technically at a later time, if necessary.

7 MR. SANTARELLI: I second that motion.

8 CHAIRMAN McCARTHY: The motion is to approve the  
9 minutes listed as two, three and four on page 9 of the  
10 Board Book, being the minutes of December 16 and 17th,  
11 1982; December 6th, 1982; and December 4th, 1982.

12 Is there any further discussion?

13 MR. SANTARELLI: Mr. Chairman, may we ask Mr.  
14 Donatelli if his motion consists of an attestation of the  
15 accuracy of the minutes of those meetings?

16 MR. DONATELLI: It does.

17 MR. SANTARELLI: Thank you.

18 CHAIRMAN McCARTHY: All those in favor of adopt-  
19 ing two, three and four, signify by Aye.

20 (Chorus of Ayes.)

21 CHAIRMAN McCARTHY: Opposed?

22 (No response.)

23 CHAIRMAN McCARTHY: The motion is carried approv-  
24 ing the minutes of December 16th, 17th; December 6th and  
25 December 4th, 1982.

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1           LeaAnne, do you have any comments in connection  
2 with five?

3           MS. BERNSTEIN: Okay, on number five, again, Mr.  
4 Chairman, Mr. Donatelli and Mr. Rathbun attended the  
5 Presidential Search Committee meeting, the minutes of which  
6 are included in the Board Book. Those minutes reflect  
7 not only the public portion of the meeting, but a summary  
8 of what took place in Executive Session, and I would need  
9 a motion from one of the members that they be adopted.

10           MR. DONATELLI: So moved.

11           MR. RATHBUN: Second.

12           CHAIRMAN MCCARTHY: Any discussion?

13           MR. SANTARELLI: The same attestation applies?

14           MR. DONATELLI: It does.

15           CHAIRMAN MCCARTHY: All those in favor of  
16 approving the minutes of October 28th, 1982, being item  
17 five on page 9 of the Board Book, so indicate by Aye.

18           (Chorus of Ayes.)

19           CHAIRMAN MCCARTHY: Opposed?

20           (No response.)

21           CHAIRMAN MCCARTHY: The minutes of October 28th,  
22 1982, have been approved by the Board.

23           MS. BERNSTEIN: Okay, the next item October 16th,  
24 1982, which is item six, and August the 16th, 1982, --  
25 October 16th and August 16th, those two minutes. I

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1 attended both of those meetings and I can attest to the  
2 accuracy of the minutes, in terms of what went on at the  
3 Board meetings.

4 The transcript for one of the meetings is avail-  
5 able at the Corporation as well, we don't always keep  
6 transcripts of every committee meeting, but we do happen  
7 to have one of the transcripts for that meeting. And those  
8 minutes I can attest to as conveying the gist of the meet-  
9 ing.

10 CHAIRMAN McCARTHY: Thank you, LeaAnne.

11 Do I hear a motion?

12 MR. DONATELLI: So move.

13 MR. SANTARELLI: Second.

14 CHAIRMAN McCARTHY: Is there any discussion?

15 (No response.)

16 CHAIRMAN McCARTHY: LeaAnne has certified her  
17 presence at both of these meetings and the accuracy of  
18 them.

19 All those in favor of adopting the minutes of  
20 October 16th, 1982 and August 16th, 1982, being items six  
21 and eight on page 9 of the Board Book, so signify by Aye.

22 (Chorus of Ayes.)

23 CHAIRMAN McCARTHY: Opposed?

24 (No response.)

25 CHAIRMAN McCARTHY: Items six and eight being the

1 minutes of October 16th, 1982 and August 16th, 1982, have  
2 been approved by this Board.

3 MS. BERNSTEIN: Okay, the last minutes before you  
4 are the October 2nd, 1982, minutes of the Committee on  
5 Operations and Regulations. And I did not attend that  
6 meeting, however one of your new officers, the Vice  
7 President of Operations, Dennis Daugherty attended that  
8 meeting. If you have any questions regarding the meeting,  
9 he has looked the minutes over and has told me that he  
10 thinks they represent what went on at that meeting.

11 CHAIRMAN McCARTHY: I wonder, Dennis, if you could  
12 so state to this Board?

13 MR. DAUGHERTY: I so attest to the accuracy of  
14 the report.

15 CHAIRMAN McCARTHY: Do I hear a motion?

16 MR. DONATELLI: So moved.

17 MR. SANTARELLI; Second.

18 CHAIRMAN McCARTHY: All those in favor signify  
19 by Aye.

20 (Chorus of Ayes.)

21 CHAIRMAN McCARTHY: Opposed?

22 (No response.)

23 CHAIRMAN McCARTHY: Thank you, the minutes of  
24 October 2nd, 1982, being item number seven on page 9 of  
25 the Board Book have been approved by this Board.

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1 MS. BERNSTEIN: Okay, the final item is the  
2 transcript of the October 29th and 30th, meeting of the  
3 Board of Directors. And at the December meeting of the  
4 Board of Directors there was a note that Mr. Stubbs noted  
5 for the Board that there was an error in the minutes as  
6 they were drafted.

7 The request was made by the Board that the  
8 transcript be brought forth so that the transcript could  
9 be approved as the official record of that -- to serve as  
10 the minutes of that meeting. Those transcripts were  
11 provided to the Board at that time, and the motion was  
12 tabled on the 16th, but was never voted on on the 17th.

13 The transcripts themselves, we have found after  
14 some scrutiny of them, the transcript by the Court Reporter  
15 was inaccurate in that it had reported Bob Stubbs having  
16 participated in our discussion regarding class actions  
17 which he had scrupulously avoided discussing. In further  
18 searching and in verification of the Board Members we  
19 found that the statements made in the last part of the  
20 transcript were statements made by Mr. Parris, rather than  
21 Mr. Stubbs, and we furnished the Board transcripts for  
22 October 29th, and at page 141 what is Mr. Stubbs' name,  
23 his statements should be attributed to George Parris.  
24 With those corrections in the transcripts noted I would  
25 assume that a motion to adopt the transcript might be in

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1 order.

2 CHAIRMAN McCARTHY: Do I hear a motion to adopt  
3 the transcript of the October 29th, 1982 meeting as the  
4 minutes of the Board?

5 MR. DONATELLI: So moved.

6 MR. SANTARELLI: Second.

7 CHAIRMAN McCARTHY: Any discussion?

8 (No response.)

9 CHAIRMAN McCARTHY: All those in favor?

10 (A chorus of Ayes.)

11 CHAIRMAN McCARTHY: Opposed?

12 (No response.)

13 CHAIRMAN McCARTHY: The transcripts of the meet-  
14 ing of October 29th and 30th, 1982, have been adopted by  
15 this Board as the minutes of that meeting.

