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HEADLINE: Treasury IG denies misconduct in probing Secret Service agents

BYLINE: Ruth Larson; THE WASHINGTON TIMES

BODY:

Treasury Department Inspector General Valerie Lau yesterday denied her office initiated a "potentially criminal" probe of two Secret Service agents, contradicting Secret Service accounts of her October meeting with the agency.

She also revealed that independent counsel Kenneth W. Starr's office initially had asked that she not investigate the Secret Service's role in providing lists the White House used to obtain the confidential FBI files.

"We did not open this investigation until we were assured by the Office of Independent Counsel that doing so would not impede its investigation" of the FBI files, she told the Senate Appropriations subcommittee on Treasury, postal service and general government.

Sen. Richard C. Shelby, Alabama Republican and subcommittee chairman, and Sen. Bob Kerrey, Nebraska Democrat, both grilled her on why she felt compelled to begin such an unprecedented investigation, particularly when she knew that the independent counsel already was looking into the FBI files matter.

Ms. Lau sidestepped questions about whether she felt pressured to open a probe of the agents. Under pointed questioning from the senators, however, she conceded, "We would prefer to defer to the Office of Independent Counsel."

Nevertheless, on Oct. 2, Ms. Lau decided to open a probe. She said her office was simply responding to congressional calls for an investigation into Secret Service testimony that contradicted White House officials' explanation of how they obtained more than 900 confidential background files of Republican officials in the Reagan and Bush administrations.

But Ms. Lau stressed, "The two agents are not the subject of an investigation."

Instead, she said her office's probe was focused only on the testimony that agents John Libonati and Jeffrey Undercoffer gave on July 17 to the House Government Reform and Oversight Committee concerning FBI files.

Nevertheless, the agents have hired private attorneys at their own expense to defend themselves against possible criminal charges.

In fact, the Secret Service, in a Nov. 27 letter to Mr. Shelby, recounted an Oct. 21 meeting with Ms. Lau and her staff.

"At this meeting the Secret Service was again advised that there was an active investigation of Special Agents Libonati and Undercoffer, and, further, that this matter was potentially a criminal investigation," said William H. Pickle, executive assistant to the director of the Secret Service.

Asked to explain the discrepancy, Ms. Lau said, "I do not recollect that meeting in the same manner as it is presented in that letter."

Her staff recalled that during the meeting, Secret Service officials repeatedly asked whether the investigation was criminal. The IG told them the probe was still in its early stages, so they did not yet know whether it would be a criminal investigation.

The administration has acknowledged that retrieval of the files was improper, but blamed it on a "bureaucratic snafu" stemming from outdated Secret Service lists of people with access to the White House.

Republicans charge that the probe is a politically motivated attempt to punish career law enforcement agents who offer potentially damaging testimony concerning the White House.

"It smacks of politics, of retribution, and possible intimidation of witnesses," Mr. Shelby said. "It puts a gag on people, and it's wrong."

Sen. Orrin G. Hatch, Utah Republican and chairman of the Senate Judiciary Committee, told the panel: "In order for the White House 'bureaucratic snafu' defense to have succeeded, blame needed to be laid at the feet of the Secret Service.

"Unfortunately for the White House, the Secret Service and two of its agents - John Libonati and Jeff Undercoffer - were not willing to fall on the White House's sword."

Ms. Lau said she had not discussed the matter with anyone in the White House or with her boss, Treasury Secretary Robert E. Rubin, but only with his deputy and chief of staff.

The decision to investigate was her own, said Ms. Lau, who was appointed to her post by President Clinton in October 1994.

Mr. Shelby was not convinced: "I wasn't satisfied with the answers to questions here today."

GRAPHIC: Photo, Treasury Department Inspector General Valerie Lau confers with aides during questioning yesterday., By Daniel Rosenbaum/The Washington Times

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