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CORRESPONDENCE - JUNE 1981

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THE WHITE HOUSE
WASHINGTON

June 16, 1981

Dear Marcia:

I'm sorry for having taken so long to respond to your letters. It's too bad that we only communicate when there's bad news.

Actually, in spite of all the trauma of the first few months, we have settled into somewhat of a routine. We have a home in the Foxhall area of Washington which is really very beautiful and the kids are in fine schools - Amanda at Holton Arms in Potomac and Blair at a superb public school in the District. There are at last count 33 other children on our two-block long street and the kids are in heaven.

The house and pressures are terrific and the social life unreal. You can literally go out every evening in Black Tie if you wanted. We try to limit ourselves to three nights a week. At this pace we expect to burn out in a year and return home to California. Besides, we can't afford any longer.

When we do have a long weekend (that's both Saturday and Sunday) we've tried to see some of the historical spots nearby. Carolyn and the kids are going to Sacramento for 5 weeks in July and August - then join me in Santa Barbara for one week with the Reagans and then we're off to Nantucket for ten days alone.

Bill called over the weekend to let us know that the Mojave part of the tribe is planning a party for Mom and Dad in August for their 50th Anniversary. I told him we'd be there.

I thought it was interesting that both of your boys are interested in the theatre. Do you suppose that's a latent Mack gene? Let me know if I can ever help them - I've found I had friends I never knew I had.

All in all, its exciting and rewarding but I know we'll be the same when we leave here and hope to have made a small contribution. Must close and get out of here. It's late. Thanks again for writing.

Give my love and respect to Uncle Hank and all.

Love,

MIKE

FERRIS, MARCIA

Mrs. James S. Ferris
4205 Beulah Drive
La Canada Flintridge, Ca. 91011
Monday, March 30

Dear Mike & Caroline,

My thoughts have been with you constantly today, as we have watched, over & over again, the tape of the assassination attempt, and waited for news of the President's condition. Mike, it was horrible to see how close you came to the line of fire, and I was so grateful that you were unharmed.

I know what a terrible time this has been for you, being so close to, and so concerned for President Reagan. We have shared your concern, and your relief, in learning that the prognosis is excellent.

If it is any comfort at all, I think you would have been gratified to see the outpouring of affection and concern that was so evident today. A T.V. set was on in the conference room at Capital today, and the room was filled all day long with people waiting silently for news of the President's condition. Several of my close friends, who know that we are Cousins, hastened to assure me that you hadn't been hurt, before I had a chance to see the tape.

Caroline, I can only try to imagine how frightening this experience has been for you and the children. Perhaps you have discussed the possibility of such a thing in the past, but the reality must be beyond anyone's ability to picture.

I feel so helpless, writing this letter, wishing there were something I could do more concrete than saying that we are thinking of you and praying for the President's complete and rapid recovery. If there should be anything we can do for you, I hope you will let me know.

Please don't bother to reply to this note - I know you are both very busy, and very drained emotionally by today's events. I just wanted you to know that we care about you. Mike, it seems only a few years since we were slipping dish towels at each other and arguing about doing the dishes. I wish it didn't take events like this to make us remember how much we care about family. Love to you + the kids,
Marcia

Dear Mike & Caroline -

May 7, 1981

As you can see by the enclosed, I tried to write to you recently, but the address Dad had given me apparently wasn't correct. Typically, it's taken me more than a month to try again.

I hope things are calmer for you now, and that you are finding time to enjoy Washington. I have beautiful memories of three different visits to the Capitol - all in the Spring, or early Fall. Has the change been difficult for the children, or do they like their new school?

We are all well, & looking forward to having the boys home from college ^(Christy). Mike is finishing his Sophomore year at Harvard, & Dave his Freshman year at Pomona. They're both "show biz" struck - Mike wants to be a movie director, & Dave's current passion is working on the stage crew. Michael will spend most of the summer in Boston, working on a parody of "People" magazine for the Harvard Lampoon, & David will be in Santa Rosa - he has a job in summer stock at the college there.

Meanwhile, at home in La Canada, Jim's consulting business is doing fine, and

I'm still working in L.A. for a mutual fund manager, and enjoying it (although the market could be doing better!).

My Dad is doing great - still working five days a week, but he's "cut down" to working only half days. I try to visit him every three or four weeks. He has two dogs now - a German Shepherd and a Corgi, and they are the loves of his life, & keep him company. I can't get him to come visit us any more, though, because he hates to put them in the kennel.

Not much news, other than that. We look forward to hearing from you if you have time to write a note - otherwise, do give us a call when you're in Southern California next.

Love,
Marcia

June 16, 1981

Mr. Michael K. Deaver
The White House
Washington, DC 20500

Dear Mike:

Attached is a copy of the Case for Restoring the Restricted Stock Option. I believe the 2.5 mm they give as possible outflow in the first year is over stated. The Government really gains by this legislation because persons with options in companies that do well pay taxes on the capital gains they receive. This, as opposed to now where the corporation can deduct the difference on the amount a person pays taxes on when he receives the option.