16 The minutes have been formally accepted by the  
17 Board, and LeaAnne, I would ask that you make a record  
18 of the changes in the minutes, and enter them into the  
19 Corporation records.

20 Thank you very much.

21 The next agenda item is the Organization of  
22 Committees.

23 Mr. Bogard, would you like to explain what the  
24 committees are and the method in which appointments can  
25 be made?

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1 MR. BOGARD: Thank you, Mr. Chairman.

2 There are three standing committees with the  
3 Corporation, Audit and Appropriations; Provisions and  
4 Regulations. There is also a special committee that was  
5 enacted or adopted last year regarding Grants and Contracts.

6 In the Board materials there are discussions  
7 regarding what those committees do. The Regulations pro-  
8 vide that the Board may appoint members to participate  
9 in those committees, or that they may delegate that  
10 responsibility to the Chairman.

11 I don't know if you gentlemen have discussed any  
12 sort of committee procedure, or establishment, but you  
13 may delegate that position to your Chairman, if you so  
14 wish, or you may formally adopt yourself into committees  
15 at this time.

16 MR. SANTARELLI: I would move that that be  
17 delegated to the Chairman for consideration, so as to  
18 familiarize ourselves with the structure of the organization.

19 CHAIRMAN McCARTHY: Thank you.

20 Is there a second?

21 MR. DONATELLI: Second.

22 CHAIRMAN McCARTHY: It has been moved and  
23 seconded that the Chairman of this Corporation be delegated  
24 the authority to appoint committees and the chairman of  
25 the committees thereof at his timing. Is there any

1 discussion?

2 (No response.)

3 CHAIRMAN McCARTHY: All in favor indicate by Aye.

4 (Chorus of Ayes.)

5 CHAIRMAN McCARTHY: Opposed?

6 (No response.)

7 CHAIRMAN McCARTHY: So carried.

8 The agenda item six is the report from our  
9 President, and I will ask Don Bogard, again, to give us  
10 the substance of the testimony on the Hill.

11 MR. BOGARD: Thank you.

12 We were invited to address the House Appropriations  
13 Committee on March 9th, 1983. At that time we submitted  
14 testimony in response to the directions of the Board in  
15 December, that we request a budget appropriation of  
16 \$257 million for fiscal year '84. That request was made  
17 and we fully conveyed our desires that the Congress grant  
18 us funding, at least at that level.

19 We discussed various items in that testimony,  
20 including hope for ways that the Corporation could leverage  
21 some of its money and create additional funding to supple-  
22 ment whatever funding is granted to us by Congress. In-  
23 cluded in those provisions were the IOLTA Program, the  
24 Interest on Lawyer Trust Accounts; and the program  
25 established by the American Corporate Counsel Association,

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1 whereby some corporate counsel located in corporations  
2 all around the country are attempting to organize pro  
3 bono efforts within their organizations and assist in the  
4 provision of legal services.

5 For example, I mentioned the fact that the  
6 Aetna Life and Casualty Company in Hartford, has a program  
7 established whereby their in-house counsel are assisting  
8 the elderly in the Hartford, Connecticut area. And they  
9 have thus far been able to handle some 180 cases since  
10 September 1981.

11 I thought the reaction from the members of the  
12 Committee was very positive, particularly in regard to the  
13 IOLTA concept. This concept involves creating lawyers'  
14 trust accounts and having interest paid from those  
15 accounts to a third-party. And thereby using that money  
16 for the provision of legal services.

17 The examples that we used in that testimony  
18 involved Florida, which has somehow been able to come  
19 up with some \$926,000 since September of 1981. Florida  
20 will be, through Florida Institute, will be establishing  
21 grants that will be going out in March, in the neighbor-  
22 hood of some \$300,000; they will be using more grants in  
23 September of approximately another \$300,000. Thereafter  
24 they will go into annualized grants.

25 We explained to the members of the Committee

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1 that there are approximately 39 to 40 states that are  
2 actively studying the IOLTA concept, and that it was our  
3 desire to try to use some of the money established last  
4 year in the new directions for the private bar to assist  
5 in those studies, and hopefully, in the implementation  
6 of IOLTA programs in the states that thus far have not  
7 adopted them.

8 We feel that if we do so, there can be additional  
9 millions of dollars that will be added to the amount that  
10 Congress gives us and it will increase our ability to  
11 fulfill our function.

12 We also discussed the fact that the continuing  
13 resolution presents some restrictions on the Corporation  
14 that I do not feel should be continued, particularly in  
15 regard to expenditures by a confirmed board. And that is  
16 basically a constitutional issue that I think the Congress  
17 has attempted to draw a distinction between the powers  
18 that maybe exercised by confirmed board, versus the powers  
19 that can be exercised by a recessed board.

20 And it is a distinction that I don't believe is  
21 valid and suggested to Congress that they might wish to  
22 consider changing that.

23 I also requested that there be an easing of the  
24 Board member compensation restrictions. I feel that it is  
25 essential that the member of the Board be compensated for

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1 the time that they are required to review all of the  
2 materials that we submit to them for their decision.

3 I suggested to the members of the subcommittee  
4 that it might be appropriate to establish some sort of a  
5 cap on that, if they were concerned about any abuses.  
6 But that I felt that it was much more essential that the  
7 board members be allowed to fully examine everything that  
8 is before them.

9 In addition, I think it is essential that the  
10 Board members be allowed to participate in viewing programs,  
11 going out and finding out what is actually going on. As  
12 I read the continuing resolution, there cannot be any  
13 travel paid for those gentlemen, if they want to come out  
14 and visit your programs.

15 And I feel that it is essential that they be  
16 allowed to do that.

17 Therefore, I think that some easing of those  
18 restrictions should be allowed.

19 We go before Senate Appropriations on March 24th,  
20 also before House Judiciary on Oversight on April the 6<sup>th</sup>.  
21 And we will be testifying in the same regard in the  
22 Senate toward the end of the month.

23 I will be glad to respond to any questions anyone  
24 might have.

25 MR. DONATELLI: Don, I would like to ask a

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1 question about re-authorizing the Corporation. We have  
2 been without re-authorization for almost three years now.

3 Maybe you or Denny Daugherty could respond to our  
4 inquiry of where we stand as far as re-authorization is  
5 concerned. Is there any chance to finally get the  
6 Corporation re-authorized this calendar year?

7 MR. BOGARD: Well, Congressman Smith certainly  
8 expressed his interest in that being done. Beyond that,  
9 I will defer to Denny for any comments that he might have,  
10 or Jim Streeter, who is also in attendance, and Jim has  
11 taken over the position of Acting Director of Governmental  
12 Relations.-- either of those gentlemen.

13 MR. STREETER: The House Judiciary Subcommittee  
14 has scheduled four days of hearings, starting April 6th,  
15 which will cover oversight hearings and re-authorization.  
16 So, it is scheduled in the House; the Senate has not yet  
17 scheduled a hearing on that.

