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THE WHITE HOUSE WASHINGTON

July 17, 1987

Dear Mr. Secretary General:

Thank you for your letter of May 27, 1987 expressing your concerns about the international economic situation on the eve of the recently concluded Economic Summit in Venice.

I am sure that by now you have had an opportunity to review the declaration issued by the participants of the Venice Summit. I am pleased with the outcome of the Summit and I believe that significant progress was made in the pursuit of growth, stability and prosperity for our own countries and for the world economy.

As you know, the Summit countries are in their fifth consecutive year of growth. Inflation rates and interest rates have both declined. order to achieve stronger global growth, to reduce extreme imbalances and to have more stable exchange rate relationships, the Summit leaders reaffirmed the important policy commitments made by the Group of Seven in meetings at the Louvre and in Washington. We also endorsed arrangements by the Group of Seven for closer coordination of economic policies, and agreed -- if future economic growth is insufficient -- to take additional measures. The success of these efforts is essential to providing a sound global environment conducive to resolving the debt problems of developing countries.

The United States is also committed to assuring free and competitive markets for world trade. We note the rising protectionist pressures with grave concern. We believe that the Uruguay Round

H7534255 NSC 8704395 can play an important role in maintaining and strengthening the multilateral trading system. A strong, credible, working GATT is the best bulwark against mounting bilateral protectionist pressures. Reform of the agricultural trading system in the Uruguay Round, a goal endorsed at the Venice Summit, will benefit all countries.

The United States attaches particular importance to the need for stable economic growth in developing countries. In this connection, we continue to believe that the program outlined by Secretary Baker in 1985 contains the essential elements needed for developing countries that are determined to grow in a self-sustaining manner. The United States strongly supports the activities of the IMF and the World Bank to foster policy reforms by borrowers and to finance their programs of structural adjustment. For example, the IMF proposes to enlarge its Structural Adjustment Facility over the next three years, providing relief to the least developed countries. proposal in the Paris Club to offer longer repayment and grace periods to countries undertaking difficult adjustment measures will also provide aid.

There is much that LDCs can do to help themselves. Less developed countries need to reexamine their development strategies and related policies so as to release the dynamic forces of indigenous entrepreneurs and to attract the substantial development resources available through the private sector of the developed countries.

With regard to the seventh session of the United Nations Conference on Trade and Development (UNCTAD), the United States is participating. The conference is providing an opportunity for frank and open policy dialogue.

Sincerely,

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the United Nations
New York

REFERRAL

DATE: 17 JUL 87

MEMORANDUM FOR: WH STRIPPING DESK

DOCUMENT DESCRIPTION: TO: DE CUELLAR, JAVIER P

SOURCE: PRESIDENT

DATE: 17 JUL 87

KEYWORDS: UN

INTL TRADE

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SUBJ:

REQUIRED ACTION: FOR DISPATCH

DUEDATE:

COMMENTS:

FOR GRANT S. GREEN, JR.

EXECUTIVE SECRETARY

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Maria D Clark

WASHINGTON

July 15, 1987

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK C. CARLUCCI

SUBJECT:

Your Response to a Letter from the UN Secretary

General, Dr. Javier Perez de Cuellar

Issue

Whether to sign the attached letter to the Secretary General of the United Nations.

Facts

UN Secretary General Dr. Javier Perez de Cuellar wrote you on the eve of the economic Summit requesting greater efforts to coordinate fiscal and monetary policies. In addition, the SYG asked that the industrial countries make greater commitments to the developing countries. The letter did not arrive at the State Department until after the Summit.

Discussion

Your reply to the SYG informs him that significant progress was made in promoting growth, stability and prosperity at the recent Summit in Venice. You point out that inflation and interest rates are down and that we have endorsed closer coordination of economic policies among the Group of Seven. Finally, your reply emphasizes the importance the USG places on free and competitive markets for world trade.