This is a small impact suggestion but the impact of small emerging high growth and high technology companies can be great.

Lets include this in the "first year" bill and not wait for later. It will help channel funds into capital investment alternatives without targeting the reductions as the Democrats want to do.

I urge you to support inclusion of S639 and HR2797 into the main Reagan tax bill.

Sincerely yours,



James W. Fuller
Senior Vice President -
Marketing

JWF/jf

Enclosure

Forwarded to Suty Regan
7/1/81

It is a right granted to an employee to purchase a specified number of shares of a company's stock for a definite period of time at a price determined when the right (option) is granted.

WHAT IS A RESTRICTED STOCK OPTION?

It is the form of employee stock option that existed prior to 1964. It allows employees to purchase a specified number of shares of their company's stock over a period of ten years, in accordance with a plan approved by the company's shareholders.

WHY SHOULD RESTRICTED STOCK OPTIONS BE RESTORED?

- Restricted stock options promote productivity and combat inflation. Since restricted stock options are a form of non-cash compensation, granting them causes no out-of-pocket expense to the corporation. Lowering a company's "up front" labor costs in this way has two important effects; it tremendously improves the company's cash flow and can result in lower product prices--thus fighting inflation. Also, because stock options increase in value as the performance of the company improves, they generate an "extra effort" from employees with a stake in their company's growth.
- Restricted stock options improve the ability of growth companies to attract talented employees. Despite their disproportionate contribution to technological innovation and economic growth, young companies frequently have difficulty competing in the job market for talented managers and scientists. Studies have shown repeatedly that small, high-technology companies grow faster and create more jobs than mature industries. As a result, their equity value also increases more rapidly, making stock options in these smaller companies more attractive than options in more mature companies. Thus, stock options give small companies an advantage in attracting talented employees.
- Restricted stock options promote capital formation and broaden the base of corporate ownership. The exercise of stock options provides additional equity capital for companies. This is essential for small businesses whose rapid growth creates an insatiable demand for working capital. The use of stock options also increases the probability that the company will "go public" to create additional liquidity for its optionees. This cycle results in more people owning equity in U.S. corporations. It can also lead to faster growing stocks which are prime candidates for investments by employee pension funds.

WHAT ARE THE REVENUE CONSEQUENCES OF RESTORING THE RESTRICTED STOCK OPTION?

Restricted stock options will raise revenue for the Treasury. The Congressional Joint Committee on Taxation estimates that restoring restricted stock options will reduce tax revenues "by less than \$2.5 million" per year through 1983 and then increase net revenues by \$15 million in 1984 and \$30 million in 1985--a \$35 million net gain to the Treasury after six years. The revenue flow would then continue.

WHAT H.R. 2797/S. 639 WOULD DO

H.R. 2797, the Employees' Incentive Ownership Act, sponsored by Congressmen Jim Jones (D-Okla) and Bill Frenzel, (R-Minn) and S. 639, the Senate Companion Bill sponsored by Senators Packwood (R-Or) and Bentsen (D-Tex) would amend the Internal Revenue Code to restore the restricted stock option as a viable form of employee incentive compensation.

II. DESCRIPTION OF BILLS

1. S. 639—Senators Packwood and Bentsen

Incentive Stock Options

Present law

Under present law, the taxation of stock options granted by an employer to an employee as compensation is governed by Code section 83. The value of the option constitutes ordinary income to the employee when granted only if the option itself has a readily ascertainable fair market value at that time. If the option does not have a readily ascertainable value when granted, it does not constitute ordinary income at that time. Instead, when the option is exercised, the spread between the value of the stock at exercise and the option price constitutes ordinary income to the employee. Ordinary income on grant or on exercise of a stock option is treated as personal service income and hence generally taxed at a maximum rate of 50 percent.

An employer which grants a stock option generally is allowed a business expense deduction equal to the amount includible in the employee's income in its corresponding taxable year (Code sec. 83(h)).

Background of tax treatment of stock options

Restricted stock options

The Revenue Act of 1950 enacted provisions for "restricted stock options," under which neither grant nor exercise of the option gave rise to income to the employee. Instead, income generally was recognized at the time the employee sold stock which had been received pursuant to exercise of the option. No deduction was allowed to the employer matching the amount of income recognized by the employee (the gain on sale of the stock).

If the option price was at least 95 percent of the market price of the stock at the time the option was granted, the entire amount of any gain realized by the employee at the time the stock was sold was treated as capital gain. If the option price was between 85 and 95 percent of the market price at the time the option was granted, the difference between the market value of stock at the time of the option grant and the option price was treated as ordinary income when the stock was sold, and any additional gain at the time the stock was sold was treated as capital gain.