18 CHAIRMAN MCCARTHY: Are there additional dates,  
19 other than the 6th?

20 MR. STREETER: Yes, there are four days of  
21 meetings following that.

22 MR. SANTARELLI: That is Wednesday, Thursday,  
23 and Friday?

24 MR. STREETER: Yes -- give me a second and I will  
25 find them, 6th, 7th, 13th and 14th.

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1 MR. BOGARD: I believe our invitation goes to the  
2 6th.

3 MR. STREETER: Yes.

4 CHAIRMAN McCARTHY: Thank you, Don. And I want  
5 to congratulate you in doing a very excellent and fine  
6 job on behalf of this Corporation.

7 MR. BOGARD: Thank you.

8 CHAIRMAN McCARTHY: Item seven, on page 6 is the  
9 Report from our General Counsel. And our General Counsel  
10 is Alan Swendiman, who is presenting the Acting General  
11 Counsel.

12 MR. SWENDIMAN: That is correct.

13 Good morning.

14 CHAIRMAN McCARTHY: Good morning, Alan.

15 MR. SWENDIMAN: You have before you the regulations  
16 concerning legislative affairs, which have been modified  
17 pursuant to the continuing resolution -- the second  
18 continuing resolution which was passed on December 21st.  
19 Those regulations were adopted -- the previous set of  
20 regulations were adopted by this Board on December 16th  
21 and 17th, as amendments to Section 1612.24. And the  
22 Board authorized those regulations for publication.

23 The regulations which were adopted by the Board  
24 were in response to the first continuing resolution of  
25 the Congress, in response to concerns on legislative

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1 activities and in response to public comment that followed  
2 their first publication for comment back in November.

3 Since the adoption of those regulations, Congress  
4 did pass a second continuing resolution which deleted  
5 some language from the first continuing resolution. As  
6 a result of that, the staff has excised and shown by a  
7 bracket, the language which should be deleted.

8 I should mention that the regulations that were  
9 adopted by the Board on December 16th and 17th, in the  
10 main tract the language of the first continuing resolution.  
11 Specifically, the second continuing resolution deleted  
12 references to the word "elected officials", and also  
13 deleted language which spoke of communications relating  
14 to the authorization of appropriation funds or to over-  
15 sight measures directly affecting the operation of the  
16 program involved.

17 The second continuing resolution deleted that,  
18 and on the proposed regulations before you, that language  
19 which tracts the first continuing resolution has been  
20 shown deleted to comport with Congress' intent.

21 I might point out that it is not shown in your  
22 Board Book, but the words "elected" which appear under  
23 (f)(2) should also be delted, they are not bracked, but  
24 they would comport with the language of the second  
25 continuing resolution and would be in conformity with the

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1 first portion of subsection (f).

2 MR. BOGARD: That is on page 127 of the Board  
3 Book, I believe?

4 MR. SWENDIMAN: (Perusing document.) That is  
5 correct.

6 You will note the underlining communications to  
7 elected officials, the word "elected" can be deleted where  
8 it appears in that subsection (2) to comport with the main  
9 body of subsection (f).

10 I would be happy to try to answer any questions  
11 that you might have.

12 CHAIRMAN McCARTHY: Does the Board have any  
13 questions to put to our General Counsel?

14 (No response.)

15 CHAIRMAN McCARTHY: Do I hear a motion approving  
16 the report of our General Counsel?

17 MR. DONATELLI: Excuse me, Mr. Chairman, is this  
18 a motion to adopt the newly revised section (f)? Is that  
19 what the motion is?

20 CHAIRMAN McCARTHY: Yes.

21 MR. DONATELLI: I have a technical amendment.  
22 Page 127, the bottom of 126, the top of 127, beginning  
23 with the word "except" which begins to carve out the  
24 exceptions to the general prohibition of lobbying. "Except  
25 that the subsection shall not preclude such funds from

1 being used in connection with communications made in  
2 response to any federal, state or local official, upon  
3 formal request of such official", and I would like to add  
4 the words "on a specific matter".

5 CHAIRMAN McCARTHY: All right.

6 MR. DONATELLI: If I might speak to that very  
7 briefly. I think that it is embodied in the whole thrust  
8 of what this regulation is after, but generally, the point  
9 is to make sure that the written request, or the oral  
10 request that is permitted to be made under this regulation  
11 simply be specific as to the nature of the inquiry.

12 CHAIRMAN McCARTHY: And you would propose that  
13 as an amendment?

14 MR. DONATELLI: Yes.

15 CHAIRMAN McCARTHY: May I consider that a motion?

16 MR. DONATELLI: Yes.

17 CHAIRMAN McCARTHY: Second?

18 MR. SANTARELLI: Second.

19 CHAIRMAN McCARTHY: Any discussion?

20 (No response.)

21 CHAIRMAN McCARTHY: All in favor of accepting  
22 the report as amended indicate by Aye.

23 (Chorus of Ayes.)

24 CHAIRMAN McCARTHY: Opposed?

25 (No response.)

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1 CHAIRMAN McCARTHY: So carried.

2 Agenda item eight is the Office of Government  
3 Relations. I wonder if you would report on that?

4 Thank you, Alan.

5 MR. BOGARD: Jim Streeter will present the Report  
6 on the Office of Government Relations. Jim comes to us  
7 from Senator McClure's staff, where he served for  
8 approximately 10 years, and has been on our staff now  
9 for two or three weeks.

10 MR. STREETER: Thank you, Mr. Bogard.

11 Late last year several members of Congress asked  
12 the General Accounting Office to examine some of the  
13 practices of the Legal Services Corporation, specifically  
14 to investigate the question of board compensation and  
15 the President's contract. We believe a report on some of  
16 the legal questions raised will be issued within a few  
17 days, and a subsequent report will follow.

18 Last week, as Mr. Bogard mentioned, there were  
19 hearings by the House Appropriations Subcommittee, most  
20 of the questions at the hearing dealt with funding, the  
21 level of funding and restrictions on the expenditure of  
22 funds.

23 One member raised questions about the propriety  
24 of the board compensation policy, one member questioned  
25 the wisdom of relying on the staff attorney system; a

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1 number of members expressed a great deal of interest in  
2 the IOLTA program and the proposal for Corporate Counsel  
3 involvement in legal services.

4 On March 24th, the Senate Subcommittee of  
5 Appropriations will hold similar hearings, and on April  
6 6th the House Judiciary Subcommittee will begin four-days  
7 of hearings on oversight of legal services and re-  
8 authorization. Gil Bogarty from that committee is attend-  
9 ing.

10 Those are the scheduled programs that are currently  
11 scheduled in the future; the Senate will be holding hear-  
12 ings to follow-up the House. And there is a possibility  
13 of confirmation of nominees when the White House makes  
14 those nominees.

