

# Ronald Reagan Presidential Library Digital Library Collections

---

This is a PDF of a folder from our textual collections.

---

**Collection:** Roberts, John G.: Files  
**Folder Title:** JGR/BMW Correspondence  
(3 of 4)  
**Box:** 6

---

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: [reagan.library@nara.gov](mailto:reagan.library@nara.gov)

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

THE WHITE HOUSE

WASHINGTON

April 18, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: BMW Correspondence

The last sentence of the first paragraph has been changed,  
as discussed at this morning's staff meeting.

Attachment

THE WHITE HOUSE

WASHINGTON

April 8, 1985

Dear Mr. Myers:

Thank you for your recent letter to the President concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports. Your letter complained about Mr. Deaver "buying (9) cars using a diplomatic passport." That is not what happened. Rather, nine individual members of the advance team arranged to purchase one automobile each. } not so!

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns. Thank you for sharing your views with us.

Sincerely,

Fred F. Fielding  
Counsel to the President

Mr. Lowell Myers  
Post Office Box 6759  
Dhahran, Saudi Arabia

THE WHITE HOUSE

WASHINGTON

April 18, 1985

Dear Mr. Myers:

Thank you for your recent letter to the President concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports. Your letter complained about Mr. Deaver "buying (9) cars using a diplomatic passport." That is not what happened. Rather, nine individuals -- four White House staff members, two Secret Service members, and three German embassy employees -- arranged to purchase one automobile each.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns. Thank you for sharing your views with us.

Sincerely,

Fred F. Fielding  
Counsel to the President

Mr. Lowell Myers  
Post Office Box 6759  
Dhahran, Saudi Arabia

FFF:JGR:aea 4/18/85  
bcc: FFFielding/JGRoberts/Subj/Chron

THE WHITE HOUSE

WASHINGTON

April 23, 1985

Dear Mrs. Roriden:

Thank you for your letter to the President concerning the purchase of foreign automobiles by certain members of a White House advance team at a discount available to holders of diplomatic passports.

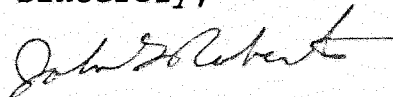
Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

With respect to your comments on the particular make of automobile chosen by the individuals in question, I can only state that such decisions are matters of personal consumer preference which it would be inappropriate for the Government to regulate.

I hope the foregoing information responds to your concerns.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Mrs. H.M. Roriden  
4935 East 53rd Parkway  
Anderson, IN 46013

THE WHITE HOUSE

WASHINGTON

April 23, 1985

Dear Mr. McGraw:

Thank you for your letter to the President concerning the purchase of foreign automobiles by certain members of a White House advance team at a discount available to holders of diplomatic passports.

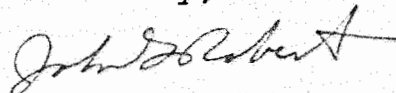
Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

With respect to your comments on the particular make of automobile chosen by the individuals in question, I can only state that such decisions are matters of personal consumer preference which it would be inappropriate for the Government to regulate.

I hope the foregoing information responds to your concerns.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Mr. Jack McGraw  
President, McGraw Insurance  
Services  
135 Willow Road  
Menlo Park, CA 94025

THE WHITE HOUSE

WASHINGTON

April 24, 1985

Dear Mr. O'Shea:

Thank you for your letter to the President concerning the purchase of foreign automobiles by certain members of a White House advance team at a discount available to holders of diplomatic passports.

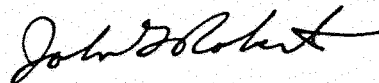
Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

With respect to your comments on the particular make of automobile chosen by the individuals in question, I can only state that such decisions are matters of personal consumer preference which it would be inappropriate for the Government to regulate.

I hope the foregoing information responds to your concerns.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Mr. Tim O'Shea  
9768 Whetstone Drive  
Gaithersburg, MD 20879

THE WHITE HOUSE

WASHINGTON

April 24, 1985

Dear Mr. Schipper:

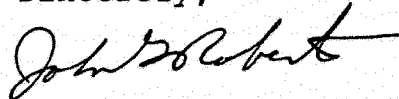
Thank you for your recent letter to the President concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns. Thank you for sharing your views with us.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Mr. Alexander Schipper  
1000 San Pasqual Street, #27  
Pasadena, CA 91106



LOWELL E. MYERS  
Aramco, Bx. 6759.  
Dhahran 31311.  
Saudi Arabia.  
April 29, 1981

JOM

Mr. Fred F. Fielding  
The White House  
Washington, D.C.

Dear Mr. Fielding:

How can I thank you enough for  
your courtesy of April 19 - see copy  
on other side hereof - about my  
misinterpretation of the newsclip.

