

# Probe on Iraqi Sales Records Pressed

## Rep. Schumer Faults Commerce Dept. Audit on Altered Documents

By Sharon LaFraniere  
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Commerce Department documents released yesterday have raised new questions about whether aides to former department head Robert A. Mosbacher knew agency employees altered records on U.S. sales to Iraq before sending the records to Congress in late 1990.

One agency employee told a department auditor that he had alerted Wendell L. Willkie II, the agency's general counsel, to changes in the documents, according to notes of the conversation released at a House Judiciary Committee hearing. In addition, Dennis Kloske, a former department undersecretary, has told committee investigators that Willkie ordered him to delete portions of the records, committee member Charles E. Schumer (D-N.Y.) disclosed yesterday.

The disclosures are likely to add new weight to arguments by committee Democrats for an independent counsel to investigate whether administration officials deliberately misled Congress on the military equipment sales to Iraq in order to avoid political embarrassment. Some committee members also want an independent counsel to look into allegations that in the year prior to Iraq's August 1990 invasion of Kuwait, the Justice Department delayed an investigation into millions of dollars of loans to Iraq by the Atlanta branch of an Italian-owned bank.

The Justice Department is cur-

rently conducting a criminal investigation into the altered documents, but committee Democrats say an inquiry that could touch Mosbacher, now general chairman of President Bush's reelection campaign, is too sensitive to trust to the department. A committee request for an independent counsel could create a spate of bad publicity for Bush as the presidential election campaign heats up.

Willkie and Frank DeGeorge, the Commerce Department's inspector general, have placed blame for the altered documents on lower-level employees. They have said the employees were wrong to alter printouts sent to a House Government Operations subcommittee in late 1990. The printouts showed the licenses that had been granted by the department for U.S. exports of sensitive equipment or technology to Iraq.

Agency workers deleted descriptions showing that more \$1 billion worth of trucks sold to Iraq were for military use. They also deleted notes indicating that the Defense and State departments had approved numerous licenses, and they made changes in the agency's permanent database.

Willkie and DeGeorge have laid responsibility for altering the documents on Kloske, a former undersecretary in charge of the Bureau of Export Administration (BXA). Willkie, saying he had known nothing of the alterations, testified at a congressional hearing last month that Kloske "approved all the changes made."

DeGeorge told the House Judiciary Committee yesterday: "I have no reason to believe there were any changes directed by anyone other than within the Office of BXA."

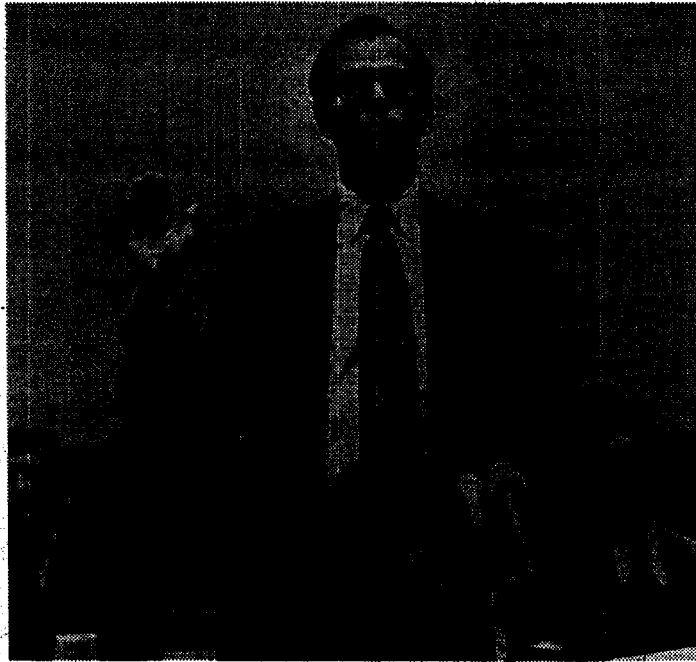
But Schumer said the department's auditors had ignored indications that Kloske and others were acting under orders as part of a coordinated effort to limit the political embarrassment to the White House.

"You have from him [Kloske] on two instances that there were higher-ups involved . . . [but] we don't get questions of anyone at a higher level," Schumer declared. "It just seems . . . that an undersecretary is being set up here. I'm sort of appalled."

DeGeorge said Willkie had known of no improper changes to documents, but was involved in the "policy issue" of whether notations showing license approvals by other agencies were exempt from disclosure to Congress under the "deliberative process" issue shielding executive branch deliberations.

Marci Robinson, a spokesman for the Commerce Department, said the consensus among administration departments "was to provide only what was asked for." She said that the Commerce Department provided full information on license approvals by other agencies after the subcommittee chairman, Rep. Doug Barnard Jr. (D-Ga.), protested that the information initially provided was incomplete.

Schumer said Kloske, who did not testify and could not be reached for comment, told a committee inves-



BY PHIL LUSTIG, THE WASHINGTON POST

State Department's Frank Lemay is sworn in at hearing on U.S.-Iraqi relations.

tigator he was ordered to provide only "the bare minimum" to Barnard. He said Kloske "remembers a document which indicated that the Department of Defense wanted changes in the permanent records because they were 'not satisfactory.'"

In their notes from an interview with Kloske, Commerce Department auditors said: "We asked him if there were standing orders from the Office of the Secretary to silently 'take the heat' for export license controversies. He would only answer, 'Orders are orders.'"

The auditors' notes also show that Thomas Stillman, an agency counsel who reports to Willkie,

heard an agency employee talk about "deleting" information about the military use of some of the approved exports and was "sufficiently concerned" to call Willkie and Willkie's deputy, Dan Haendel.

Stillman told the auditors that Willkie was concerned, but later called him back "to tell him everything was okay."

Haendel acknowledged Stillman's call but "did not look into the matter further," according to excerpts of auditors' notes released by the committee. One auditor concluded "Haendel and Stillman chose to accept Kloske's assurances [that no changes were made] and did not want to investigate . . . further."