15 CHAIRMAN MCCARTHY: Thank you very much, Jim.

16 Are there any questions by the Board?

17 MR. BOGARD: Very briefly, Jim, is it possible  
18 to summary, maybe, some things that the Senators and the  
19 Congressmen are very much concerned about? Activities,  
20 not only of the Corporation, but of its grantees? And  
21 are there any things that we might do in the interim to  
22 ensure that re-authorization happens this time?

23 MR. STREETER: The mail that we get from members  
24 of Congress often refer to us letters from constituents,  
25 who are concerned about involvement that they have had with

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1 legal services. I think most of the mail that is referred  
2 to us comes from someone who has been involved in action  
3 with the legal services, they raise the complaints that we  
4 are all familiar with, they are dealing with lawyers who  
5 don't have to take into consideration the cost involved.  
6 I think that is the major complaint that we get.

7 CHAIRMAN MCCARTHY: Anyone else have any further  
8 questions?

9 (No response.)

10 CHAIRMAN MCCARTHY: Thank you very much.

11 MR. STREETER: You are welcome.

12 CHAIRMAN MCCARTHY: Agenda item number nine is  
13 the Report of the Field Programs by the Acting Director.

14 MR. BOGARD: We are actually going to break the  
15 designation that was in the Board Book, the report will  
16 be made by Dennis Daugherty, who has been Acting Director  
17 of the Field Services up until yesterday, at that point  
18 Mr. Greg Hartley was named the permanent Director of the  
19 Field Services Program. And Greg is in attendance with  
20 us today, but due to his new one-day on the job, we are  
21 asking Dennis to continue to make the presentation.

22 MR. DAUGHTERY: Let me pass along to you some  
23 materials you may already have seen in the past to give  
24 you some sense as to what the level of activity in the  
25 Office of Field Services is. Our agenda is quite busy.

T1/S2

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1 the month of March, Greg arrived just in time for a lot of  
2 work.

3 One of those activities Don has already discussed,  
4 our initiative in the area of Lawyers Trust Accounts,  
5 which is really the first development under the category  
6 of new directions for the private bar in which your  
7 predecessors allocated our demonstration project money  
8 for this year.

9 In the interest of trying to leverage additional  
10 resources beyond our Congressional appropriations, Don  
11 has called a meeting on March 25th, with representatives  
12 of the American Bar Association, the National Bar  
13 Association, the National Legal Aid Defenders Association,  
14 and the state bars of Florida, New Hampshire, California,  
15 Colorado, Idaho, Maryland and Minnesota for the purpose  
16 of discussing a major initiative this year to try to  
17 extend the use and understanding of the Interest on  
18 Lawyers Trust Accounts beyond those seven states that now  
19 have given authority for collection of Interest on Lawyers  
20 Trust Accounts for the benefit of legal services for the  
21 poor, and extend that technology to the other states.

22 Among the things that Don had contemplated is  
23 the establishment of funding of the national clearinghouse  
24 of IOLTA which we have solicited a proposal at this point  
25 from the Florida Justice Institute which was responsible

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1 for the first program, to serve as a resource base of  
2 information as to developments in the area that have been  
3 successful.

4 In addition, Don is contemplating the offering  
5 of small development grants to those states that are in  
6 the developmental stages, and a bit larger developmental  
7 grants for those states that have authority and are now  
8 in the process of trying to become part of an IOLTA program.

9 As you can see from the materials that I have  
10 given you, including an excellent article from NLADA  
11 Magazine last fall, there are a variety of approaches to  
12 this. California has a mandatory program that has been  
13 established by their state, established by the legislature.  
14 Other states' rulings of the spring quarter involve the  
15 authorizing the establishment of these accounts for the  
16 benefit of third-party and legal services programs.

17 We are engaged in implementing this month an  
18 on-going program for the Corporation, the Reginald Heber  
19 Smith Fellowship Program. We have in the material I gave  
20 to you a tight schedule of events that we have established.  
21 Legal services recipients who would like to be assigned  
22 a Smith Fellow have been given until the 17th to submit  
23 their proposals to us; information is being requested  
24 similar to that requested last year.

25 Over the next two weeks teams at the regional

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1 level will propose to representatives of the National  
2 Clients Council affiliates, representatives of Howard  
3 University, which is our grantee for the program, and  
4 regional office staff, and this will be involved in deter-  
5 mining which programs will be assigned the Regional  
6 Heber Smith Fellows, and those that have been selected  
7 for the Fellowship will be assigned to programs on the  
8 1st of April.

9 That will require a great deal of work by our  
10 regional offices, who also have a number of on-going  
11 responsibilities in relationship to implementing the terms  
12 of the continuing resolution and various grant conditions  
13 that were imposed on this year's grants.

14 We have a requirement in the continuing resolution  
15 that 50 percent of every recipient's board now be appointed  
16 by the state, local and county bar associations. Each of  
17 our recipients is required to have to plan to us for  
18 achieving that objective into the regional offices by  
19 March 1st. They have until March the 18th to ask for  
20 extensions of time beyond the September 15th deadline  
21 of the regulation, if that is necessary.

22 President Bogard and Mr. Hartley will be working  
23 and dealing with extensions over the next few weeks. In  
24 the meantime our regional offices are in many cases  
25 requesting additional information from the recipients to

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1 make sure that not only are the proposed governing board  
2 composition representative of the committee-at-large, but  
3 also include minorities and female attorneys as required  
4 in the regulations your predecessors adopted.

5 Also, last year we adopted a new policy, the  
6 Board of Directors adopted an instruction regarding fund  
7 balances, carried over funds, and audits from our  
8 recipients are due 90-days from the end of the grant period  
9 of the fiscal year. Most of our grants, not all, but  
10 most are not on the calendar, but on the fiscal year. And  
11 so those reports will be coming in at the end of the  
12 month.

13 And within that same 90 days any recipient who  
14 wishes a waiver on the 10 percent limit on carry-over  
15 funds, is to submit that request to the regional office  
16 for consideration. And waivers could be granted up to  
17 25 percent.

18 When you consider that at the end of the last  
19 grant year we had 90 programs that had fund balances in  
20 excess of 25 percent, I think you can see the potential  
21 there for a great deal of work. We don't believe we are  
22 going to find fund balances of that magnitude because  
23 programs have been spending them down as federal funding  
24 has been reduced, but that is a project going on in the  
25 regional offices right now.

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1           At the same time our grant conditions -- I have  
2 passed out copies to you --require within the 90 days  
3 of the grants that plans for involving minority attorneys  
4 in the private bar involvement initiatives be submitted  
5 to us, programs who have separate state capital offices,  
6 either provide to us justifications for their continuation,  
7 or plans for their closures in light of the prohibition  
8 on legislative initiatives by legal services programs.

