

## Reagan Library – Independent Counsel Investigation during the Reagan Administration

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### INDEPENDENT COUNSEL INVESTIGATIONS DURING THE REAGAN ADMINISTRATION:

#### Special Prosecutor Leon Silverman – [Investigation of Secretary of Labor Raymond Donovan](#)

During January 1981, the FBI conducted a standard background investigation of Secretary of Labor designate Raymond J. Donovan. Summaries of the investigation were furnished through the Assistant Attorney General's Office of Legislative Affairs, Department of Justice, to the U.S. Senate Committee on Labor and Human Resources, the President Elect's Transition Office and later to the White House Counsel's Office. This first report contained some allegations regarding Donovan's ties to organized crime. Based on this information, his confirmation was held up for several weeks in which Donovan testified in Congress multiple times and vigorously maintained his innocence. He was confirmed as Secretary of Labor on February 4, 1981.

Throughout 1981, the Senate Committee on Labor and Human Resources continued to refer allegations of corruption against Donovan and his former employee, Schiavone Construction Co, including ties to organized crime, bribery and pay-offs to the FBI investigation unit. Witnesses came forward with further accusations long after his confirmation and the official background investigation was completed on January 27, 1981

On December 29, 1981, a federal court panel appointed Leon Silverman, a New York City attorney, as a Special Prosecutor to investigate allegations of corruption against Donovan, specifically that Donovan was present when Schiavone Construction was making a payoff. It should be noted Donovan requested the appointment of a special prosecutor presumably to stop the continued speculation regarding corruption. Silverman was to conduct an investigation of Donovan, in accordance with provisions of the Ethics in Government Act on behalf of the U.S. Senate Committee on Labor and Human Resources.

Silverman filed a report with the United States Court of Appeals, District of Columbia on June 28, 1982 focused on the charge that Donovan had participated in an illegal payoff by his New Jersey construction firm to a corrupt labor union official. Silverman found there was "insufficient credible evidence on which to base a prosecution" of Donovan on charges involving labor corruption and links to organized crime.

Silverman filed a supplemental report after a nine-month investigation on September 13, 1982 and repeated the conclusions of the June 28 report that there was "insufficient credible evidence" to support charges.

In 1985 an additional investigation by Special Prosecutor Silverman was opened on the question

of whether Donovan had given false testimony to Congress in 1982. This investigation was suspended pending the 1987 trial of Donovan on corruption charges. Its findings were the same as earlier investigations – “insufficient credible evidence.”

Independent Counsel Jacob Stein – [Investigation of Edwin Meese](#)

In January 1984, President Reagan nominated Edwin Meese III to be the next Attorney General. Under the close scrutiny of the Senate Judiciary Committee and the Office of Government Ethics, allegations arose regarding Edwin Meese’s financial dealings with San Diego Savings and Loan and subsequent federal jobs for individuals assisting him in personal financial matters. As a consequence of these allegations, in April 1984, Jacob A. Stein was appointed an Independent Counsel, to investigate any Edwin Meese connection with employment of these individuals during his time as Counsellor to the President. Stein issued his final report in September 1984, stating that he found no basis for criminal prosecution of Mr. Meese. His conclusions helped pave the way for Meese to be confirmed as Attorney General in March 1985.

Independent Counsel James McKay – [Investigation of Department of Justice Role](#) in the Congressional Investigation of the Environmental Protection Agency Top Officials

In 1984, the House Judiciary Committee launched a full investigation of the role of the Justice Department in the 1982-1983 Congressional investigation of the Environmental Protection Agency. The Committee published its conclusions in a December 1985 report that accused Justice Department attorneys, particularly Ted Olson and Edward Schmults, of deliberately obstructing the investigation of the EPA. Allegations included providing misleading reports and testimony, withholding incriminating material, and advising the President to make a claim of Executive privilege despite doubts about the sustainability of such a claim. The Committee recommended the Attorney General appoint an Independent Counsel to investigate possible criminal conduct including perjury and obstruction of justice.

Following the Committee report, the Department of Justice’s Public Integrity Section began its own review of the matter. They released their finding in April 1986 and identified cases of misconduct by four Reagan Administration officials: Edward Schmults, Ted Olson, Carol Dinkins and Deputy White House Counsel Richard Hauser. The Office recommended the Attorney General appoint an Independent Counsel to review the broad scope of actions and events rather than a specific narrow investigation.

The Attorney General, now Edwin Meese, appointed William Weld, then U.S. Attorney for Massachusetts to do an independent review of the entire matter. On April 4, 1986, Weld also recommended an independent counsel to investigate the actions of Schmults and Olson.

Meese chose to overrule most of the outside advice on the matter and limit the investigation. He appointed an Independent Counsel, James McKay, in April 1986. McKay was asked to determine whether former Justice Department attorney Theodore Olson had obstructed the 1982-83 investigation of the EPA. When McKay resigned after a month, he was succeeded by his deputy, Alexia J. Morrison. Alexia Morrison was the Securities and Exchange Commission’s enforcement chief and a former Assistant U.S. Attorney.