Washington (UPI) - President Reagan  
says he sees nothing wrong with top aide  
Michael Deaver and other staff members  
using diplomatic passports to get dis-  
counts on nine ~~new~~ cars while in West  
Germany to arrange the president's state  
visit.

Our news reports here in Arabia are very  
brief as you see. Even so I should not  
have concluded that Deaver purchased 9  
cars. I see nothing wrong with  
purchasing one car. But your new  
guideline is probably more prudent  
requiring 30 or more days out of country.  
I thank you again for your reply. Without  
it I would never have known the  
true facts.

Sincerely  
Lowell E. Myers

THE WHITE HOUSE

WASHINGTON

April 19, 1985

Dear Mr. Myers:

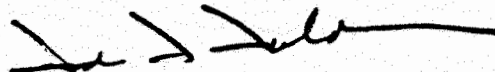
Thank you for your recent letter to the President concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports. Your letter complained about Mr. Deaver "buying (9) cars using a diplomatic passport." That is not what happened. Rather, nine individuals -- four White House staff members, two Secret Service members, and three U.S. embassy employees -- arranged to purchase one automobile each.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns. Thank you for sharing your views with us.

Sincerely,



Fred F. Fielding  
Counsel to the President

Mr. Lowell Myers  
Post Office Box 6759  
Dhahran, Saudi Arabia

THE WHITE HOUSE

WASHINGTON

May 1, 1985

Dear Congressman Wheat:

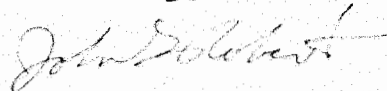
Thank you for your recent letter to Assistant to the President for Legislative Affairs M.B. Oglesby concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your constituent's concerns. Thank you for sharing his views with us.

Sincerely,



John G. Roberts  
Associate Counsel to the President

The Honorable Alan Wheat  
United States House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: APRIL 24, 1985

NAME OF CORRESPONDENT: THE HONORABLE ALAN WHEAT

SUBJECT: REQUESTS INFORMATION FOR JAMES GUILLAUME  
REGARDING PURCHASE OF BMW'S BY WHITE HOUSE  
OFFICIALS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ROUTE TO: OFFICE/AGENCY (STAFF NAME)	ACTION		DISPOSITION	
	ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
M. B. OGLESBY	ORG	85/04/24		C 8510424
CU HOLL REFERRAL NOTE:	R	8510425		1 1
WAT 18 REFERRAL NOTE:	R	8510426		585105106
REFERRAL NOTE:		1 1		1 1
REFERRAL NOTE:		1 1		1 1
REFERRAL NOTE:		1 1		1 1

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: 1230 \_\_\_\_\_

MAIL USER CODES: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

- \*\*\*\*\*
- |                          |                      |                      |   |
|--------------------------|----------------------|----------------------|---|
| *ACTION CODES:           | *DISPOSITION CODES:  | *OUTGOING            | * |
| *A-APPROPRIATE ACTION    | *A-ANSWERED          | *CORRESPONDENCE:     | * |
| *C-COMMNT/RECOM          | *B-NON-SPEC-REFERRAL | *TYPE RESP=INITIALS  | * |
| *D-DRAFT RESPONSE        | *C-COMPLETED         | *OF SIGNER           | * |
| *F-FURNISH FACT SHEET    | *S-SUSPENDED         | *CODE = A            | * |
| *I-INFO COPY/NO ACT NEC* |                      | *COMPLETED = DATE OF | * |
| *R-DIRECT REPLY W/COPY * |                      | *OUTGOING            | * |
| *S-FOR-SIGNATURE *       |                      |                      | * |
| *X-INTERIM REPLY *       |                      |                      | * |
- \*\*\*\*\*

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE  
(ROOM 75, OEOB) EXT. 2590  
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING  
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS  
MANAGEMENT.

THE WHITE HOUSE

WASHINGTON

April 24, 1985

MEMORANDUM FOR: DIANNA HOLLAND

FROM: KATHY RATTE JAFFKE *Kij*

SUBJECT: BMW Incident

Attached is a letter to B. Oglesby from Congressman Alan Wheat regarding the purchase of BMW's by White House staff while advancing the President's European trip.

We have forwarded others to your office and Mr. Fielding responded. I am enclosing the Wheat letter in the event the Counsel's office prefers to respond.