For a stock option to be classified as "restricted," the option price had to be at least 85 percent of the market price of the stock at the time the option was granted; the stock or the option had to be held by the employee for at least two years after the date of the granting of the option, and the stock held for at least six months after it was transferred to the employee; the option could not have been transferable other than at death; the individual could not have held ten percent or more of the stock of the corporation (unless the option price

was at least 110 percent of the market price of the stock); and the option could not have been for a period of more than 10 years.

Qualified stock options

The Revenue Act of 1961 repealed the provisions for restricted stock options and enacted provisions for "qualified stock options." Qualified stock options generally were taxed ordinary income when the stock options were exercised.

Qualified options had to be granted with an option price of at least 85 percent of the stock's market price when the option was granted (and the 95 percent inclusion in income where a stock option price was not met if the requirement failed). In addition, qualified stock options had to conform to the requirements that the stock had to be listed on a national securities exchange; the option could not be held more than five years after the date of grant; approval had to be obtained; the options had to be granted in writing; the options granted; and no option could be granted to shareholders owning more than five percent of the stock (increased up to ten percent for corporations with less than \$2 million equity capital).

1969 Tax Reform Act—Minimum tax and maximum tax

The Tax Reform Act of 1969 enacted a minimum tax on capital gains. A tax was imposed equal to ten percent of the benefit realized (reduced by a \$30,000 exemption plus regular tax liability on other capital gains). The bargain element on restricted and qualified stock options was included portion of capital gains were items of tax preference.

In addition, a 50-percent maximum marginal tax rate on income from personal services was added by the 1969 Act, and the 50-percent rate on this rate was reduced generally by the sum of the benefits realized in excess of \$30,000.

1976 Tax Reform Act—Repeal of qualified stock options

The Tax Reform Act of 1976 repealed qualified stock options. The minimum tax on capital gains was extended to restricted stock options. The 1976 Act also increased the minimum tax rate to 20 percent. The 1976 Act also increased the minimum and maximum tax rates on permitted deferred compensation to qualify for the 50-percent maximum rate on personal service income.

Revenue Act of 1978—Treatment of capital gains

The Revenue Act of 1978 removed the excluded portion of capital gains from the minimum and maximum tax and enacted a new alternative minimum tax. In addition, taxes on capital gains were reduced, so that the maximum rate of tax on capital gains is 20 percent.

Issue

The principal issue is whether to reinstitute qualified stock options under which the employee would not recognize income on receipt of the option or exercise of the option, the option would be taxed only at capital gains rates at the time the option is exercised, and the employer would not receive a deduction with respect to the option.

Explanation of the bill

In general

The bill would enact provisions for the taxation of stock options which would be taxed in a manner similar to restricted stock options under present law.

applied to restricted and qualified stock options. That is, there would be no tax consequences when an incentive stock option is granted or when the option is exercised, and the employee would be taxed at capital gains rates when the stock received on exercise of the option is sold. Similarly, no business expense deduction would be allowed to the employer with respect to an incentive stock option.

The term "incentive stock option" would mean an option granted to an individual, for any reason connected with his or her employment, by the employer corporation or by a parent or subsidiary corporation of the employer corporation, to purchase stock of any of such corporations.

Requirements (holding period, etc.)

To receive incentive stock option treatment, the bill would provide that the employee must not dispose of the stock within two years after the option was granted, and must hold the stock itself for at least one year. If all requirements other than these holding period rules are met, the tax would be imposed on sale of the stock, but gain would be treated as ordinary income rather than capital gain, and the employer would be allowed a deduction at that time.¹

In addition, for the entire time from the date of granting the option until three months before the date of exercise, the option holder must be an employee either of the company granting the option, a parent or subsidiary of that corporation, or a corporation (or parent or subsidiary of that corporation) which has assumed the option of another corporation as a result of a corporate reorganization, liquidation, etc. This requirement and the holding period requirements would be waived in the case of the death of the employee.²

Terms of option

For an option to qualify as an "incentive stock option," the bill would provide that the terms of the option itself would have to meet the following conditions:

1. The option must be granted under a plan specifying the number of shares of stock to be issued and the employees or class of employees to receive the options. This plan must be approved by the stockholders of the corporation within 12 months before or after the plan is adopted.

2. The option must be granted within ten years of the date the plan is adopted or the date the plan is approved by the stockholders, whichever is earlier.

3. The option must by its terms be exercisable only within ten years of the date it is granted.

4. The option price must equal or exceed the fair market value of the stock at the time the option is granted. This requirement would be deemed satisfied if there had been a good faith attempt to value

¹ In the case of a sale which does not meet the holding period requirements, the amount of ordinary income, and the amount of the employer's deduction, would be limited to the difference between the amount realized on the sale and the option price.

