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## News Alert!

[By John Berlau](#)

### EIZENSTAT TELLS WHY HE GAVE WAIVER TO IRS COMMISSIONER

President Clinton's deputy treasury secretary, Stuart **Eizenstat**, called Insight just after this magazine's deadline last week to explain why he gave IRS Commissioner Charles Rossotti a last-minute waiver of conflict-of-interest rules.

Under the waiver, which **Eizenstat** signed on Dec. 11, 2000, Rossotti was protected for failing to recuse himself from participating in many decisions that could affect the bottom line of American Management Systems (AMS). As Insight has reported Rossotti refuses to divest his millions of dollars in stock holdings in AMS, the information-technology company he cofounded, even though AMS has millions of dollars in contracts with IRS (see "A Taxing Dilemma," April 23).

**Eizenstat** tells Insight that there was a pressing need to process the waiver because, without it, Rossotti would have had to sell his stock to remain commissioner. "He had to know whether to sell this stock or not," says **Eizenstat**, now a partner at the Washington law firm of Covington & Burling and a public-policy scholar at the Wilson Center.

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**Eizenstat** defended his decision to sign the waiver but put responsibility for the signing on Kenneth Schmalzbach, Treasury's assistant general counsel for law and ethics. "Ken Schmalzbach is about as tough an ethics officer as you can get, and when he made this recommendation [to grant the waiver] to me, I had no reason to challenge it."

**Eizenstat** seemed to be misinformed about the extent of Rossotti's AMS holdings, telling Insight that they "were not that substantial." Informed that Rossotti and his wife hold between \$16 million and \$80 million in AMS stock, according to his latest financial-disclosure form, the former deputy treasury secretary retreated: "You really should talk to Ken, because it was his recommendation that I followed. He's the one that reviewed this and suggested I take this position."

Schmalzbach has not returned Insight's telephone calls.

Reeves' death boost partisan stem cell debate?

- Yes
- No
- Maybe
- Makes no difference
- Will focus debate on alternativ R & D

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RESULTS

## CONTROVERSIAL SENATE STAFFER MAY GET KEY MIDEAST POLICY POST

A Senate staffer who raised concerns with an unauthorized trip to meet with Palestinian Authority Chairman Yasser Arafat is being considered by the Bush administration for a top post in the Defense Department dealing with Middle East policy, news alert! has learned.

Insiders tell Insight that the administration may appoint Danielle Pletka, currently majority staff director for a Senate Foreign Relations subcommittee, as deputy assistant secretary for Near Eastern and South Asian affairs. If appointed, Pletka would be one of the key players on U.S. policy toward the Middle East.

That troubles pro-Israel conservatives. "She's obviously an untrustworthy person and a very sneaky person," says Emanuel Winston, a conservative journalist who specializes in Mideast politics.

As Insight reported in 1995, Pletka, then an aide to Senate Foreign Affairs Committee Chairman Jesse Helms of North Carolina, met secretly with Arafat to discuss the peace process during a July 1995 visit to Israel. Insight reported that Pletka also shocked U.S. Jewish leaders when she told them she was "thrilled" and "excited" to meet Arafat.

After Israel supporters expressed outrage that one of Helms' staffers would meet with the longtime terrorist leader implicated in the 1973 murder of two U.S. diplomats in Sudan, Helms told Insight Managing Editor Paul M. Rodriguez that "I did not authorize or sanction any trip overseas" for staff members to meet with the Palestinian leader, adding "I didn't know that it occurred." Helms told Insight that he would support the tough anti-Arafat legislation being sponsored by then-New York senator Alphonse D'Amato. But, as Insight reported at the time, his aides furiously lobbied him to change his position and support a toothless bill endorsed by the State Department. "If Helms wants to be a player he has to deal with the real world and not a pretend one," a Helms aide told Insight.



Still, Helms stopped short of firing Pletka, who once worked briefly as a writer for Insight. Since then, Pletka has earned respect from some establishment defense hawks for organizing hearings on the threat from Iraq. "Iraq policy is a big mess, and she took a leading role in helping to straighten it out, at least on the congressional side," says Laurie Mylroie, author of the recently published book *Study of Revenge: Saddam Hussein's Unfinished War Against America*.

Mylroie, who says she is a staunch supporter of Israel, defends Pletka's meeting with Arafat, noting that many people were meeting with Arafat: "Since the Rabin government was touting Arafat, and so were a lot of American Jewish organizations, it's hard to criticize a Senate staffer."

But critics of Pletka call her a "cowboy," citing the unauthorized Arafat meeting, conspiring with the State Department behind Helms' back. Winston also charges Pletka with packing Senate hearings with critics of Israel's conservative Likud coalition, now once again in power under Ariel Sharon. "She always acted as a barrier to Helms from anybody on the conservative side of the aisle, particularly when it came to Israel," Winston says.

Pletka did not return Insight's phone calls.



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