9           And, finally, we have quite work load in  
10 connection with national support as the recipients of  
11 national support were asked to provide information with  
12 respect to issues that the Grants and Contracts Committee  
13 has raised. Much of that information is due today, the  
14 balance, comments on some of the problematic suggestions  
15 offered by that committee will be coming in to us on  
16 April the 1st.

17           And I say, again, Mr. Hartley arrived just in  
18 time for a great deal of work.

19           Margaret Walker, the Director of our Office of  
20 Information and Management, is with us this morning.  
21 Margaret has just completed a rather exhaustive review  
22 of the service reports from our grantees and has produced  
23 a fact book which was distributed to you last week. And  
24 Margaret is available to discuss any questions which you  
25 might have about that.

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1 I would be glad to try to respond to any items  
2 that I have just discussed.

3 CHAIRMAN MCCARTHY: Any questions?

4 MR. DONATELLI: Only that, Denny, I think every-  
5 one is enthusiastic about the IOLTA approach. Are you  
6 requesting any specific action? Is any action on the  
7 part of the Board necessary to get this program going?

8 MR. DAUGHERTY: I don't believe that is the case,  
9 Mr. Donatelli. You took the action last year adopting  
10 your budget, establishing the items that need direction  
11 and there were among the items in your Board Book, which  
12 I have attached to the memo there, programs for taking  
13 advantage of initiatives such as either a filing fee,  
14 or in client trust areas were among the items that were  
15 contemplated.

16 I think if there was any concern on your part as  
17 to the appropriateness of this, perhaps actions are  
18 required. But if you are comfortable with the approach  
19 we are taking, I believe we have the authority to proceed.

20 MR. DONATELLI: Far from it, I am just interested  
21 in seeing some of these grants get out as soon as possible.

22 MR. DAUGHERTY: Well, we are moving ahead. We  
23 have contracted with Mr. Berg, who has been the director  
24 of the Florida program, to give us -- to develop our plans  
25 for us. We think that we will be ready to proceed in a

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1 fairly substantial way beginning on the 25th.

2 MR. BOGARD: May I suggest that we have Margaret  
3 come forward and explain the Fact Book and what it  
4 represents, and how she goes about putting the numbers in  
5 the right places?

6 CHAIRMAN McCARTHY: Thank you, Dennis. And also,  
7 thank you for filling in an acting capacity.

8 MS. WALKER: Do you have a few hours?

9 Actually, I did want to make a couple of remarks  
10 to you about our information systems and our two major  
11 sources for the data that is in that Fact Book, our grant  
12 administration data base and our pay service report system.  
13 The data that is in front of you in your Fact Book can be  
14 aggregated many different ways, we it break it down to  
15 individual programs, we can also look at it office by  
16 office.

17 And I would like to remind you that you are really  
18 just seeing the tip of the iceberg, the Fact Book.

19 My office would be delighted to work with any of  
20 you in answering any questions about the structural  
21 characteristics of the program.

22 With that in mind, I would just like to answer  
23 any questions you have about any of the presentations.

24 MR. BOGARD: For my part, I would just like to  
25 say Margaret did an excellent job getting it out and

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1 meeting the deadline, so that we could submit it with the  
2 testimony that we provided to the House Appropriations  
3 Committee. And I appreciate the work of her department  
4 and her.

5 MS. WALKER: Thank you.

6 CHAIRMAN McCARTHY: Thank you, Margaret.

7 Our next agenda item is a report from our  
8 Comptroller, Charles Ritter, who is wearing his comptroller  
9 hat at this time, and also Alfreda Harvey.

10 MR. RITTER: In accordance with the Corporation's  
11 standard operating procedures, the Internal Budget Review  
12 Committee met February to review the first quarter  
13 expenditures of the Corporation. The results of our  
14 review were discussed with Mr. Bogard, and we are here  
15 today to present the recommendations that came out of that  
16 committee to the Board for its consideration.

17 If you would turn to page 134, there is a memo  
18 that discusses basically what happened with regard to the  
19 Budget Review Committee, and also there are some attach-  
20 ments. I would like to just take a moment to go through  
21 them before presenting the recommendations.

22 Attachment I, Statement of Funds Available,  
23 and this statement reflects all the funds that are avail-  
24 able to the Corporation for allocation. It also shows  
25 those funds that have not been allocated, and those funds

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1 presently consist of the investment income, approximately  
2 \$476,000.

3 The next statement is the Consolidated Operating  
4 Budget, and it is the document that the Board directly  
5 approved at its Board Meeting in December of 1982.

6 Attachment III, which is on pages 141 to 143, is  
7 the COB work sheet. It is a more detailed look at the  
8 consolidated operating budget itself, it is broken down  
9 into the major components of each of the budget lines.

10 From pages 144 to 146 you have the consolidated  
11 operating budget projection worksheet, which reflects  
12 the staff projections of expenditures for fiscal '83  
13 based on the information and data that we have at hand  
14 during the first quarter. The projections themselves  
15 actually cover the COB categories I(d), I(e) and II,  
16 the first part of the COB, the grant section basically.  
17 There are no projections done on that because those amounts  
18 are pretty much cast in concrete. On page 147 you have  
19 a summary of investment income which gives the status of  
20 where we are as far as the investment income that we have  
21 at hand.

22 On page 148 we have the proposed statement of  
23 funds available which will replace Attachment I, if the  
24 Board adopts the proposal that we are about to make.

25 Turn to page 141, I think that that particular

1 statement, consolidated operating budget worksheet is the  
2 easiest one to work from.

3 First, we would like to propose that the Board  
4 consider transferring \$49,010 that was included in the  
5 state support line which I and II, in the -- I'm sorry,  
6 that was actually given to the basic field program, we  
7 would ask that that \$49,000 be transferred to budget line  
8 item I(a)1.

9 The second thing we would like to do is propose  
10 a budget adjustment. At the Board's direction in  
11 December, the staff was instructed to award each field  
12 program \$1,000 for client training involvement. In  
13 January the staff discovered that the Board also suggested  
14 \$4,000 to be awarded for the same purpose to 10 Native  
15 American programs, five state support centers and two  
16 migrant programs, an additional \$17,000.

17 We are requesting that that \$17,000 be added to  
18 the client, training and involvement line and that I(a) 4  
19 in the budget.

20 Next, \$50,000 that represents a contract for one  
21 of the national support centers was erroneously dropped  
22 from the budget, and we are proposing that those funds  
23 be restored to line I(b)1.

24 The source of the funding for the client, train-  
25 ing involvement money in that contract we are proposing

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1 to come from item 1(e)(2), which is the new direction for  
2 the private bar, the transfer from this line item -- we  
3 can discuss this with Mr. Bogard -- will not appear in the  
4 activities that are planned for this particular budget  
5 category.