Thank you for your help in this regard.

cc: Records Management

ALAN WHEAT  
8TH DISTRICT, MISSOURI

MEMBER  
COMMITTEE ON  
RULES

SELECT COMMITTEE ON  
CHILDREN, YOUTH,  
AND FAMILIES



301761

1809 LONGWORTH BUILDING  
WASHINGTON, D.C. 20515  
(202) 225-4535

811 GRAND AVENUE, #935  
KANSAS CITY, MISSOURI 64108  
842-4545

301 WEST LEXINGTON, #221  
INDEPENDENCE, MISSOURI 64050  
833-4545

**Congress of the United States**  
**House of Representatives**  
**Washington, D.C. 20515**

April 22, 1985

31  
MO

Mr. M.B. Oglesby, Jr.  
Assistant to the President for  
Legislative Affairs  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear Mr. Oglesby:

My constituent, Mr. James Guillaume, recently contacted me in regard to the purchase of BMWs by White House officials during an official visit to Germany. Mr. Guillaume does not believe that an employee of the federal government should be able to obtain a discount on the purchase of an automobile.

Your assistance in providing me a response concerning my constituent's opinion regarding this matter would be greatly appreciated. I look forward to hearing from you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Wheat".

Alan Wheat  
Member of Congress

THE WHITE HOUSE

WASHINGTON

May 2, 1985

Dear Ms. Simmons:

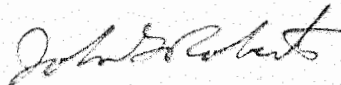
Thank you for your recent correspondence concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns. Thank you for sharing his views with us.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Ms. Katherine Simmons  
165 Thierman Lane, #302  
Louisville, KY 40207



PE001

WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 1 / 1

*Direct*

Name of Correspondent: Katherine Simmons

MI Mail Report User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: pmws

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUNOLL</u>	ORIGINATOR	<u>85105101</u>			<u>1 / 1</u>
	Referral Note:				
<u>CUAT 18</u>	<u>R</u>	<u>85105102</u>		<u>S</u>	<u>85105112</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				
		<u>1 / 1</u>			<u>1 / 1</u>
	Referral Note:				

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.



THE WHITE HOUSE

WASHINGTON

May 3, 1985

Dear Ms. Edwards:

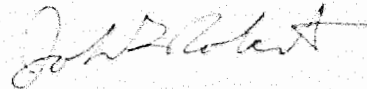
This is written in response to your recent letter to the President concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Ms. Kathryn Edwards  
Ritterhouse Claridge  
720  
Philadelphia, PA 19103

**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

*PE001*  
*JK - direct*

- O - OUTGOING  
 H - INTERNAL  
 I - INCOMING  
 Date Correspondence Received (YY/MM/DD)   1  /  1  /

Name of Correspondent: Kathryn Edwards

MI Mail Report                      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Bmw's

**ROUTE TO:**

**ACTION**

**DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
<u>CUTOLL</u>	<u>ORIGINATOR</u>	<u>85105101</u>		<u>  1  /  1  /  </u>
	Referral Note:			
<u>CUAT 18</u>	<u>R</u>	<u>85105102</u>	<u>S</u>	<u>85105102</u>
	Referral Note:			
		<u>  1  /  1  /  </u>		<u>  1  /  1  /  </u>
	Referral Note:			
		<u>  1  /  1  /  </u>		<u>  1  /  1  /  </u>
	Referral Note:			
		<u>  1  /  1  /  </u>		<u>  1  /  1  /  </u>
	Referral Note:			

**ACTION CODES:**

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

**DISPOSITION CODES:**

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

**FOR OUTGOING CORRESPONDENCE:**

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

10 March 1985

Dear Mr President:

312287CK

I sincerely wish that you and your staff and friends would stop using the Executive Branch of the government to selfish purposes. The latest B'n't snafu is a prime example. You people seem to think you not only live above the law but also above what most of us consider ethics. People of your administration are guilty of things that would put common folk in jail. Just remember example is a better teacher than rhetoric. Just because some people don't focus on every issue is no reason to try to pull the wool over their eyes with fancy jargon. It is time you boys straighten up and become role models instead always skirting legality. Just remember - "to live outside the law you must be honest" (Bob Dylan).  
 Your administration can hardly say that

yours truly,  
 Kathryn Edwards

THE WHITE HOUSE

WASHINGTON

May 3, 1985

Dear Mr. Miller:

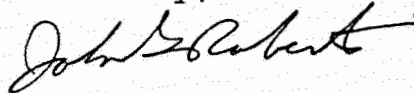
Thank you for your recent letter to Donald Regan concerning the purchase of foreign automobiles by certain members of an advance team at a discount available to holders of diplomatic passports.

Regulations promulgated by the Department of State generally permit the acceptance of discounts available to holders of diplomatic passports. The offering of such discounts by foreign automobile manufacturers is a long-standing practice in several countries.