Recommendation

OK No

That you sign the attached letter to the Secretary General of the UN.

Attachment

Tab A Letter to Secretary General Perez de Cuellar

Prepared by: Lou Pugliaresi cc Vice President Chief of Staff

THE WHITE HOUSE WASHINGTON

Dear Mr. Secretary General:

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Sincerely,

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the United Nations
New York

475342 F0006-12

THE WHITE HOUSE

July 17, 1987

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Sincerely,

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the United Nations

New York

7/7

THE WHITE HOUSE

4395

WASHINGTON

18.7 JUL 15 F

July 15, 1987

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK C. CARLUCCI/

SUBJECT:

Your Response to a Letter from the UN Secretary

General, Dr. Javier Perez de Cuellar

Issue

Whether to sign the attached letter to the Secretary General of the United Nations.

Facts

UN Secretary General Dr. Javier Perez de Cuellar wrote you on the eve of the economic Summit requesting greater efforts to coordinate fiscal and monetary policies. In addition, the SYG asked that the industrial countries make greater commitments to the developing countries. The letter did not arrive at the State Department until after the Summit.

Discussion

Your reply to the SYG informs him that significant progress was made in promoting growth, stability and prosperity at the recent Summit in Venice. You point out that inflation and interest rates are down and that we have endorsed closer coordination of economic policies among the Group of Seven. Finally, your reply emphasizes the importance the USG places on free and competitive markets for world trade.

Recommendation



No

That you sign the attached letter to the Secretary General of the UN.

Attachment

Tab A

Letter to Secretary General Perez de Cuellar

Tab B Incoming Letter from Secretary General

Prepared by: Lou Pugliaresi cc Vice President Chief of Staff

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

ACTION

July 8, 1987

MEMORANDUM FOR FRANK C. CARLUCCI

FROM:

ROBERT DEAN

SUBJECT:

President's Response to UN Secretary General

UN Secretary General (SYG) Perez de Cuellar wrote the President asking him to take additional steps to coordinate fiscal and monetary policies at the Venice Economic Summit, June 8-10, 1987. Unfortunately, the letter did not arrive at the State Department until after the Summit.

State has drafted a response for the President which thanks the SYG for his concerns on the world economic situation and points out that the outcome of the Summit provides progress towards growth, stability, and prosperity. Your memo to the President recommends that he sign the attached letter to Secretary General Perez de Cuellar.

The speechwriters have cleared the attached draft response to the SYG.

Steve Danzansky and Marybel Batjer concur.

RECOMMENDATION

That you forward the attached memorandum to the President recommending he sign the attached response to Perez de Cuellar.

Approve

Disapprove

Attachments

Tab I Memo to the President

Tab A Letter to SYG Perez de Cuellar

II Incoming from State

Prepared by: Lou Pugliaresi Department of State

Suggested Letter

Dear Mr. Secretary General,

Thank you for your letter of May 27, 1987 expressing your concerns about the international economic situation on the eve of the recently concluded economic Summit in Venice. I appreciated receiving your views which I found helpful in my own preparations for Venice.

I am sure that by now you have had an opportunity to review the declaration issued by the participants of the Venice Summit. I am pleased with the outcome of the Summit and I believe that significant progress was made in the pursuit of growth, stability and prosperity for our own countries and for the world economy.

His Excellency

Dr. Javier Perez de Cuellar,

Secretary General of the United Nations.

As you know, the Summit countries are in their fifth consecutive year of growth. Inflation rates and interest rates have both declined. In order to achieve stronger global growth, to reduce extreme imbalances and to have more stable exchange rate relationships, the Summit leaders reaffirmed the important policy commitments made by the Group of Seven in meetings at the Louvre and in Washington. We also endorsed arrangements by the Group of Seven for closer coordination of economic policies, and agreed - if future economic growth is insufficient - to take additional measures. The success of these efforts is essential to providing a sound global environment conducive to resolving the debt problems of developing countries.