6 Finally, we are proposing an addition to the  
7 budget, the continuing resolution that was signed in  
8 December of 1980 restricts the use of appropriated funds  
9 to pay certain expenses. Prior to the passage of that  
10 continuing resolution certain obligations were incurred  
11 by the Corporation and in order for the Corporation to  
12 meet those legally incurred obligations and to abide by  
13 the restrictions under the continuing resolution, we are  
14 requesting that \$65,000 be taken from the investment income  
15 and added to the budget. The \$65,000 would be divided  
16 among the following: II(a)(1), which is the Office of  
17 Field Services, would receive \$23,500; II(b)(1), the  
18 Board of Directors, would receive \$11,500; and II(b)(2),  
19 the Executive Office, would receive \$30,000.

20 Any questions?

21 CHAIRMAN MCCARTHY: I would like to entertain  
22 a motion to move the adoption of the report.

23 MR. SANTARELLI: The report, or the commitments  
24 that the report makes?

25 CHAIRMAN MCCARTHY: The report as modified.

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1 MR. SANTARELLI: Well, this is the single vote  
2 that will then authorize the transfer of the funds recom-  
3 mended by the management?

4 CHAIRMAN MCCARTHY: That is correct.

5 MR. SANTARELLI: I will move adoption of the  
6 report and its transfer.

7 MR. DONATELLI: Second.

8 CHAIRMAN MCCARTHY: Any discussion?

9 (No response.)

10 CHAIRMAN MCCARTHY: All those in favor signify  
11 by Aye.

12 (Chorus of Ayes.)

13 CHAIRMAN MCCARTHY: Opposed?

14 (No response.)

15 CHAIRMAN MCCARTHY: So carried.

16 MR. RITTER: I have one final thing I would like  
17 to point out to the Board, we are not proposing any  
18 modifications at this time, but there are two significant  
19 items that we would like you to keep in mind. Line item  
20 2(a), the projection on page 145, Line item 2(a), the  
21 projections for the Office of Field Services do not  
22 include any funds for the cost of the review for the  
23 national and state support centers, and the national  
24 clients council. The review itself is to be made pursuant  
25 to instructions from the Board of Directors stemming from

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1 its December 18th meeting.

2 We expect to have some estimates on the cost of  
3 the review shortly and as necessary we will bring any  
4 requests for allocations of funds to the Board.

5 Secondly, there is \$90,000 deficit projected in  
6 item (b) (7), the Division of Administration. And this  
7 deficit stems almost entirely from a change in the method  
8 of billing the Corporation by the General Services  
9 Administration for our use of the federal telecommunications  
10 system, FTS. The first billing we received was astro-  
11 nomically high, we are hoping and anticipating that as  
12 time passes the bills will decrease, but we may have to re-  
13 visit this particular line item at a future date.

14 CHAIRMAN MCCARTHY: Any questions?

15 MR. BOGARD: Alfreda, do you have something to  
16 give us, or can I interrupt for a moment?

17 On page 141 of the Board Book, you will notice  
18 in 1(b) that we have a reserve for national support,  
19 state support and for 1(c), the National Clients Council.  
20 As you are aware, the Board in December suggested that we  
21 fund those organizations for six months, pending the  
22 study which was being undertaken, or would be undertaken.

23 I would suggest to you at this time that you  
24 consider moving three months funding out of national  
25 support, state support and the National Clients Council,

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1 giving the administration the option of extending those  
2 grants for three months, if the study has not been com-  
3 pleted, or if the requirements of expenditure of funds  
4 to the confirmed board has not come about.

5 Therefore, we would remove those three months  
6 funds and extend those grants for three months.

7 MR. SANTARELLI: For a total then of six months,  
8 plus three months?

9 MR. BOGARD: That is correct. They have been  
10 funded for six months, that funding goes to June. We  
11 will have to have recommendations to you by May, I would  
12 think at the latest, for you to make any changes in the  
13 funding, or any additions in the funding. I don't know  
14 that we can anticipate having a confirmed board by May.  
15 And I would suggest that we should make those transfers  
16 so that those programs are aware of the funding and can  
17 plan accordingly.

18 MR. SANTARELLI: So moved.

19 MR. DONATELLI: Second.

20 CHAIRMAN McCARTHY: All in favor indicate by Aye.

21 (Chorus of Ayes.)

22 CHAIRMAN McCARTHY: Opposed?

23 (No response.)

24 CHAIRMAN McCARTHY: So carried.

25 MR. RITTER: I have one other item, I would like

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1 to discuss with you for a moment the appointment of the  
 2 Corporation's independent accountants. Normally, at the  
 3 March meeting of the Board of Directors, the Board appoints  
 4 the auditors for the Corporation for that fiscal year.  
 5 Authority to do this, or to have an annual examination of  
 6 the Corporation's accounts can be found in Public Law  
 7 93-355, Section 109(a)(1).

8 Since the inception of the Corporation the firm  
 9 of Price Waterhouse has performed the audit, and they  
 10 have provided very good and timely service to the  
 11 Corporation. I would suggest that, given the changes in  
 12 the Board and the changes in management, that the Board  
 13 consider reappointing Price Waterhouse for fiscal 1983.

14 For information purposes, for the past three  
 15 years the audit fee has been \$24,000; Price Waterhouse  
 16 has requested that their fee be increased to \$26,000  
 17 should they be appointed for fiscal 1983 audit.

18 CHAIRMAN MCCARTHY: In your opinion, Charles,  
 19 is that a reasonable increase?

20 MR. RITTER: In 1981, the Board asked the  
 21 Corporation to consider the possibility of rotating  
 22 auditors. We solicited bids from approximately nine  
 23 firms, including Price Waterhouse; at that time the average  
 24 bid was \$22,000; Price Waterhouse was charging us \$24,000.  
 25 So, I would say that at \$24,000 for the last three years,

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1 and they are now requesting a \$2,000 increase, that is  
2 probably fairly reasonable.

3 CHAIRMAN McCARTHY: Thank you.

4 Do I hear a motion approving the appointment of  
5 Price Waterhouse?

6 MR. SANTARELLI: Moved.

7 MR. DONATELLI: Second.

8 CHAIRMAN McCARTHY: All in favor signify by saying  
9 Aye.

10 (Chorus of Ayes.)

11 CHAIRMAN McCARTHY: Opposed?

12 (No response.)

13 CHAIRMAN McCARTHY: So carried.

14 That concludes our matters on the agenda. I want  
15 to thank Charles and Alfreda for a very excellent pre-  
16 sentation and a lot of hard work that went into that. We  
17 do appreciate it.

18 At this time I would like to thank the audience  
19 for your patience and for your participation. At this  
20 time we would like to throw this meeting open, so you can  
21 address this board.