The acceptance of such discounts is not illegal, but the practice had never been reviewed by the White House and the White House had never given guidance on it to members of the staff. After review, we decided to prohibit members of the White House staff from accepting such discounts in the future, unless they are out of the country for 30 days or more. This office has alerted members of the staff to this new policy, and has also suggested to other departments and agencies that they review their policies on this question.

I hope the foregoing information responds to your concerns. Thank you for sharing your views with us.

Sincerely,



John G. Roberts  
Associate Counsel to the President

Mr. Arthur M. Miller  
165 Morningside Road  
Paramus, NJ 07652

# WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

*PE001*

*Ag*

*[Signature]*

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD)   1   /   1   /   

Name of Correspondent: A. Miller

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: BMW affair

### ROUTE TO:

### ACTION

### DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUHOLL</u>	ORIGINATOR	<u>85105102</u>			<u>  1  </u> / <u>  1  </u> / <u>  </u>
<u>CUAT 18</u>	<u>R</u>	<u>85105103</u>	<u>CU</u>	<u>S</u>	<u>85105113</u>
		<u>  1  </u> / <u>  1  </u> / <u>  </u>			<u>  1  </u> / <u>  1  </u> / <u>  </u>
		<u>  1  </u> / <u>  1  </u> / <u>  </u>			<u>  1  </u> / <u>  1  </u> / <u>  </u>
		<u>  1  </u> / <u>  1  </u> / <u>  </u>			<u>  1  </u> / <u>  1  </u> / <u>  </u>

#### ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

#### DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

#### FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

313468 CW

LD  
FRED  
FIELDING 39

March 18, 1985

Mr. D. Regan:

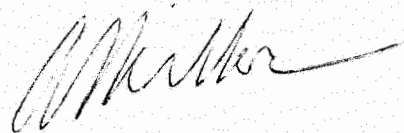
If the William Saphire column in today's New York Times is accurate the condition it describes is saddening. It is enclosed.

If the condition has prevailed for a long time perhaps it is time to make some changes

While the total amount of money involved is relatively small the thought processes of the persons involved leave much to be desired.

How can you expect to have full backing from the people with action such as described being tolerated.

From one who has mostly voted Republican over the last 50 years.



A. Miller

165 Morningside Rd.

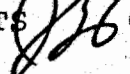
Paramus, N.J. 07652

THE WHITE HOUSE

WASHINGTON

May 10, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS 

SUBJECT: BMW Inquiry from GAO

Attached is a draft response to the GAO inquiry on discounts to those holding diplomatic passports. You should note the following about the draft response:

° The last sentence of the second paragraph states that State regulations on diplomatic passports do not prohibit acceptance of discounts offered by foreign manufacturers on the basis of holding such a passport. In my view it is not accurate to assert -- as has been asserted in the past -- that State regulations permit what happened in this case. The pertinent State regulation permits "[a]cceptance of rates and discounts offered to employees as a class." 22 C.F.R. § 100.735-202(b) (4). The discounts in question were, as I understand it, offered only to holders of diplomatic passports, not any employee.

° The fourth paragraph discussion of why a discount is not a "gift" had to walk a very fine line. A discount is not a gift because the manufacturer gets something in return. This point has to be made without suggesting that what he gets in return is improper influence over an official.

GAO sent similar inquiries to State and the National Highway Traffic Safety Administration. A draft of the State reply is attached. The reply is bizarre in that it does not respond to the questions GAO raised. Most of the letter discusses a different issue -- sale abroad of items imported into the foreign country under favorable conditions.

I have asked for but not yet received the NHTSA draft reply. I have, however, been advised that the Administrator, Diane K. Steed, purchased a foreign automobile in the United States and arranged to and did pick it up in Europe. According to NHTSA Chief Counsel Jeff Miller, she received no discount of any sort. Miller told me that the NHTSA reply would probably conclude that it would be unethical for anyone at NHTSA to accept a discount from an automobile manufacturer.



I suppose we should await the NHTSA draft reply before finally deciding anything, but I wanted to put this much before you now.



THE WHITE HOUSE

WASHINGTON

June 18, 1985

Dear Mr. Hunter:

Thank you for your letter of April 18, 1985, advising that you had received a request from the Chairman of a Congressional Subcommittee concerning discounts offered to those using diplomatic passports. The inquiry asked whether the practice was legal, what regulations or guidelines were applicable, whether a discount available only to some Federal employees was proper, whether the discount constituted a gift, and whether any National Highway Traffic Safety Administration officials received such a discount. You added an inquiry concerning whether any White House employees sold foreign cars acquired at discount for profit prior to March 19.