Morrison attempted to return to the initial recommendations and expand the investigation. But the D.C. Circuit Court upheld the authority of Attorney General Edwin Meese III to limit the investigation to the charges against Olson. Morrison then issued subpoenas to Olson and two other former Justice Department attorneys, who responded by challenging the Independent Counsel law in court. In June 1988 the Supreme Court, ruling in the case *Morrison v. Olson*, upheld the constitutionality of the Independent Counsel. In August 1988 Morrison issued her final report on the investigation, and announced in a press statement that she would not seek charges against Olson. She noted that testimony of Olson before Congress on March 10, 1983 “did not constitute a prosecutable offense because it was literally true, even if potentially misleading...”

#### Independent Counsel Whitney North Seymour – [Investigation of Michael Deaver](#)

Michael K. Deaver was a long-time associate and personal friend to President Ronald Reagan and close confidante of First Lady Nancy Reagan. He first worked with the Reagans as a Republican Party official in California in the 1960s. He worked for then Governor Reagan in both gubernatorial administrations. He helped run the unsuccessful 1976 Reagan presidential bid, and the successful 1980 campaign. Once Reagan took office, Deaver was given the post of Deputy Chief of Staff, a position created for him, and he served in this position from 1981-March 1985.

After leaving the White House in 1985, Deaver formed a lobbying and public relations firm, Michael K. Deaver and Associates. Quick success followed with clients such as the governments of Canada (particularly acid rain issues), South Korea, Saudi Arabia, and the U.S. territory of Puerto Rico. His clients also included TWA, Phillip Morris, and Smith, Barney, Harris & Upham Co. Deaver continued to have wide access to the White House. He retained his White House pass, his access to the White House tennis courts and continued to receive the President’s confidential daily schedule.

The Ethics in Government Act of 1978 states that a former government employee is forbidden from lobbying any Administration colleagues for a full two years after he or she has left their government post. Deaver was immediately suspected of violating this Act. A high-profile *Time* magazine cover story on his influence peddling in 1986 only made speculation worse. Congress began investigations and heard testimony from Deaver. Deaver readily agreed with Congressman John Dingell’s (D-Mich.) call for an independent counsel investigation. The Independent Counsel Act was invoked in May 1986, and Whitney North Seymour was appointed to investigate. Deaver cooperated throughout the investigation and willingly gave testimony to Congress and a grand jury.

In March of 1987, Deaver was indicted on five counts of perjury, for lying in Congressional and grand jury testimony. The indictment focused on his testimony regarding his representation of Canada (acid rain issues), South Korea, TWA, Smith Barney and the U.S. territory of Puerto Rico. A seven week trial followed some time after the indictment. Deaver and his attorneys were so confident in his stated innocence and the weakness of the government’s case no witnesses were called for the defense. In December 1987, after a 27 hour deliberation, the jury convicted

Deaver on three counts of perjury. He was sentenced to 3 years in prison, a \$100,000 fine and 1500 hours of community service. Deaver's prison sentence was converted to three years probation.

Independent Counsel James McKay – [Investigation of Lyn Nofziger/Edwin Meese](#)

In February 1987, Independent Counsel James McKay was appointed to investigate allegations that Franklyn (Lyn) Nofziger had violated the Ethics in Government Act by lobbying former Administration colleagues on behalf of various clients before legally allowed. One of these clients was Wedtech Corporation, a New York City-based firm formerly known as Welbilt Electronic Die Corporation. Other clients included Fairchild Industries, the Marine Engineers Beneficial Association, and a California rice company that had a contract with the South Korean government.

E. Robert Wallach, a personal friend of Attorney General Edwin Meese III, was also lobbying the White House on behalf of Wedtech. In May 1987, the Independent Counsel's investigation was broadened to include allegations of Meese's possible illegal involvement with Wedtech. The Independent Counsel went on to investigate several additional allegations against Meese, including: his promotion within the Administration, at Wallach's request, of a proposed Iraq-to-Jordan oil pipeline; possible conflicts of interest in his involvement with telecommunications policy while owning telephone stock; and issues regarding the funding of Mrs. Meese's job, and the Meeses' tax returns.

Independent Counsel Lawrence Walsh – [Investigation of Iran/Contra Affair](#)

Lawrence Walsh was appointed Independent Counsel in 1987 to investigate the Iran-Contra Affair. In 1986, members of the Reagan National Security Council illegally sold arms to Iran in the hope that Iran would put pressure on terrorist groups holding American hostages in Lebanon to release them. In addition, funds received from the sale of the arms were illegally transferred to support the Contra fighters against the Nicaraguan Sandinista government.

As a result of Walsh's investigation the following Reagan administration individuals were indicted and convicted (usually on the charge of withholding information or lying to Congress): National Security staff member Oliver North, National Security Advisors Robert McFarlane and John Poindexter, Secretary of Defense Caspar Weinberger, Elliott Abrams of the State Department and Duane Clarridge, Alan Fiers and Clair George of the Central Intelligence Agency. North and Poindexter had their convictions overturned on appeal when the courts upheld violation of their Fifth Amendment rights. The remaining individuals were pardoned by President George H.W. Bush.