² For purposes of the holding period requirements, the bill also would provide that certain transfers by an insolvent individual of stock received pursuant to exercise of an incentive stock option are not to be treated as dispositions of such stock. The transfers which would be covered by this rule are transfers to a trustee, receiver, or similar fiduciary, or other transfers for the benefit of the individual's creditors, in a bankruptcy case or similar insolvency proceeding.

the stock accurately, even if the option price was a nominal value.

5. The option by its terms must be exercisable during the employee's life and must be exercisable during the employee's life or the death of the employee.

6. The employee must not, immediately after the exercise, own more than ten percent of the total value or value of all classes of stock of the employer corporation, parent or subsidiary.³ However, the stock ownership limitation could be waived if the option price is at least 110 percent of the fair market value (at the time the option is granted) of the stock which is the subject of the option and the option by its terms is not exercisable for more than ten years from the date it is granted.

Other rules

The bill would provide that stock acquired by exercise of an incentive stock option could be paid for with stock of the corporation, provided that the option price is paid.

The difference between the option price and the fair market value of the stock at the exercise of the option would not be subject to the tax preference.

Also under the bill, any option which is a qualified stock option or restricted stock option under present law would be treated as an incentive stock option if it was not exercised before the date of the bill's enactment if it otherwise satisfies requirements for incentive stock options.

Effective date

The bill generally would apply to options granted on or after December 31, 1980. However, in the case of an option which is exercisable before December 31, 1980 and which is not an incentive stock option, the corporation granting the option could elect, within 12 months of the enactment of the bill) to have the option not treated as an incentive stock option.

In the case of an option granted before 1981, the bill would provide for deletion of any stock appreciation right or right to receive stock appreciation rights to permit the option to qualify as an incentive stock option. The modification could be made within six months of the enactment of the bill, and the modification being treated as the grant of a new option.

Revenue effect

It is estimated that the bill would reduce budget deficits by a significant amount in fiscal year 1981 and by a smaller amount in fiscal years 1982 through 1984. The bill would also increase budget receipts by \$15 million in fiscal year 1981 and \$30 million in fiscal year 1986.

Prior Congressional action

In the 96th Congress, the Senate passed a bill (S. 1000, 96th Cong., 1st Sess. (H.R. 5829, sec. 234) including provisions for the treatment of incentive stock options. Certain provisions of the bill were not included in the bill taken on that bill.

³ For this purpose, the bill would provide that stock owned by an individual directly or indirectly through a partnership, trust, or other arrangement, or through an estate, or trust which would be treated as owned by the individual, or by the holder, partner, or beneficiary of the trust.

June 16, 1981

Mr. Michael K. Deaver
The White House
Washington, DC 20500

Dear Mike:

Thank you for taking a few minutes out of your busy schedule to meet with me during my visit to Washington last week. I enjoyed talking with you about your job and seeing the "nail" gift sent to President Reagan from Pleasanton, California.

Thank you also for introducing me to Jay Moorehead. He was very helpful and informative. Hopefully, we can put something together.

I have been thinking about our discussion concerning the business setup you would need to function sometime in the future. It seems to me that you should start meeting appropriate people in a conducive setting as soon as possible. Therefore, I suggest that we begin by setting up a luncheon for you alone with several heads of business corporations here in the Bay area. The luncheon would include about 10 or 12 people. It would be hosted by Chuck Schwab and myself. The subject of discussion would be your job at the White House as you see it, insights you have gained into policy formation for the United States, and steps that businessmen and their corporations should take to insure that they have an adequate into policy development before decisions are too far along for modification.

The implications would be clear but subtle. You would establish yourself as a knowledgeable provider of insights in a non-threatening manner.

It seems to me that other members of the White House staff are on the road, giving interviews and speeches and generally presenting themselves as knowledgeable persons in addition to policy staff. You however don't seem to have that opportunity except for certain newspaper articles. This type of forum would, if successful, provide that exposure but in a low key manner which would not attract publicity. This would be perfect for what you would be trying to do.

Mr. Michael K. Deaver
June 16, 1981
Page 2

If you think this idea has merit let me know. Perhaps we could schedule it for August when you come back to the Bay area.

In the meantime if there is anything I can do for you don't hesitate to call me.

Warm regards,



James W. Fuller
Senior Vice President -
Marketing

JWF/jf

THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Vern:

Thanks for your thoughtfulness in sending the tearsheets of the article. I'm sure my mother was pleased to get the prints of the pictures.

I enjoyed the interview and look forward to doing it again at a future date.

Warm regards,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mr. Vern Lawson
Antelope Valley Press
37404 Sierra Hwy
P.O. Box 880
Palmdale, CA 93550

THE WHITE HOUSE
WASHINGTON

June 17, 1981

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Thanks for your thoughtfulness in sending the tearsheets of the article. I'm sure my mother was pleased to get the prints of the pictures.

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Warm regards,

MICHAEL K. DEEVER
Assistant to the President
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Valley Press

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Thank

June 12, 1981

Mike Deaver
Assistant to the President
Deputy Chief of Staff
The White House Office
1600 Pennsylvania Ave.
Washington D. C. 20500

Dear Mike,

Here are some tearsheets of the article.