The United States is also committed to assuring free and competitive markets for world trade. We note the rising protectionist pressures with grave concern. We believe that the Uruguay round can play an important role in maintaining and strengthening the multilateral trading system and achieving increased liberalization of trade for the benefit of all countries. A strong, credible, working GATT is the best bulwark against mounting bilateral protectionist pressures.

The United States attaches particular importance to the need for stable economic growth in developing countries. In this connection, we continue to believe that the program outlined by Secretary Baker in 1985 contains the essential elements needed for developing countries that are determined to grow in a self-sustaining manner. The United States strongly supports the activities of the IMF and the World Bank to foster policy reforms by borrowers and to finance their programs of structural adjustment. For example, the IMF proposes to enlarge its Structural Adjustment Facility over the next three years, providing relief to the least developed countries. A proposal in the Paris Club to offer longer repayment and grace periods to countries undertaking difficult adjustment measures would also provide aid.

I firmly believe that there is much that LDCs can do to help themselves. Less developed countries need to reexamine their development strategies and related policies in order to free up the dynamic forces of indigenous entrepreneurs and to attract the substantial development resources available through the private sector of the developed countries.

With regard to the forthcoming seventh session of the United Nations Conference on Trade and Development (UNCTAD) in July, the United States will be participating. We look forward to further discussion of the issues covered at the Venice Summit and are hopeful that the conference will provide a genuine opportunity for frank and open policy dialogue.

Sincerely,

Ronald Reagan





DEPARTMENT OF STATE

Washington, D.C. 20520 June 7, 1987

MEMORANDUM FOR:

Mr. Grant S. Green

National Security Council

SUBJECT:

Alerting NSC on Presidential

Correspondence

Enclosed is the original of a letter to President Reagan from Secretary General Javier Perez de Cuellar of the UN which is transmitted for your information.

This correspondence was received in the Information Management Section of the Executive Secretariat on June 5, 1987.

> Director, S/S-1 Information Management Section

Executive Secretariat 647-3836

United States Department of State 4395



Washington, D.C. 20520

June 23, 1987

MEMORANDUM FOR MR. FRANK CARLUCCI THE WHITE HOUSE

Subject: Response to a letter from UN Secretary General Perez de Cuellar to President Reagan

This memorandum transmits a draft reply, for the President's signature, to a letter from UN Secretary General Perez de Cuellar requesting the President to take additional steps to coordinate fiscal and monetary policies at the Venice Economic Summit, June 8-10, 1987. The letter was received in IO after the Summit.

Melvyn Levitsky Executive Secretary

Attachments:

1. Proposed reply.

 UN Secretary General Perez de Cuellar's letter to President Reagan. REFERRAL

DATE: 17 JUL 87

MEMORANDUM FOR: WH STRIPPING DESK

DOCUMENT DESCRIPTION: TO: DE CUELLAR, JAVIER P

SOURCE: PRESIDENT

DATE: 17 JUL 87

KEYWORDS: UN

INTL TRADE

HS

SUBJ:

REQUIRED ACTION: FOR DISPATCH

DUEDATE:

COMMENTS:

FOR GRANT S. GREEN, JR.

EXECUTIVE SECRETARY

Maria D. Clark

THE WHITE HOUSE WASHINGTON

July 17, 1987

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There is much that LDCs can do to help themselves. Less developed countries need to reexamine their development strategies and related policies so as to release the dynamic forces of indigenous entrepreneurs and to attract the substantial development resources available through the private sector of the developed countries.

With regard to the seventh session of the United Nations Conference on Trade and Development (UNCTAD), the United States is participating. The conference is providing an opportunity for frank and open policy dialogue.

