

Copyright 1998 News World Communications, Inc.
The Washington Times

January 17, 1998, Saturday, Final Edition

SECTION: Part A; NATION; Pg. A4

LENGTH: 663 words

HEADLINE: Treasury official Lau quits to cheers;
Was under fire on Capitol Hill

BYLINE: Ruth Larson; THE WASHINGTON TIMES

BODY:

Treasury Inspector General Valerie Lau, under fire for months from Capitol Hill for bungling investigations and violating ethics and contracting laws, submitted her resignation yesterday.

In a letter to the White House announcing her decision, Mrs. Lau wrote, "After almost 18 years in the public service, it is time for me to return to private life."

Mrs. Lau will not be leaving immediately, however. She said she intends to stay until her office completes its inaugural audit of the Treasury Department's financial statements.

"When the audit is issued in March, I will have accomplished much of what I set out to do. I intend to leave at that time," she wrote.

The Treasury Department issued a brief statement saying, "We appreciate Valerie's service to this department during the last 3 1/2 years and wish her well in future endeavors."

News of her intended resignation, announced late yesterday before a three-day weekend, brought cheers from Capitol Hill and some in the Treasury Department.

One former Treasury official predicted that upon her departure, "the morale in the Treasury IG's office will rise faster than the stock market."

Sen. Richard C. Shelby, Alabama Republican, said, "The news . . . comes none too soon. Her performance has been an embarrassment to both the Treasury Department and the president.

"Gross incompetence, mismanagement, misleading Congress and illegal contracting practices have marked her tenure as the watchdog of the Treasury Department," Mr. Shelby said in a statement. "This is hardly conduct befitting such a high and important public official."

The resignation was welcomed by Sen. Susan Collins, Maine Republican, whose committee investigated Mrs. Lau's activities last year.

"The past few months have been a troubling time for the Treasury Department's office of inspector general," she said in a statement issued yesterday. "Ms. Lau's decision to resign today was in the best interest of the Treasury IG's office. She made the right decision."

Criticism of Mrs. Lau has risen steadily since October 1996, when it was disclosed that her office had opened a "potentially criminal" investigation of two career Secret Service agents for their congressional testimony on the so-called "FBI Filegate" scandal.

Mrs. Lau repeatedly told Congress there was no such investigation, until documents contradicting her statements were disclosed.

She also came under fire for directing questionable consulting contracts without the required competition, one to a long-time associate of hers who recommended her to the White House. The General Accounting Office concluded that her actions violated federal contracting statutes.

Sen. Charles E. Grassley said simply, "Accountability in government has prevailed." The Iowa Republican has been a vocal critic of Mrs. Lau, repeatedly taking to the Senate floor to demand her resignation for violating the very laws she was sworn to uphold.

Mrs. Lau's letter of resignation made no mention of those controversies. Instead, she listed what she viewed as her accomplishments since arriving in October 1994: An independent legal counsel for the office, a more efficiently organized office, and new training in financial audits and information technology.

"We have made relevance and usefulness of our work a priority," she wrote.

Treasury employees obviously felt otherwise, and were elated at news of her impending departure.

"It's wonderful news - it should have happened much sooner," said one Treasury employee, who asked not to be identified.

"She brought great shame and disgrace upon this agency, and the office of inspector general, and it's been impossible for competent employees to perform their assigned duties since she's been in charge," the employee said. "She was an incompetent, bumbling political hack."

Another Treasury source said, "The organization certainly needs a change to try and get back on track."

LANGUAGE: ENGLISH

LOAD-DATE: January 17, 1998