

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,  
COMMITTEE ON FINANCE,  
Washington, DC, May 17, 2006.

GARY M. ABRAMSON,  
Chair of the Board, American University.

THOMAS GOTTSCHALK,  
Vice Chair of the Board, American University,  
Washington, DC.

DEAR MR. ABRAMSON AND MR. GOTTSCHALK: I am writing to you regarding the Finance Committee's review of governance issues at American University ("AU"). AU is a federally chartered non-profit, tax-exempt educational organization. Congress enacted the law in 1893 that first incorporated AU, appointed its initial individual corporate members, and specified the size and composition of its board of trustees. Act of Feb. 24, 1893, ch. 160. In 1953, Congress enacted legislation, altering, among other things, the process by which the AU board of trustees is elected. Act of Aug. 1, 1953, Pub. L. No. 183, ch. 309. The Finance Committee's review is predicated on this unique history of the legislative relationship between the federal government and AU as a congressionally chartered institution, as well as on the Committee's general legislative and oversight jurisdiction over tax-exempt charitable organizations.

In conducting its governance review, the Finance Committee has reviewed the numerous documents provided by AU and material provided by other sources, as well as discussions with current and former board members, faculty, students and AU employees. In addition, I have heard concerns raised by AU students from Iowa and their parents. To allow students, faculty and staff, and the public to have a better understanding of the governance issues still facing AU, I am today releasing relevant material provided to the Finance Committee. It says volumes about problems of AU governance that students, faculty, and supporters often have to learn about the work of the AU board from the U.S. Senate Finance Committee rather than from the board itself. I understand that governance changes are to be proposed that proponents claim will ensure that there will be greater openness and transparency at AU. I look forward to meaningful reform in this area and expect to be informed of the details of those proposals.

While I am releasing quite a bit of information today, I am frustrated that there is certain key material that I cannot release today. When the Committee began this investigation on October 27, 2005, I received assurances of cooperation. The Washington Post stated on October 28, 2005, "Gottschalk said yesterday that the board would do everything it could to cooperate." Unfortunately, those words have not always been met by deeds. While AU has over time provided material requested, AU continues to redact material provided and most frustratingly labels key documents 'confidential' and not to be released to the public. This is not what I would expect from a university that benefits from tax-exempt status and was chartered by act of Congress. I call on you to hold to your public commitments of full cooperation and allow for public release of all documents without redaction that have been requested. AU students, faculty and supporters have a right to a full understanding of the board's actions.

One of my principal governance concerns relates to the legal structure and composition of the AU board. The Finance Committee, during its roundtable discussion on charitable governance, heard from AU student leaders, faculty, and former board members, a number of whom called for the re-

moval of certain AU board members—particularly focusing on members serving on the ad hoc committee that took actions regarding former AU president Dr. Ladner without the knowledge of key board members.

In reviewing the material, I understand the views of those who believe the members of the ad hoc committee should be removed. In the course of our review, I have also focused on several key votes by some AU board members. In particular, given all related information reviewed by the Finance Committee, I am seriously troubled by votes cast in October 2005: 1) to amend the audit committee's recommendation and secondly to reject the audit committee's recommendations on a vote for reconsideration; 2) to reject three identical recommendations from counsel, including Manatt Phelps as well as Arnold & Porter, that had concluded that Dr. Ladner's 1997 employment agreement was invalid; 3) not to terminate Dr. Ladner for cause; and 4) to increase cash severance to Dr. Ladner by an additional \$800,000 over eight years—after the board had already voted to increase Dr. Ladner's cash severance by \$950,000.

It is important to bear in mind that these votes were made after the findings from protiviti independent risk consulting reports, which I am releasing today; were known to the board and that provided in detail the expenses of Dr. Ladner and his wife that he charged to AU. The report shows expenses that would make for a good episode of 'Lifestyles of the Rich and Famous'—a lifestyle paid for by AU students and their parents. In addition, as noted above, the board members were aware of the findings of two respected law firms that found that Dr. Ladner's 1997 employment agreement was invalid.

While I fully understand that as Chairman of the Senate Finance Committee, I'm not here to direct the management of the affairs of AU or its board, I do want you to know that I am considering proposing federal legislation that would require changes in the structure, composition, and governance of the AU board, as Congress has done previously. In particular, in discussions with Finance staff, AU board members have noted that they do not view that under current federal law the AU board has the authority to compel a board member to resign. Please confirm if that is accurate, and please also provide your views about the wisdom of Congress amending the law to provide the AU board such authority and, if so, suggested changes to the law.

In addition, I want to draw your specific attention to a board meeting that discussed Mr. Ladner's compensation package. In general, under federal tax laws, outside review and justification for the salary of a highly compensated individual at a public charity provides a safe harbor from penalties under Section 4958 of the Internal Revenue Code. My review of tax-exempt organizations and corporations has found that in the overwhelming number of cases outside consultants provide a justification for the salary request that is being considered. In fact, the AU situation is the only example Finance Committee staff have seen of an outside consultant stating that a salary of an individual at a public charity is too high.