As I noted in my March 19 Memorandum for White House Staff, it is our opinion that there is nothing per se illegal or unethical in the acceptance of a discount offered by a foreign manufacturer to the class of individuals holding a diplomatic or official passport. No guidelines had been issued to the White House staff on this specific question prior to the March 19 memorandum. The Department of State will provide citations to regulations governing the issuance and use of diplomatic passports. Those regulations do not prohibit the acceptance of discounts offered by foreign manufacturers to government officials.

In our opinion, the fact that a discount may be offered to some Federal employees but not others -- e.g., Government attorneys, Government physicians, employees from a particular department -- does not, in and of itself, render the discount illegal or improper. In light of possible appearance problems, however, I have taken the precaution of precluding the acceptance of discounts offered only to members of the White House staff.

Further, we do not believe that discounts of the sort at issue constitute a gift. The Ethics in Government Act of 1978 defines "gift," for purposes of the executive personnel financial disclosure requirements, as "a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor." Manufacturers of foreign automobiles do not offer these discounts out of selfless benevolence but because, in their view, they receive "consideration of equal or greater value." For example, in this case a spokesman for BMW was quoted as saying "it's sort of a PR gesture by the company. We like to have opinion leaders driving

our cars." It is believed that this is merely an instance of what is generally true of commercial discounts: they are offered for an underlying commercial reason, either to increase sales volume or some other reason. The fact that the company derives a benefit does not, of course, mean that the recipient of the discount is rendering a service of any sort for the company in exchange for the discount. It does, however, mean that the discount is not a gift. Although such discounts are not gifts, it seemed appropriate to me, in the interests of avoiding even the appearance of impropriety, to direct that members of the White House staff treat them as if they were gifts for purposes of our standards of conduct. See 5 C.F.R. § 100.735.14.

I have no information that any officials of the National Highway Traffic Safety Administration received a discount from a foreign automobile manufacturer, nor am I aware of any instance in which White House employees sold foreign cars acquired at a discount for profit. My March 19 memorandum specifically prohibits the latter, noting that the practice would result in dismissal from the White House staff and possible criminal prosecution.

I hope the foregoing is helpful.

Sincerely,

Orig. signed by FFF

Fred F. Fielding  
Counsel to the President

Robert H. Hunter, Esquire  
Assistant General Counsel  
U.S. General Accounting Office  
Washington, D.C. 20548

bcc: Judy Kaleta  
Nat'l. Hwy. Traffic Safety Adm.

FFF/JGR:jmk  
cc: FFFfielding  
JGRoberts  
subject  
chron.

THE WHITE HOUSE

WASHINGTON

May 10, 1985

Dear Mr. Hunter:

Thank you for your letter of April 18, 1985, advising that you had received a request from the Chairman of a Congressional Subcommittee concerning discounts offered to those using diplomatic passports. The inquiry asked whether the practice was legal, what regulations or guidelines were applicable, whether a discount available only to some Federal employees was proper, whether the discount constituted a gift, and whether any National Highway Traffic Safety Administration officials received such a discount. You added an inquiry concerning whether any White House employees sold foreign cars acquired at discount for profit prior to March 19.

As I noted in my March 19 Memorandum for White House Staff, there is nothing per se illegal or unethical in the acceptance of a discount offered by a foreign manufacturer by virtue of holding a diplomatic or official passport. No guidelines had been issued to the White House staff on this specific question prior to the March 19 memorandum. The Department of State will provide citations to regulations governing the issuance and use of diplomatic passports. Those regulations do not prohibit the acceptance of discounts offered by foreign manufacturers.

The fact that a discount may be offered to some Federal employees but not others -- e.g., Government attorneys, Government physicians, employees from a particular department -- does not, in and of itself, render the discount illegal or improper. In light of possible appearance problems, however, I have taken the precaution of precluding the acceptance of discounts offered only to members of the White House staff.

Discounts of the sort at issue do not constitute a gift. The Ethics in Government Act of 1978 defines "gift," for purposes of the executive personnel financial disclosure requirements, as "a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor." Manufacturers of foreign automobiles do not offer these discounts out of selfless benevolence but because, in their view, they receive "consideration of equal or greater value." For example, in this case a spokesman for BMW was quoted as saying "it's sort of a PR gesture by the company.

We like to have opinion leaders driving our cars." This is merely an instance of what is generally true of commercial discounts: they are offered for an underlying commercial reason, either to increase sales volume or some other reason. The fact that the company derives a benefit does not, of course, mean that the recipient of the discount is rendering a service of any sort for the company in exchange for the discount. It does, however, mean that the discount is not a gift. Although such discounts are not gifts, it seemed appropriate to me, in the interests of avoiding even the appearance of impropriety, to direct that members of the White House staff treat them as if they were gifts for purposes of our standards of conduct. See 5 C.F.R. § 100.735.14.