I spent several hours with your parents going over the scrapbooks and I gave your mother prints of the pictures.

Thanks again for the interview.

I have been a correspondent for the Los Angeles Times for 24 years and plan to submit a similar feature next week.

Hope to see you again in future years.

Sincerely,

Vern Lawson
managing editor

THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Fernando:

I am sorry we were unable to get together while you were in Washington but my schedule was unbelievable. I would have liked to meet you and your family and perhaps we can do it next time you are in town. Let me know before you get here and we will try to set something up.

Warm regards,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Mr. Fernando R. Zazueta
The Boccardo Law Firm
111 West St. John Street
Eleventh Floor
San Jose, CA 95113

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June 12, 1981

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JAN CHAMPION
FERNANDO R. ZAZUETA

WASHINGTON D.C. OFFICE

THOMAS M. REES, P.C.
U.S. CONGRESS 1966-1977
MEMBER OF CALIFORNIA AND
WASHINGTON, D.C. BAR

Mr. Michael Deaver
THE WHITE HOUSE
Washington, D.C. 20500

Dear Mike,

By now, perhaps things have settled down after the unfortunate attempt on the President's life. The event served to remind us, as a nation, the danger which constantly faces our public leaders. We all rejoice at his amazing resiliency and recovery. I only hope that Mr. Brady will also continue to improve. From the film clippings we have seen on television, it appears that you were very lucky in not having been injured yourself and we can all be thankful for that.

On May 14, I and my family were in Washington, D.C. while I attended a Conference of Minority Bar Leaders sponsored by the American Bar Association. On Monday, May 18, Don Edwards moved for my admission to practice before the United States Supreme Court. This symbolic ceremony was the reason for my having brought my family with me to Washington so that they could see the sights.

On several occasions, I attempted to get in touch with you by telephone but was unsuccessful in reaching you.

The letterhead reflects that I have changed my law firm association since our last communication. It is primarily a personal injury firm of approximately twenty-six lawyers one of whom is a partner by the name of Tom Rees whose offices are in Washington, D.C. If I have an opportunity to return to Washington I certainly again will try to get in touch with you. Best personal regards to you and our prayers to the President for his continued health and safety.

Sincerely,



FERNANDO R. ZAZUETA

FRZ:kth

THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Mr. Moore:

Thank you very much for your letter about the Deavers. I am surry to say that I am not related at all to Joshua M. Deaver, but have heard a good deal about him from others.

I was curious to hear about your interest in the Blairs and Deavers, since my son's name is Blair Deaver.

Many thanks.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mr. F. McCormick Moore
782-P Via Los Altos
Laguna Hills, CA 92653

782-P Via Los Altos
Laguna Hills, Ca. 92653

12 June, 1981

Mr. Michael K. Deaver
Deputy Chief of Staff
The White House
1600 Pennsylvania Ave.
Washington, D.C 20015

Dear Sir:

For several years, I have been doing family history on both sides and continue to encounter Blairs and Deavers.

You may be much aware and proud of the fact that the Deaver name has been prestigious in Philadelphia.

If by chance, you descend from one of Lancaster County, Pennsylvania's early country-doctor, Joshua M. Deaver and his first wife, Mary Ann Gardner, who had Clinton Deaver, please hand this letter of enquiry to your family historian.

Sincerely yours,

F. McCormick Moore
F. McCormick Moore

FMM:gs

THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Paul:

We are just not set up at this particular point in the administration quite as ambitious as Frank van der Linden proposes. I am sorry, but I will keep his letter and when something like that seems more appropriate, I will get in touch.

Many thanks.

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

The Honorable Paul Laxalt
United States Senate
Washington, D.C. 20510

PAUL LAXALT
NEVADA

COMMITTEE ON APPROPRIATIONS
COMMITTEE ON JUDICIARY

United States Senate

WASHINGTON, D.C. 20510

June 15, 1981

Carl Paul

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300 BOOTH STREET
(702) 784-5568

Dear Mike:

If we don't have a mechanism in place for the type of program that Frank suggests, I would strongly recommend that he be given serious consideration.

He has been with us from the start; and his book, I think, was the most accurate and captured the "Real Reagan" better than anyone.

Please advise me accordingly so that I may in turn tell Frank.

Sincerely,

Paul

PAUL LAXALT
U. S. SENATOR

Mr. Michael K. Deaver
Deputy Chief of Staff and
Assistant to the President
The White House
Washington, D. C. 20500

PL/ed

Enclosure

Copy to: Mr. Frank van der Linden

5312 Blackistone Road
Washington, D. C. 20016
June 11, 1981

Dear Senator Laxalt:

You provided a tremendous amount of help to me in the writing of my book, The Real Reagan, and I certainly appreciate it. I'm writing today to present a new project that will assist our President in the preparation of his own memoirs.