22 If I could have a show of hands, merely for time  
23 purposes, of those who would like to speak, I would  
24 appreciate it?

25 (Show of hands.)

1 CHAIRMAN McCARTHY: Thank you.

2 I would suggest possibly a five-minute limit, if  
3 that seems reasonable to you on that. And would this  
4 gentleman here like to be the first?

5 Would you please give your name and your  
6 affiliation?

T2/S1

7 MR. SMITH: Thank you, my name is Jody Smith,  
8 with the National Legal Aide Association, I am the Civil  
9 Division Director.

10 And I would like to take a few minutes to give  
11 you a few concerns that we have regarding the current  
12 hiring practices of the central corporation. These con-  
13 cerns from our viewpoint have been very well crystalized  
14 in a recent letter to President Bogard from the southeast  
15 project directors of the organization.

16 Originally one of the members of the southeast  
17 project groups was going to appear and share his thoughts  
18 and ideas, he is unfortunately ill and he asked me if I  
19 would read the letter to President Bogard on his behalf  
20 for the southeast project directors. A copy of that letter  
21 has also been sent to each of you. And hopefully, when  
22 you return hope you will have a chance to read the letter  
23 in detail and study the attachment which I will not share  
24 with you today.

25 The essence of the letter is as follows: Dear

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1 Mr. Bogard, On March 8th, 1983, the Department Directors  
2 of the Southeast Region met and voted to authorize the  
3 drafting committee to draft this letter to you.

4 We are deeply concerned about the pattern you are  
5 following in your dismissal and hiring practices, as well  
6 as the management staff. While we do not protest your  
7 right to select your management staff, we strongly raise  
8 opposition to your methods -- to the method and manner  
9 you use. Your actions, from our viewpoint, reflect  
10 flagrant disregard or any sense of fairness to the  
11 established personnel policies of the Corporation,  
12 affirmative action and equal employer opportunity policies.

13 This is particularly alarming to us in the south-  
14 east region where affirmative action and EEOC policies are  
15 of great concern. Your actions further reflect the use  
16 of the political test and retention in hiring LSC manage-  
17 ment staff.

18 We are aware of the questions regarding party  
19 affiliation are asked for applicants. This is in explicit  
20 violation of the Legal Service Corporation Act, Section  
21 1005(b)(2).

22 Our concerns are based on your hiring and firing  
23 practices since you took office as President of LSC in  
24 December of 1982. It is our understanding that at least  
25 three management staff positions have -- I'm sorry, it is

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1 our understanding that at least three LSC management staff  
2 have been summarily fired by you without cause and with  
3 only the notice of one-half day, or less. This is despite  
4 the fact that the staff members were still under valid  
5 contracts.

6 We are severely disturbed by such callous treat-  
7 ment of staff, some of whom have devoted their lives to  
8 legal service and the pursuit of equal justice. In  
9 addition, all eight of the recently hired LSC management  
10 staff are white males. The specific details of these  
11 hirings are summarized in the attachment, which I indicated  
12 before, will be accompanying your letter, but I will not  
13 take the time now to read it.

14 From our assessment, they have no legal services  
15 experience or direct working experience with poor people,  
16 nor do they have any direct understanding of the nature  
17 of the operation of the legal services programs. Several  
18 of them have ties with former recent appointees, Messrs.  
19 Havey and Olson, whose names were pulled back by President  
20 Reagan when it appeared that the Senate might not approve  
21 their appointments.

22 Messrs. Harvey and Olson appear to have continuous  
23 influence, despite no longer being on the Board.

24 Further, the hiring process you use is highly  
25 suspect, there was little active public recruitment for

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1 replacement staff, no attempt to solicit affirmatively  
2 recruits, women or minorities, and no evaluation of  
3 applicants' legal services qualifications and credentials.  
4 Your actions, from our viewpoint, are a signal to the field  
5 that minorities and women are not welcome to the LSC  
6 management structure, or in the Legal Services Corporation  
7 decisionmaking process.

8 They also signify the use of a political test  
9 rather than commitment to poor people as a hiring criteria.  
10 This is especially offense because the legal service  
11 client constituency is composed of poor people, the majority  
12 of whom are minorities and women.

13 It is distressing to us that you, as the leader-  
14 ship of the Corporation, are charged with setting policies  
15 to protect the rights of the poor and oppressed, are  
16 ignoring the Corporation's own affirmative action and  
17 EEO policies and are applying the political test in  
18 violation of Legal Services Corporation Act itself.

19 We are concerned with your apparent insensitivity  
20 and your disregard for the law and mandates of Congress.  
21 Finally, we are concerned with your flagrant disregard  
22 for these policies internally is reflective of how you  
23 intend to deal with field programs.

24 You have now been Legal Services Corporation  
25 President for three months, we as project directors have

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1 completed a year characterized by enormous uncertainty,  
2 and the future of offices we manage, and the support to  
3 be provided by our offices by LSC. We have heard nothing  
4 from you directly about the course you intend to steer for  
5 Legal Services Corporation.

6 The indirect messages you are sending by hiring  
7 all white males with no legal services experience in all  
8 of the active positions suggests how you feel with regard  
9 to permanent positions. We find this, again, very dis-  
10 tressing and contrary to the Legal Services Corporation's  
11 policy.

12 The circumstances of the recent staff hiring and  
13 firing call for more communication from you. Our  
14 responsibility to our clients and staff require you to  
15 provide -- our responsibility to our clients and staff  
16 require you to provide us with a clear understanding of  
17 the policies and procedures which will be developed by  
18 the Legal Services Corporation under your direction.

19 It also demands that we communicate our deep  
20 concerns about the lack of experienced management which  
21 has been created in the recent months of the Legal Services  
22 Corporation, and the lack of women and minorities, and the  
23 disregard for the Legal Services Corporation Act and  
24 Congress.

25 Based upon these facts as we know them, we

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1 formally request for you to provide us with your plan for  
2 immediate compliance with -- and implementation of the  
3 Legal Services Corporation's policy on affirmative action,  
4 equal employment opportunity and the use of a political  
5 test.

6 We impore, ✓ as Legal Services Corporation President,  
7 to assert positive leadership and to adhere to the values  
8 of the legal services community, both within the Corporation  
9 and in the field programs.

10 Your response to the letter should be directed to  
11 Kathy O'Cleer (phonetic), who is the Director of the Legal  
12 Services Consortium at 1636 Teledonna (phonetic) Street,  
13 Suite 305, in New Orleans, Louisiana, who will in turn  
14 disseminate the response to the entire Southeast Projects  
15 Directors individually.

16 Very truly yours, Southeast Project Directors,  
17 and this is signed by 26 project directors from the  
18 Southeast.