Roseld Bagon

His Excellency Dr. Javier Perez de Cuellar Secretary General of the United Nations New York

THE WHITE HOUSE

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the United Nations
New York

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PRESIDENT

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THE WHITE HOUSE

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National Security Council The White House

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THE WHITE HOUSE WASHINGTON

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Sincerely,

His Excellency
Dr. Javier Perez de Cuellar
Secretary General of the United Nations
New York

23:42

MC.

PEMARKS

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27 May 1987

Dear Mr. President,

As you prepare for the summit meeting in Venice, may I wish you well in your forthcoming deliberations. The decisions you reach will not only be of great consequence to your countries, they will also have a direct impact on the well-being of the entire community of nations.

When I sent a message to the Tokyo summit last year, there were grounds for optimism regarding the international economic situation. There had been several reaffirmations at a high political level of the need for co-operative approaches towards harmonising policies and reducing the existing imbalances. Similarly, specific actions were to be taken regarding the difficulties confronting developing countries.

Since the Tokyo summit, progress has indeed been made in harmonising policies and reducing imbalances. Nevertheless, major problems persist, generating uncertainties. These are reflected in the international financial markets, and growth forecasts have recently had to be revised downwards.

In these circumstances, I feel I must join the appeals already made to you to take additional steps to co-ordinate fiscal and monetary policies, and to remove trade barriers.

Such action would help to extricate large parts of the developing world from their continuing difficulties especially those related to debt. In an increasingly interdependent world, action in favour of less developed countries needs, in my view, to be regarded as an integral part of the overall strategy. Thus, at a time when some industrial countries have very large financial surpluses, I would suggest that part of these surpluses be directed to the developing countries, particularly through multilateral institutions.

His Excellency Mr. Ronald Reagan President of the United States The White House Washington, D.C. A large number of the poorer developing countries are currently experiencing serious consequences of prolonged adjustment in an unfavourable external environment. Data show that the hardships inflicted by cuts in public spending on vulnerable groups like women and children, even in middle-income developing countries, are particularly poignant. This was recognised at the recent meetings of the Bretton Woods institutions.

Given this situation, it would appear to me that specific action on finance and commodities would be of particular importance. In the present context, I am encouraged by indications that you may be seeking agreement on steps to ease the financial situation in African countries, for which a Programme of Action was adopted in the United Nations last year. Many of these countries are clearly incapable of recovering from their present impasse without additional long-term concessional finance, including reduction of their debt burden. Effective implementation of the agreement reached on the resources of International Development Association (IDA) will also be essential in this context.

The current depression in commodity prices is the core of the problem in many of the poorer countries, where low commodity earnings are critically damaging their brave efforts to adjust and grow. I recognise that the difficulties are due to low demand in industrial countries as well as technological changes among other factors. In the long run, developing countries have to diversify their economies and process their raw materials. But the prolonged unfavourable situation requires international action to improve commodity markets through commodity agreements and the Common Fund. The international community also has at its disposal the IMF compensatory financing facility to stabilise earnings. If made available at appropriate terms, it could greatly help at the present juncture, as it did in the past.

A specific concern of many developing countries relates to the impact on their domestic agriculture, and on their exports, of agricultural support policies in industrial countries. I welcome the agreement reached in the OECD to address this problem by cutting subsidies and removing trade barriers. If your deliberations confirm the agreement, early action will be greatly facilitated. This is an area of great mutual benefit to both the North and the South.

Many of the issues before you are also on the agenda of the seventh session of the United Nations Conference on Trade and Development (UNCTAD) in July, where the main theme will be the revitalisation of growth and development. The Conference offers an opportunity to all countries to agree upon an appropriate strategy of action, involving international and national dimensions, and the interaction between them.

I would hope your meeting in Venice will provide political support for the Conference, and that your government will participate actively in it at a high level.

May I conclude with the assurances of my highest considerations and warm personal regards.