The United States Capitol Historical Society, of which I am a trustee, wishes to volunteer its services to Mr. Reagan in this work.

We wish to make sure that all the anecdotes, all the human interest stories, all the funny incidents that occur in the White House are recorded. They will make up some of the most appealing portions of the President's memoirs.

However, they must be recorded as they happen, for it is difficult for anyone to look back, over a period of years, and remember these incidents without some aid to his memory.

We propose to do this:

About once a week -- or at whatever is best for his convenience -- I will be glad to come in with a tape recorder and interview the President about the events of the past few days.

He can talk to me as a confidential friend whom he can trust. To make sure that he keeps complete control of the cassettes, we will hand each one, as it is recorded, to a White House aide. There will be no duplicate. The transcripts can be made in the White House and kept there for Mr. Reagan to use when he writes his book.

The United States Capitol Historical Society asks nothing out of this project, and neither do I. My great reward will be the pleasure of conversing with the President.

Sen. Paul Laxalt - page 2

Our Society's president, Fred Schwengel, a former Congressman from Iowa, is enthusiastically in favor of our proposal. He will be happy to discuss it in detail and to outline the Oral History program, which I have been directing for the society since 1976.

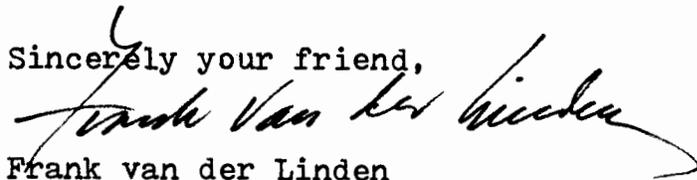
As you probably know, the First Lady was the guest of honor at a Capitol luncheon last Friday, at which our organization celebrated the eighty-fifth birthday of Allyn Cox, the noted artist, whose murals adorn the House wing of the Capitol.

At a time when some groups are seeking favors from the administration, our historical society is asking for none. We wish to do everything we can to be of service to the President.

I will welcome an opportunity to visit you soon and discuss our proposal and answer all questions.

With many thanks and kindest personal regards,
I am,

Sincerely your friend,



Frank van der Linden

Telephones:

office: 544-5232

home: 229-8048

Mr. Schwengel's office: 543-8921
543-8919

MKD

THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Judy:

You brought back a lot of memories when you talked about Santa Barbara and the GALS Club. I don't know when I will next be in Santa Barbara, but I will get in touch whenever I find time to schedule a visit with the group.

As we get closer to August, I will give you a call and see if we can get together for either a lunch or a reception.

Many thanks, and please say hello to everyone.

Warm regards,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Mrs. Judith Browning Hill
American Heart Association
Santa Barbara County Chapter
146 E. Carrillo Street
PO Box 636
Santa Barbara, CA 93102

American Heart Association

SANTA BARBARA COUNTY CHAPTER

ADMINISTRATIVE OFFICE
146 E. Carrillo Street, Santa Barbara
Mailing Address: P.O. Box 636
Santa Barbara, California 93102
Telephone (805) 963-8862



NORTH COUNTY OFFICE
P.O. Box 766, Santa Maria 93456
Telephone 925-0410

June 10, 1981

Our Chapter's 30th Year

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*Deceased

Mr. Michael Deaver
Deputy Chief of Staff
The White House
Washington, D.C. 20500

Dear Mike:

During the last Channel City Women's Forum luncheon a few days ago, Betsy Bromfield and I had the opportunity to have a chat while sitting together at the speakers table. I mentioned that our GALS (Gather at Lunch and Study) Republican Women wanted to honor you and ask you to say a few words on one of your trips to Santa Barbara.

We are proud to claim you as the person who guided the organization of GALS in the mid-1960's, and know that you named us the GALS Club. Our membership currently is 80, with women joining us each month. I am being "re-cycled" as an officer, serving as the First Vice President for programs this year.

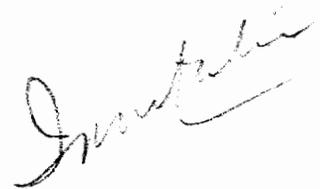
We generally meet the fourth Tuesday noon each month, and would love to have you speak to us; however, if a luncheon format would not work in your schedule, we would be happy to set up a cocktail reception, at a date convenient for you. Betsy said she thought you might be here in August with the President. If so, and you would be agreeable to it, we could get some plans underway. We can be fairly flexible. Should August not be feasible, could we plan for sometime later in 1981?

I left Santa Barbara National Bank 7 years ago to become the Executive Director of the Heart Association, and have since re-married. We see the Lancasters whenever possible these busy days.

If we could persuade you to share an hour and a half with the GALS, we would be very, very pleased!