I have no information that any officials of the National Highway Traffic Safety Administration received a discount from a foreign automobile manufacturer, nor am I aware of any instance in which White House employees sold foreign cars acquired at a discount for profit. My March 19 memorandum specifically prohibits the latter, noting that the practice would result in dismissal from the White House staff and possible criminal prosecution.

I hope the foregoing is helpful.

Sincerely,

Fred F. Fielding  
Counsel to the President

Robert H. Hunter, Esquire  
Assistant General Counsel  
U.S. General Accounting Office  
Washington, D.C. 20548

FFF:JGR:aea 5/10/85  
bcc: FFFielding  
JGRoberts  
Subj  
Chron

Mr. Robert H. Hunter

Assistant General Counsel

United States General Accounting Office

Washington, D. C.

Dear Mr. Hunter:

In response to your letter of April 18, relating to discounts offered by foreign car makers to persons holding diplomatic passports, if you will excuse our rephrasing the question to illustrate the ambiguity which surrounds it, we recently furnished the enclosed letter to the Office of Government Ethics to identify the regulations applicable to issuance of diplomatic passports and the code of conduct regulations applicable to the employees of the foreign affairs agencies.

The officials of the National Highway Traffic Safety Administration would not normally qualify for the issuance of a diplomatic passport.

The final point in your letter concerns possible disposition for profit of foreign cars acquired at a discount. The Administration is considering whether to preclude excess profits on disposition abroad of personal property imported into a foreign country or purchased therein under tax or duty free privilege arising from official status. In our experience,

the profit potential there is much greater than is offered by the percentage discount on purchase price . This is particularly true where there are multiple exchange rates. For example, until Ambassadors imposed restrictions on the amount per employee of what is called "accommodation exchange" in certain countries, requests were received in amounts like \$40,000 to \$90,000 per employee. In one country, aside from exchange, there was an 81 percent profit on the sale of a luxury car. †

At present, there is no generally applicable law or regulation to prevent or limit the profits which may be made on resale of personal property, however acquired.

Sincerely,

Michael G. Kozak

Designated Agency Ethics Official

Enclosure:

As stated

Drafted:L/M:KEMalmborg:ad

4/29/85 22350

Clearances:

M - Mr. Mason

White House - Mr. John Roberts

PER - Mr. Fouche

Doc. No. 0055B





United States Department of State

Chroy

Washington, D.C. 20520

April 15, 1985

Mr. David Martin  
Office of Government Ethics  
Office of Personnel Management  
Washington, D. C. 20415

Dear Mr. Martin:

In response to your letter of April 5, the State Department regulations on issuance and use of diplomatic passports by our own employees and others are found at 22 CFR Part 51; in particular, sections 51.3(c), 51.4(d), 51.9, 51.70, 51.71, 51.72, 51.73. You will see that the primary purpose of a passport, whether diplomatic or otherwise, is to facilitate international travel, and no attempt has been made to regulate uses which may be made of such passports within foreign countries by law, practice, or usage of such countries.

Of course, our code of conduct for our own employees (22 CFR Part 10) would regulate use of diplomatic passports in the same way as official titles, special privileges and immunities, or other aspects of official status are regulated to avoid conflict of interest or appearance of conflict of interest. The sections which are especially relevant are: sections 10.735-101, 10.735-201, 10.735-202, 10.735-205, 10.735-206(a) and (b), and 10.735-215.

You will note that when a diplomatic passport is issued to an employee of another agency it is the conflict of interest regulations of that agency which become operative, not ours.

Sincerely,

Michael G. Kozak  
Deputy Legal Adviser



**WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

*Asst Dir*  
*dash*

- O - OUTGOING
  - H - INTERNAL
  - I - INCOMING
- Date Correspondence Received (YY/MM/DD)   1  /  1  /

Name of Correspondent: Robert Hunter

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Use of diplomatic passports to secure discounts on foreign made cars

ROUTE TO:		ACTION	DISPOSITION			
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>CUHOLL</u>		ORIGINATOR	<u>8510422</u>			<u>  1  /  1  /  </u>
		Referral Note:				
<u>CUAT 18</u>		<u>D</u>	<u>8510424</u>		<u>S</u>	<u>8510425</u>
		Referral Note:				
			<u>  1  /  1  /  </u>			<u>  1  /  1  /  </u>
		Referral Note:				
			<u>  1  /  1  /  </u>			<u>  1  /  1  /  </u>
		Referral Note:				
			<u>  1  /  1  /  </u>			<u>  1  /  1  /  </u>
		Referral Note:				