Javier Pérez de Cuéllar

WHITE HOUSE

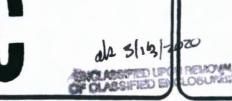
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THE WHITE HOUSE

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THE WHITE HOUSE WASHINGTON

July 17, 1987

Dear Max,

Thank you for your letter of June 23 which so vividly describes the extraordinary act of friendship by the members of the Order of Malta to save the U.S. Ambassador's residence during World War II. Your thoughtful gesture of a black-tie dinner for the Order was clearly a richly deserved commemoration of their assistance. I hope you will convey my own appreciation for their efforts on behalf of the U.S. when you next see the Prince and Grand Master or his Bailiff.

Max, Nancy and I want to express our heartfelt thanks for all you did to ensure that our visits to Rome and the Venice Economic Summit were successful. Please commend your staff on a job well done!

Venice was an important occasion to discuss the possibilities for greater economic growth and freer markets among the Western alliances. I was also encouraged by the discussion that occurred on arms reductions, international terrorism, human rights and other major issues facing world leaders today.

Again, many thanks for all your efforts. Nancy sends her best to you and Ruth.

Rom

Ambassador Maxwell M. Rabb American Embassy APO New York 09794-0007

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The President has seen_

7/17

THE WHITE HOUSE

WASHINGTON, JUL 16 1. 4.19

July 16, 1987

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK C. CARLUCCE

SUBJECT:

Reply to Ambassador Rabb Regarding the

Knights of Malta

Ambassador Max Rabb has written (Tab B) to pass on a letter from a deputy to the "Prince and Grand Master of the Knights of Malta". Max notes that he recently hosted a dinner in honor of the Prince commemorating the heroic efforts exerted by the Knights during World War II in saving the American Ambassador's residence in Rome from confiscation.

Your letter expresses appreciation to Max for bringing this helpful act to your attention and asks that he convey your personal appreciation to the Prince. Your reply also takes the opportunity to thank Max for the excellent efforts he and his Embassy staff made in preparations for your Rome and Venice meetings.

RECOMMENDATION

NO

That you sign the reply to Ambassador Rabb at Tab A.

Attachments:

Tab A

Reply to Amb Rabb

Tab B

Incoming from Amb Rabb

Prepared by: Tyrus W. Cobb

cc Vice President Chief of Staff

NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20506

July 13, 1987

ACTION

MEMORANDUM FOR FRANK C. CARLUCCI

FROM:

FRITZ W. ERMARTH

SUBJECT:

Presidential Reply to Letter From

Ambassador Rabb Regarding the Knights of Malta

Max Rabb has written the President to pass on a communication from the Prince and Grand Master of the Knights of Malta, and to inform the President of assistance from the Knights in saving the American Ambassador's residence from confiscation during World War II. The President's reply (Tab A) asks Max to pass on our appreciation for this effort. The President also thanks Max for the excellent assistance he received from the Ambassador and the Embassy staff in preparing for the Rome and Venice meetings.

RECOMMENDATION:

That you	sign the Ta	ab I memo	to the	President	forwarding	a	draft
reply to	Ambassador	Rabb,					

Approve

Disapprove ____

Nelson Ledsky, Marybel Batjer and Peter Rommer concur.

Prepared by: Tyrus W. Cobb

Attachments:

Tab I Carlucci memo to the President

Tab A President ltr to Rabb

Tab B Incoming (Ltr from Amb Rabb 6/23/87)

EMBASSY OF THE UNITED STATES OF AMERICA

Rome, June 23, 1987

Dear Mr. President:

Enclosed is a letter that I have received from His Most Eminent Highness, the Prince and Grand Master of the Sovereign and Military Order of Malta, in which he has asked me to convey to you his warmest sentiments of esteem and regard.

The occasion referred to in his letter was a black-tie dinner that I hosted for him and his Cabinet to celebrate the 25th anniversary of his election and to express American appreciation to the Order of Malta for saving the American Ambassador's residence from confiscation during World War II. Unfortunately, the United States never gave recognition to this unique and remarkable act of friendship that took place in 1943-44. This interesting piece of history, which I only recently found out about by chance, should be recounted and deserves recognition and acclaim.