19 As I said, this is a very serious concern, not  
20 only to the folks in the southeast, but to folks through-  
21 out the legal services community, because affirmative  
22 action is taken very seriously. And we felt that as  
23 documented in statistics and characteristics of the field  
24 program that Legal Services was attempting to establish  
25 a leadership role, not only for the legal services

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1 community, but for the whole country in regard to affirm-  
2 ative action and involving minorities and females in  
3 significant positions of leadership.

4 Unfortunately, the recent hiring practices do  
5 seem to be a distinct departure from that prior history.

6 There are a number of members here today, several  
7 members here today from the Southeast who might like to  
8 speak more explicitly about the issue. And I will certainly  
9 try to respond to any questions that you might have.

10 We once again, ask that you join Mr. Bogard and  
11 give a very thorough and complete response to the range  
12 of concerns that have been raised both in this letter and  
13 that are certainly at the forefront of everybody's think-  
14 ing currently in the legal services community.

15 Thank you.

16 CHAIRMAN MCCARTHY: Thank you, Mr. Smith, and the  
17 author of that letter.

18 I know that the Board Members who have it at  
19 their offices -- I know mine is probably back in San  
20 Francisco -- will give it thorough consideration. I know  
21 Mr. Bogard will, and we do appreciate your interest and  
22 concerns, because they are real.

23 MR. SMITH: Thank you, again.

24 CHAIRMAN MCCARTHY: Yes, sir?

25 MR. WATTS: My name is Rodney Watts, I am

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1 Director of Wayne County Neighborhood Legal Services in  
2 Detroit, Michigan. And being from a program that was  
3 tremendously hit by the cutbacks last year, I have to  
4 admit to having had some concern over an item which was  
5 discussed all last fall called "new directions".

6 At that time it was fairly unclear to me what  
7 new directions would be all about. I have to say that I  
8 am particularly impressed by the discussion here today,  
9 I am very happy to hear that Congress has been impressed  
10 by the IOLTA and its inclusion as part of the Corporation's  
11 new direction policy.

12 I listened from the back of the room, perhaps I  
13 did not get a clear understanding of the various states  
14 that were going to be included in the meeting on the 25th  
15 of March. Detroit happens to be in a rather unique  
16 position this year, it just so happens that the President-  
17 elect of both National Bar Association and the ABA are  
18 from Detroit.

19 And I am standing here, I guess, as the project  
20 director from the largest Michigan program, and probably  
21 the only Michigan Project Director that I have seen in the  
22 room, saying that notwithstanding our community interest,  
23 vis-a-vis, the NBA and the ABA on this issue of IOLTA,  
24 I would like to, on the one hand point out to you that  
25 Michigan project directors have been very active over the

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1 course of the last year with regard to bringing IOLTA by  
2 way of a mandatory program to existence in Michigan. In  
3 fact the Board of Commissioners of the State Bar of  
4 Michigan recently passed a mandatory program and those of  
5 us project directors who are actively engaged ✓ in bringing  
6 IOLTA about in Michigan find ourselves in a peculiar  
7 situation in terms of being strapped for funds to get  
8 through the spring quarter.

9 And I would hope that some consideration would  
10 be given to the legal services community in Michigan as  
11 President Bogard goes down this path, and there are  
12 project directors who have been more actively involved  
13 in IOLTA than myself, but certainly none more concerned  
14 about IOLTA than myself.

15 And I would hope that Legal Services from  
16 Michigan could in some manner be included in that. I  
17 think we have a lot of information that might be able to  
18 be shared among the programs that will be at that meeting,  
19 certainly if the Corporation is going to cut loose any  
20 small portion of money to assist with that effort, those  
21 of us from Michigan would certainly be appreciative.

22 Thank you.

23 CHAIRMAN MCCARTHY: Thank you, Mr. Watts. I am  
24 sure that will be given due consideration.

25 MR. COOK: Mr. McCarthy, and the Board, my name

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1 is Willie Cook, I am Executive Director of the Local In-  
2 Services Program here in the District of Columbia, and in  
3 addition to that, the Chairman of the Minority Caucus  
4 of Legal Services.

5 I would like to comment on the letter read by  
6 Jody Smith that came from the project directors in the  
7 Southeastern Region. While I don't have a written state-  
8 ment, I do want to express to the Board some particular  
9 concern, not just from the project directors in the  
10 Southeast, but from those of us who are black and those  
11 of us who are of color in Legal Services.

12 I would like to comment on how we view Mr. Bogard  
13 and his new administration, particularly his recent  
14 appointments. I say what I say because I sense a cavalier  
15 attitude on the part of Mr. Bogard as it relates to the  
16 importance of dealing with the racial issue, as it relates  
17 to the senior staff.

18 I want to tell this Board and Mr. Bogard, and  
19 some of his people who are here that there are a lot of  
20 us blacks and other people of color in this community who  
21 take umbrage and are outraged at some of the actions and  
22 some of the appointments that you have made within the  
23 past month, and in some instances within the last two days.

24 We think that this program over the years -- that  
25 is the Legal Services Corporation, has stood for something.

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1 We are very concerned about what this program stands for  
 2 now, under Mr. Bogard's leadership. We are particularly  
 3 concerned about some of the people that he has put in  
 4 leadership positions on the senior staff, both in terms of  
 5 their knowledge about legal services, and also, in terms  
 6 of lack of significant minority representation, with the  
 7 exception of some token representation.

8 I would just like to close by saying that I want  
 9 this Board and Mr. Bogard to understand that while there  
 10 seems to be relative calm in this room in terms of this  
 11 meeting, that there are a lot of us out there who are  
 12 infuriated by the direction that this Corporation has  
 13 taken over the past two months. And we are particularly  
 14 incensed and insulted by some of the appointments that  
 15 Mr. Bogard has made to the senior staff.

16 And we would like for this Board to address that  
 17 issue in some other than what seems to be a very cavalier  
 18 attitude.

19 Thank you.

20 CHAIRMAN McCARTHY: Thank you, Mr. Cook.

21 Are there any further desires to address the  
 22 Board from the audience?

23 (No response.)

24 CHAIRMAN McCARTHY: In that case, I would  
 25 entertain a motion to adjourn.

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MR. DONATELLI: So moved.

MR. SANTARELLI: Second.

CHAIRMAN MCCARTHY: Thank you, this meeting is  
now adjourned.

Thank you all for your participation.

(Whereupon, the Legal Services Corporation Board  
Meeting was adjourned at 12:31 p.m.)

C E R T I F I C A T E

This is to certify that the foregoing transcript  
In the matter of : MEETING OF THE BOARD OF DIRECTORS

Before: LEGAL SERVICE CORPORATION

Date: MARCH 15, 1983

Place: AUDITORIUM  
GSA CENTRAL OFFICE  
18th & F STREETS , N.W.  
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represents the full and complete proceedings of the  
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