However, in calling for a salary for Dr. Ladner higher than that recommended by outside consultants, some AU board members appear to have rejected concerns about complying with the laws passed by Congress and instead described financial penalties for violating federal law as 'de minimis.' Comments that suggest that federal laws should be disregarded because penalties are 'de minimis' are stunning when I hear them from members of for-profit corporate boards; they are shocking when they come from

board members of a tax-exempt university. Do you believe this is the appropriate message AU should send to students—it is all right to violate the law if the penalty is de minimis? Please provide a complete explanation of these events and your views of them, as well as all related material.

The issue of whistleblower protection at non-profit institutions has also been of great concern to me in the course of the Committee's work. Whistleblowers in certain situations are protected from retaliation under state and federal law. A series of aggressive emails to other AU board members by one AU board member appear to attack whistleblowers trying to do the right thing regarding the situation at AU. They include the following language: "You are right in citing a Nixon era example. People do not tolerate leaks any more. No one is so naive anymore to think that unidentified 'whistleblowers' are public servants. You are right in saying there always must be a process for people to report wrongdoing but this is not the way."

As a champion of whistleblowers in Congress for years, I can state categorically that not only are whistleblowers public servants, they are often heroes—saving lives and taxpayers billions. I commend you, Mr. Gottschalk, and former board chair Ms. Bains, for taking a strong line against any effort to bring the Salem witchcraft trials to northwest DC. But again, that a board member might propose retribution against whistleblowers, as appears from some of these emails, is inexcusable. I would appreciate your general views on the benefit of whistleblower protection at tax-exempt organizations, as well as your specific views on the series of emails appearing to support aggressive efforts to search, find, and punish those who try to speak out against what is wrong. In particular, do you believe such efforts send the appropriate message to AU students—especially given that a large number of AU graduates will be employed in public service?

Finally, let me return to the overall issue of governance. In meetings with my staff, AU representatives have given assurances that AU will have in place governance reforms that will provide students and faculty a meaningful and substantive voice at AU. I view this as a vital part of AU governance reforms coupled with greater sunshine and transparency that I mentioned at the beginning of my letter. Please inform me in detail what the governance reforms are as to students and faculty.

Given that Congress is currently considering reforms to provisions of the tax code affecting charities as part of the conference on the pension bill, I ask that you provide answers to this letter within 10 working days. Thank you for your time and courtesy.

Cordially yours,

CHARLES E. GRASSLEY,  
Chairman.

#### HONORING THE INDY RACING LEAGUE

Mr. BAYH. Mr. President, I rise today to applaud the Indy Racing League, IRL, for its decision to use ethanol in its race cars and the impact that decision has had on efforts to inform Americans about this important alternative fuel. Since 1911, Indiana has been the center of the autoracing world, setting the standard in racing for drivers and fans alike. And now, the Indy Racing League is setting a new standard, this time for greater energy independence.

This year all of the IndyCars will race on a 10-percent ethanol blend before switching to a 100-percent ethanol fuel next year. With this change, the corn harvested on farms across the country will power the fastest cars in the world.

The ethanol that will power its race cars will deliver the same high-performance capabilities that drivers rely on, only without harmful air pollution. It also represents an important step toward reducing America's dependence on foreign oil, by providing a renewable energy source grown in our own fields. By tapping the energy potential of America's farm fields, we can ensure a reliable domestic energy supply to meet our Nation's needs while ending our reliance on unstable countries such as Saudi Arabia, Russia, and Venezuela for their oil and creating thousands of jobs for Hoosier farmers.

Every Memorial Day weekend, millions of Americans and sports fans from around the world watch the Indy 500. But this year, when they tune in to see who wins the Brickyard, they will also be watching the future of American energy unfold at 220 miles per hour.

With its decision to use ethanol as the fuel for the IndyCar series, the IRL is leading the way to encourage greater public use of renewable fuels. After all, if a high-performance vehicle can win the Brickyard running on ethanol, then surely ethanol is good enough for the family minivan, too.

I have introduced a bipartisan bill that will promote the use of ethanol and other biofuels, and I will continue to support efforts to find new ways to use ethanol in the future. I applaud the Indy Racing League for leading the way in this effort and, along with thousands of other Hoosiers, look forward to this year's ethanol-powered races.

#### AMERICAN LEGION POST 51 OF EAST POINT, GA

Mr. ISAKSON. Mr. President, I rise today to recognize in the RECORD American Legion Post 51 of East Point, GA, for its unselfish efforts on behalf of our brave soldiers serving in Iraq. The Post 51 family has adopted Charlie Company 324th Signal Battalion from East Point, GA. This Reserve unit made up of 144 service men and women is in the process of deploying in support of Operation Iraqi Freedom.