Cordially,


Judith (Browning) Hill



THE WHITE HOUSE

WASHINGTON

June 17, 1981

Dear Dr. Denlinger:

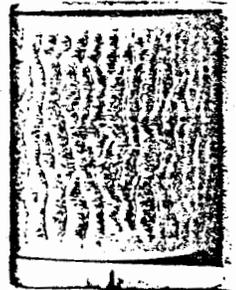
Thank you for your recent message. I appreciate your candid remarks and want you to know that the matters you discussed will receive serious consideration by the appropriate officials here at the White House.

With best wishes,

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Dr. Elmer Denlinger
Dunlap Health Center
23888 US 33 East
Elkhart, IN 46514



THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Mr. Etheredge:

I appreciate your taking the time to send me the article Adding Intelligence to International Politics.

Thank you for your thoughtfulness.

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Mr. Lloyd S. Etheredge
Massachusetts Institute of Technology
Department of Political Science
Cambridge, Massachusetts 02139

THE WHITE HOUSE

WASHINGTON

June 17, 1981

Dear Mr. Ehart:

It was good of you to take the time to share your thoughts with me. I appreciate hearing from you and about your activities in support of the President and his conservative philosophy of government.

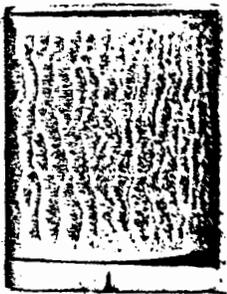
I must also thank you for the kind words you directed towards me and express my hope that this Administration will live up to your expectations.

With very best wishes,

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Mr. Daniel N. Ehart
Suburban Publications
134 North Wayne Avenue
Wayne, PA 19087



THE WHITE HOUSE

WASHINGTON

June 17, 1981

Dear Mrs. Buchanan:

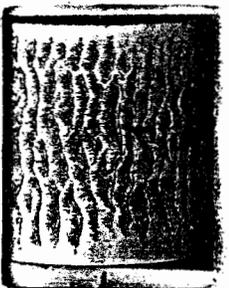
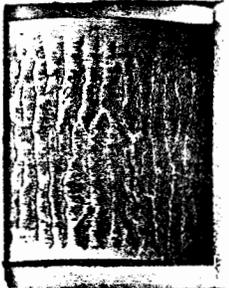
Thank you for your letter concerning a future reclamation bill. I appreciate you taking the time to share your thoughts on the subject. It is encouraging to know that concerned citizens like yourself are deeply committed to improving the quality of life for all Americans.

Again, thank you for writing.

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Mrs. Velma A. Buchanan
538 Monte Vista Avenue
Glendale, CA 91202



MJD

THE WHITE HOUSE
WASHINGTON

June 17, 1981

Dear Tom:

I received your note and would like to assure you that nothing that you have said and done in the past would come in the way of what's best for this administration in the future.

I must say, for one who got his political start with Ronald Reagan, it was always curious to me that you were never with us after you left Sacramento. You not only supported Gerald Ford, but were anti-Reagan. Then, in the primary in 1980 when there was not an incumbent President, you once again chose to support someone else.

I appreciate your sincerity. Thanks for taking the time to write.

Sincerely,

MICHAEL K. DEAVER
Assistant to the President
Deputy Chief of Staff

Mr. Thomas C. Ellick
Vice President
Fluor Corporation
3333 Michelson Drive
Irvine, CA 92730

ACC:
E. Meese
C. Muller
L. Nofziger

FLUOR CORPORATION

3333 MICHELSON DRIVE
IRVINE, CALIFORNIA 92730 U. S. A.
TELEPHONE: (714) 975-2000

May 26, 1981

The Honorable Michael K. Deaver
Deputy Chief of Staff and Assistant to the President
The White House
Washington, D. C. 20500

Dear Mike:

Both of us are at a point in our lives where, in varying degrees, we affect decisions and events which will have significant impact on society for generations. Your influence is more obvious and immediate. Mine--or more precisely stated ours--is less obvious but none the less substantive given the extensive and far flung involvement and expertise--both technically and geographically--of the various Fluor companies. If personal differences from the past are allowed to limit or deny input or prejudice the decision making process, society as a whole will be the ultimate loser. If you and I have a problem, I would very much like to resolve it.

I want you to know I seek nothing for myself nor would I ever seek special favors for our companies nor the industries we serve. We have a great deal of knowledge and experience in a multitude of areas that can be of significant value to this Administration if added to the mix. At the present time I sense that such potential contributions may either not be welcome by you and/or if submitted would be viewed in a negative rather than in a positive context because of the source of such input.

The challenges at hand are too numerous and too complex to bar potentially helpful ideas because of past differences. As a consequence, I make this offer in all sincerity. I hope, Mike, we can resolve once and for all whatever difficulties have existed or may now exist between us.

Best personal regards,



Thomas C. Ellick
Vice President

TCE:daj

cc: E. Meese, III

THE WHITE HOUSE

WASHINGTON

June 17, 1981

Dear Dr. Lucas:

It was good of you to take the time to let me know of your activities with The New Coalition of Economic and Social Change. I enjoyed reading the impressive literature you enclosed with your letter.