In September 1943, the German SS troops took over the city of Rome and proceeded to retaliate against the United States by moving to occupy the residence of American Ambassadors, Villa Taverna. The Order of Malta, upon learning of this, rushed a number of its hospitalized military patients into the Villa, even though there were no beds there, and immediately turned the Villa into a hospital. Thus they thwarted the German seizure. When the Americans entered Rome in 1944, the Order of Malta promptly returned the Villa, where American Ambassadors have resided ever since.

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The Honorable Ronald W. Reagan
President of the United States of America
The White House
Washington, D.C. 20500

The Grand Master and his Knights deeply appreciated our American acknowledgement of their action and have been most grateful to have been remembered by this dinner which, incidentally, was also attended by our Ambassador to the Holy See, Frank Shakespeare, who gave his wholehearted support to this initiative.

I suggest it might be appropriate for you to respond to the Grand Master's warm and cordial communications.

Sincerely,

Maxwell M. Rabb

Maxwell M. Rabb Ambassador



OO187 ROMA, 18th May 1987
PALAZZO DI MALTA - VIA CONDOTTI, 68
TEL. 6798851 - TELEX 612622 SMOM

Your Excellency,

His Most Eminent Highness the Prince and Grand Master is very grateful for your letter of May 11th, 1987, with the attached photographs which He will treasure as a lasting and appreciated memory of the dinner you kindly offered in His honour on May 8th last.

The occasion was rich of significance and His Most Eminent Highness the Prince and Grand Master would be particularly grateful if Your Excellency would be so kind as to convey to President Reagan His deep appreciation for the gratitude expressed by the Representative of the United States of America for the Order's gesture of friendship, in 1943, when the residence of the United States Ambassadors in Rome, Villa Taverna, was saved from certain Nazi retaliation.

His Most Eminent Highness the Prince and Grand Master, as had already said in His brief address, wishes to express the warm gratitude of the Sovereign Military Order of Malta for the support and co-operation received in various circumstances by the U.S.A. Authorities and He would also ask you to convey to President Reagan His sentiments of friendship and esteem, with every good wish for Him personally and His family, as well as for the great Country of which He is the Head.

In conclusion, may I repeat my wife's thankfulness and mine for having us associated to that enjoyable and meaningful evening.

Yours very sincerely,

Felice Catalano
Bailiff Gr.Cr.of Obedience

His Excellency
Maxwell M.RABB
Ambassador of the United States
of America to the Italian Republic
Via Vittorio Veneto, 119/A
R O M A

REFERRAL

DATE: 17 JUL 87

MEMORANDUM FOR: WH STRIPPING DESK

DOCUMENT DESCRIPTION: TO: RABB, M

SOURCE: PRESIDENT

DATE: 17 JUL 87

KEYWORDS: ITALY

SUBJ: PRES LTR TO AMB RABB

REQUIRED ACTION: FOR DISPATCH

DUEDATE:

COMMENTS:

FOR GRANT S. GREEN, JR.

EXECUTIVE SECRETARY

National Security Council The White House

cc: VP B	aker Oth	ner	
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West Wing Desk	_2		
Situation Room			
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Grant Green			
Frank Carlucci			
Colin Powell			
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Marybel Batjer			
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Baker Other VP CC:

COMMENTS

Should be seen by:

(Date/Time)

TO

PRESIDENT FROM RABB, M

DOCDATE 23 JUN 87

RECEIVED 29 JUN 87 18

KEYWORDS: ITALY

SUBJECT: LTR FM AMB RABB RE ORDER OF MALTA

ACTION: PREPARE MEMO FOR CARLUCCI DUE: 01 JUN 87 STATUS FILES WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

COBB

LEDSKY

SOMMER ERMARTH

KELLY, B

COMMENTS

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ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

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