The post held a barbeque for the soldiers' families, planned a Christmas party for the soldiers, and Post 51 members attended the deployment ceremony for nine members of Charlie Company. Post 51 has also dedicated countless hours supporting the families of deployed members by helping with home repairs and offering financial advice.

Mr. President, I am very proud of our troops serving in Iraq and Afghanistan, and I am equally proud of organizations such as American Legion Post 51 for all it is doing to support our soldiers and their families here at home.

#### THE LEGACY OF CHIC HECHT

Mr. ENSIGN. Mr. President, I rise today to celebrate the life of Chic Hecht, a friend, a leader, and a great Nevadan. Chic served my home State and this country with honor, humility, and great devotion. He leaves behind the legacy of a true statesman, an intelligence officer, a successful businessman, and most importantly, a committed husband and father.

For me, Chic's legacy is that of a public servant who was fiercely loyal, unwavering in his principles, and an all-around decent human being.

Chic was drafted into the Army after college and served as an intelligence officer in Berlin during the Korean war. Chic retained a lifelong membership in the National Military Intelligence Association, and in 1988, was inducted into the Army Intelligence Hall of Fame.

Chic served in the Nevada State Senate for more than a decade before winning a U.S. Senate seat in what has been called the biggest political upset in our State's history. During his term in the Senate, Chic served on the Energy and Natural Resources Committee; the Banking, Housing and Urban Affairs Committee; and the Select Committee on Intelligence. In the Senate, Chic worked with President Reagan in persuading the Soviet Union to lift restrictions on the emigration of Jews—a part of his legacy that will endure for generations. Chic went on to serve 4 years as the U.S. Ambassador to the Bahamas.

But it was Nevada that was always home to Chic. And Chic never lost that down-to-earth, man of the people charisma that won him friends wherever he went. While his charm helped him make friends throughout his life, it was his loyalty that made him a lifelong friend.

I will miss Chic. He was the first to step up when I was being criticized, and he believed in me when very few others did. In politics, you learn quickly who your real friends are, and Chic was a real friend.

He left the Senate more than a decade before I took office, but I am well aware of the impact he made. Chic was a great role model, and I hope to carry on his legacy and the lessons he taught me: to be fiercely loyal, unwavering in principles, and an all-around decent human being.

Chic will be missed, but he has set an example for us all to follow. God bless him.

#### ADDITIONAL STATEMENTS

##### THE DEATH OF SISTER ROSE THERING

• Mr. MENENDEZ. Mr. President, New Jersey and the Nation mourn the May 6, 2006, passing of Sister Rose Thering, a selfless luminary, who was a leader in stamping out bigotry and intolerance and who brought Christians and Jews

together for increased mutual understanding. We were indeed lucky to have Sister Rose live in New Jersey for so many years. From 1968, when she first came to Seton Hall in South Orange, New Jersey benefited greatly from her wisdom and her tenacity to act as a bridge between people of different faiths and backgrounds. Sister Rose has made many contributions to the New Jersey community. As a member of the New Jersey Holocaust Commission, she helped write a 1994 law mandating the teaching of the Holocaust and genocide in the schools in New Jersey. As a member of the Seton Hall community, she forged an educational outreach program in Christian-Jewish studies.

Last year, Sister Rose moved back to Racine, WI, to live with her Sisters in the convent in which she initially entered religious life. Many in the New Jersey community sent her off with heavy hearts, knowing she was ill and knowing that they might never see her again. But it was her wish to live her last remaining days with her Dominican Sisters in Racine. As her life went full circle, the path she took is an example to us all.

In her early years, Sister Rose was dismayed at the disparaging comments she heard about Jews. She learned from her teachers that Jews killed Jesus; she heard whisperings of other anti-Semitic statements in her close-knit community. Concerned that a people were being unfairly treated, Sister Rose made it her passion to fight anti-Semitism and to bring attention to the culprit Catholic texts in which anti-Semitism was perpetuated. She wrote her doctorate dissertation on this topic at St. Louis University. In 1965, the Vatican used her dissertation as a basis for *Nostra Aetate*, the declaration that forever changed the relations between Catholic and Jews.

Sister Rose continued her commitment to Jewish-Christian relations by forging strong bonds with the Jewish community. She was unconventional, feisty, and strong willed always wanting to make principled decisions in support of her cause. She wore a necklace of the Star of David fused to the cross. In 1986, she protested the inauguration of President Kurt Waldheim, former U.N. Secretary General, because he had served in a Nazi unit. In 1987, she went to the Soviet Union to protest the treatment of Russian Jews. She visited Israel frequently, often bringing students with her. At a particularly vulnerable time for Israel, Sister Rose decided to attend the Rally for Israel on April 15, 2002 on the Mall in Washington, DC. Despite her poor health, when she learned that there was no Catholic speaker on the program, she insisted on speaking to show her solidarity. And as no surprise, it was Sister Rose that was given the honor of giving the invocation.

Her legacy is great. It lives on in the documentary "Sister Rose's Passion" that won a Tribeca Film Festival