Unfortunately, due to the amount of similar requests which I receive every day, it is not possible for me to support any private groups to which I am not already committed. I believe it would be unfair for me to support a very few while having to turn away so many other deserving projects. I know you will understand that this is in no way intended to denigrate your important work.

With best wishes to you and your colleagues,

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Henry Lucas, Jr., D.D.S.
Chairman
The New Coalition for
Economic and Social Change
Suite 416
1375 Sutter Street
San Francisco, CA 94109

THE WHITE HOUSE
WASHINGTON

June 18, 1981

Dear Mrs. Rinzler:

I am sorry to say that the press accounts regarding Congressman Downey's problems with the White House Tour Office were unfortunate and inaccurate. Mrs. Reagan has never had anything to do with the White House tours. They are independent of her office. She has not made any comments regarding the management of the tours.

We have maintained the continuing procedures that have been in effect for many years through all administrations for the administration of the White House tours.

Congressman Downey assured me he would write the Daily News and the New York Times correcting their misinformation.

Thank you for writing, and I hope you now better understand the issue.

Sincerely,

MICHAEL K. DEEVER
Assistant to the President
Deputy Chief of Staff

Mrs. Carol Ann Rinzler
160 East 48 Street
New York, N.Y. 10017

cc: *Congressman Downey*
Mrs Reagan

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 16, 1981

FOR: Max Friedersdorf

FROM: Ken Duberstein *Ken D.*

As we discussed, I have talked with Carol McCain and have now notified Congressman Tom Downey's office that he will receive his normal allotment of White House tour tickets. At the same time, I reiterated our previous denial of Downey's request for a letter from us to his 67 constituents "who had been denied tours."

The letter from Downey to the New York Daily News and New York Times expressing annoyance with the inaccurate and unfortunate coverage of the story was finally sent. Mike Deaver, you and I will be receiving a copy, I was told.

7 June 1981

Mr. Michael Deaver
The White House
Washington, D.C.

Sir:

I am afraid that you have your priorities slightly askew. Congressman Downey does not owe Mrs. Reagan an apology. Instead, she owes him and his constituents one.

It is a fact of American political life that every administration seems to have to learn anew that The White House belongs not to its temporary tenants but to the American people, some of whom Mr. Downey presently represents.

Neither you nor Mrs. Reagan nor anyone else now in residence at The White House have any right whatsoever to bar those constituents from White House tours.

As for Mrs. Reagan's professed devotion to children, I would suggest regretfully that this administration views on children are best expressed by Mr. Reagan's intention to cut the budget by eliminating prenatal care for mothers and food stamps and school lunches for needy children.

Sincerely,

Carol Ann Rinzler
160 East 48 Street
New York, New York
10017



cc: Representative Tom Downey

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 8, 1981

FOR: Max Friedersdorf

FROM: Ken Duberstein *KMD*

Congressman Downey and I had a constructive, candid and rational discussion during a meeting in his office at 11:00 a.m. today. He is obviously concerned, based on his conversation with Mike Deaver, that his criticism of the procedures of the Visitors' Office has been interpreted as a personal affront to The First Lady. Although his staff members claim that they were told by the Visitors' Office that it was The First Lady's decision not to give tour priority to youngsters, Downey vigorously denies having attributed this policy to The First Lady. "She would not be involved in details at this level". "Besides, there is no rational reason or political benefit for me to pick a fight with Mrs. Reagan."

Downey believes he has been treated unfairly and rudely by the Visitors' Office. All he wants is to be given the allotment of tour tickets given to all other Congressmen. He admits not returning Carol McCain's one phone call ("no useful purpose in dealing with the person who is the problem") but claims she refused to talk with his staff. He argues that his staff (and his constituents) have been "abused and mistreated" by the personnel in the Visitors' Office: phone calls abruptly terminated; being told a tour is full when other offices subsequently receive tickets for that date; etc., etc.

Downey refused my suggestion of his meeting with Carol to iron out the difficulties. "All I want for my constituents is the normal allotment. That doesn't require a conversation with Mrs. McCain." When I told him Carol was looking forward to greeting him and his family personally on the special tour that had been requested, he said that was most surprising since his staff had been informed that no request for a special tour had been received in the Visitors' Office.

Downey is writing to the New York Times and New York Daily News (copy to Mike Deaver) expressing annoyance with the inaccurate and unfortunate coverage of the incident. He wants to reach an amicable settlement and agreed to stop dealing with the press on the situation.

I denied Downey's request for a letter from the White House to his 67 constituents who had been denied tours. He then requested one letter inviting them to schedule a White House tour when, and if, they return to Washington. The bottom line, of course, is very clear: a regular allotment of tour tickets. Downey would like an answer this week.

Guidance, please.