- ACTION CODES:**
- A - Appropriate Action
  - C - Comment/Recommendation
  - D - Draft Response
  - F - Furnish Fact Sheet to be used as Enclosure
  - I - Info Copy Only/No Action Necessary
  - R - Direct Reply w/Copy
  - S - For Signature
  - X - Interim Reply
- DISPOSITION CODES:**
- A - Answered
  - B - Non-Special Referral
  - C - Completed
  - S - Suspended
- FOR OUTGOING CORRESPONDENCE:**
- Type of Response = Initials of Signer
  - Code = "A"
  - Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
Send all routing updates to Central Reference (Room 75, OEOB).  
Always return completed correspondence record to Central Files.  
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

B-217909

April 18, 1985

The Honorable Fred Fielding  
Counsel to the President  
The White House

Dear Mr. Fielding:

The Chairman of a Congressional Subcommittee has asked our Office whether the use by Government officials of official diplomatic passports to secure discounts on foreign made cars is legal.

The request letter raises the following issues:

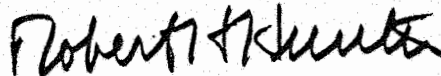
"The Subcommittee requests that GAO examine whether such a practice is legal and ascertain what, if any, regulations or guidelines apply. The examination should apply to White House officials (and the action taken regarding those officials in this case and for the future), as well as others. I want to know whether any such discount received by some selected Federal government employees is proper. Is it a gift? In this review (which should include a review of all applicable regulations governing use of such passports by anyone), please ascertain whether or not any National Highway Traffic Safety Administration officials received such a discount. I stress that my concern is that this is a misuse of official passports and that it tends to favor a few officials with a financial benefit that is not universally available."

We have a copy of your March 19, 1985, guidance on this question. The purpose of this letter is to provide you with the opportunity to address the specific concerns of the requestor, quoted above. We also would like to know whether any White House employees sold foreign cars acquired at discount for profit before such sales were prohibited by your March 19 memorandum.

We would appreciate your response as soon as possible to assist us in preparing a timely answer to the Chairman's request. Margie Armen, 275-5544, is the attorney assigned to this case.

We have also requested comments from the Department of State and the National Highway Traffic Safety Administration.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert H. Hunter".

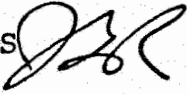
Robert H. Hunter  
Assistant General Counsel

THE WHITE HOUSE

WASHINGTON

May 15, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS 

SUBJECT: BMW Inquiry from GAO

In response to your questions on my May 10 memorandum on the above subject:

1. The State press guidance is attached at Tab A. The pertinent guidance is that "under State Department regulations, the only inhibition on our employees receiving financial benefits from private sources is that the source not be regulated by or have business with the State Department." I think we should retain the language in my draft reply to the effect that State regulations do not prohibit [as opposed to permit] the acceptance of discounts.

2. The official OGE position, relayed to me at 4:20 p.m. this afternoon, is that such discounts are generally not gifts, although they could be gifts if they "do not reflect commercial reality." This makes sense. A 90 percent discount could well be a gift; the discounts at issue here were not.

I have now received the NHTSA draft reply, attached at Tab B. The draft appropriately concludes that it would be illegal for a NHTSA employee to accept a discount from a car manufacturer, in light of the regulatory responsibilities of that agency. The last sentence on the first page, however, states that discounts are governed by Departmental regulation relating to the acceptance of gifts, contrary to our and OGE's view.

If you agree, I will suggest that the NHTSA reply drop that sentence. I will also ask State to beef up its reply, in part by answering the gift question (you will note the State press guidance concludes discounts are not gifts).

Attachments

DIPLOMATIC PASSPORTS

Q: Is it common practice for diplomatic passport holders to get discounts?

A: We don't know. Discounts are occasionally offered in foreign countries by private companies. We have no compilation of companies offering such discounts.

Q: Is it ethical?

A: Under State Department regulations, the only inhibition on our employees receiving financial benefits from private sources is that the source not be regulated by or have business with the State Department.

Q: Isn't it the same as a gift?

A: It seems to us that a discount is a sales promotion device -- not a gift.

Q. What is the policy concerning issuance of diplomatic passports?

A. Diplomatic passports are issued to foreign service officers and other persons conducting government business of a diplomatic nature. This includes: the President and his personal representatives, the Vice President, Cabinet Secretaries, Supreme Court Justices and others who travel abroad specifically to represent the U.S. or to act as its diplomatic agents.

Q. Why is Michael Deaver entitled to a diplomatic passport?

A. Mr. Deaver is entitled to a diplomatic passport as the President's personal representative whenever he travels abroad on official U.S. government business.



U.S. Department  
of Transportation

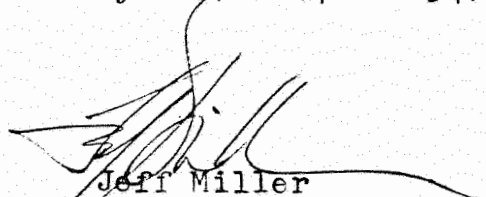
**National Highway  
Traffic Safety  
Administration**

Office of the Chief Counsel

NOTE TO: John Roberts  
Office of White House Counsel

Per our discussion, attached is a draft copy of our response to the GAO inquiry concerning diplomatic passports.

If you have any questions or comments, please feel free to call me (426-9511) or Judy Kaleta of my office (426-1834).



Jeff Miller  
Chief Counsel



U.S. Department  
of Transportation

**National Highway  
Traffic Safety  
Administration**

400 Seventh Street, S.W.  
Washington, D.C. 20590

**DRAFT**

MAY 13 1985

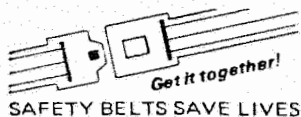
Robert H. Hunter, Esq.  
Assistant General Counsel  
United States General Accounting Office  
Washington, D.C. 20548

Dear Mr. Hunter:

This is in response to your letter of April 18, 1985, concerning the use of official diplomatic passports by Government employees to secure discounts on foreign-made cars. Official passports have been issued to fifty-five employees of the National Highway Traffic Safety Administration. We have canvassed all present Agency employees who have received such passports, and none of them has used his or her passport to obtain such a discount.

The efficient operation of the Government requires continued public confidence in its employees. Therefore, regulations were promulgated concerning the ethical conduct of Department of Transportation employees. 49 CFR Part 99. The regulations generally provide that each employee shall avoid any action which might create the appearance of private gain or losing complete independence or impartiality. 49 CFR 99.735-7. In addition, employees are prohibited from accepting any gift or other thing of monetary value from a person who has an interest which may be substantially affected by the performance or nonperformance of that employee's official duties. 49 CFR 99.735-9.

As a matter of both law and Agency policy, the acceptance of a discount from a motor vehicle manufacturer or manufacturer of motor vehicle equipment which inures to any employee merely because he or she has been issued an official passport, or by virtue of any other official responsibility, is prohibited conduct. Because the function of the National Highway Traffic Safety Administration includes investigating safety defects in motor vehicles and setting and enforcing fuel economy and safety performance standards, receipt of a discount from an automobile manufacturer by agency personnel could not help but create the appearance of impropriety. Such discounts and special rates would be governed by Departmental regulations relating to the acceptance of gifts.





In light of your letter and the concerns expressed by the Congressional Subcommittee, the Administrator has reminded Agency personnel of the Departmental regulations concerning the acceptance of gifts and other activities which could result in or have the appearance of impropriety.

Sincerely,

Jeffrey R. Miller  
Chief Counsel

RUSH

*John*

THE WHITE HOUSE  
WASHINGTON

May 10, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS *JGR*

SUBJECT: BMW Inquiry from GAO

*Jell's quote from it ?!*

Attached is a draft response to the GAO inquiry on discounts to those holding diplomatic passports. You should note the following about the draft response:

° The last sentence of the second paragraph states that State regulations on diplomatic passports do not prohibit acceptance of discounts offered by foreign manufacturers on the basis of holding such a passport. In my view it is not accurate to assert -- as has been asserted in the past -- that State regulations permit what happened in this case. The pertinent State regulation permits "[a]cceptance of rates and discounts offered to employees as a class." 22 C.F.R. § 100.735-202(b)(4). The discounts in question were, as I understand it, offered only to holders of diplomatic passports, not any employee.

*check State press questions all the time*

° The fourth paragraph discussion of why a discount is not a "gift" had to walk a very fine line. A discount is not a gift because the manufacturer gets something in return. This point has to be made without suggesting that what he gets in return is improper influence over an official.

*What do "and OGE view"*


GAO sent similar inquiries to State and the National Highway Traffic Safety Administration. A draft of the State reply is attached. The reply is bizarre in that it does not respond to the questions GAO raised. Most of the letter discusses a different issue -- sale abroad of items imported into the foreign country under favorable conditions.

I have asked for but not yet received the NHTSA draft reply. I have, however, been advised that the Administrator, Diane K. Steed, purchased a foreign automobile in the United States and arranged to and did pick it up in Europe. According to NHTSA Chief Counsel Jeff Miller, she received no discount of any sort. Miller told me that the NHTSA reply would probably conclude that it would be unethical for anyone at NHTSA to accept a discount from an automobile manufacturer.

THE WHITE HOUSE  
WASHINGTON

6-6

TO: D&H

FROM: John G. Roberts, Jr.  
Associate Counsel  
to the President 

- FYI
- COMMENT
- ACTION

WHAT IS THE STATUS  
OF THIS? NHTSA  
NEEDS TO KNOW.