

is an underrated part of his whole horrible achievement. To this day nobody who challenges his legacy can be confirmed to the Court. The confirmation fights over Robert Bork and Clarence Thomas were needlessly bitter, because neither of them was about to break the great taboo and say what really needed to be said: that the great majority of the laws passed by Congress since 1933 are in violation of the U.S. Constitution. And by now the accumulated mass of bad laws is such that the framers would surely say that the U.S. Government as we know it is illegitimate.

As for the legislation at hand, any of the framers of the Constitution would have said bluntly that the new anti-crime laws would usurp the few remaining powers of the states, if it still matters. But none of our Supreme Court justices is about to say such a thing to Congress; that would be asking for trouble! So, instead of asserting a principle and challenging power, the two justices merely begged Congress not to increase their workload too much.

Sometimes I think the conservative movement may as

well just disband. There isn't much left to conserve. ■

Hillary's "Health Care": Shafting the Elderly

by M. N. R.

All too often, in this "land

of the free," you have to read the British press to find out what's going on in American politics. And so we are all indebted to the London *Sunday Times*, which sent an "Insight" investigating team to Little Rock and to Iowa, and discovered rotten hanky-panky by Hillary & Company. Technically, apparently, the actions

of the Rose Law team were not illegal, but they were certainly immoral and corrupt, and at the expense of the elderly as well as the taxpayers. [See "Big Trouble at Little Rock", London *Sunday Times*, Feb. 13]. As the *Sunday Times* points out, Hillary, the Health Care czar, likes to denounce private health care firms for "price gouging and unconscionable profiteering," but this is exactly what Hillary and her crew did in

the fascinating case of the Iowa Nursing Home Caper.

First, to set the stage, the powerful Little Rock Rose Law firm was dominated, during the 1980s, by a clique of four law partners, known as The Four Musketeers. They included Hillary, who joined the firm in 1977 while Slick Willie was Attorney-General of Arkansas, and soon to be Governor. Hillary, who became a partner in 1979, was known, not affectionately, as The Dragon Lady, for her ferocious temper and her propensity for empire-building. Hillary, though technically a litigator was rarely in court, and was known as the "rainmaker," the partner who brought in the deals. The rain was undoubtedly kept well-watered by the fact that Hillary's hubby was the Governor. The other Three Musketeers were: Webster ("Webb") Hubbell, the "fixer," and now The Power in the Department of Justice; the tough, "abrasive," "aggressive" William Kennedy III, now associate White House counsel, No. 3 legal counsel to the President; and the unfortunate Vince Foster, always personally close to the Clintons, the quiet brains of the Rose Law firm, and its "clean-up man," who was installed as deputy White House counsel, No. 2 to the White House behind Hillary's old friend Bernard Nussbaum.

A typical example of how the Four Musketeers plus

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Governor Slick Willie operated: in June 1981, the Rose firm got a \$1 million tax-free loan from a fund set up shortly before by Governor Clinton, to refurbish the Rose Law offices. This action was attacked by Arkansas Judge Harkey, who commented, "Hell, they were in effect using public money to decorate Hillary's office."

Enter the Nursing Home Scam. In 1989, Beverly Enterprises, the largest nursing home owner in the country (845 homes totaling 91,000 beds), was in financial difficulty. They had loaded up a debt of \$850 million, and they needed to sell off some nursing homes to relieve their burden. Beverly Enterprises was controlled by the famed Stephens Inc., instrument of the Stephens family, the big power in Little Rock and major long-time contributors to the Clinton campaigns for office. Beverly was one of Rose Law firm's largest accounts, and their William Kennedy III set out to make a deal.

Kennedy found a failed Texas banker and long-time operator named Bruce Whitehead, and proceeded to construct a complex, highly profitable deal for both parties. The deal was this: Beverly sold 45 of its nursing homes in Iowa to Whitehead's company, Ventana Investments. Whitehead had taken over a shell charity called Mercy Health Initiatives so that he could use Mercy's non-profit status to

get highly preferential treatment from the Iowa State Finance Authority.

The 1989 value of the 45 nursing homes was later established by an Iowa judge as \$47 million. But Whitehead, on behalf of Mercy Health, told the Iowa Finance Authority that he needed \$86 million to buy the homes. He strongly hinted to the Iowa authorities that, if they failed to come up with the money, Mercy would have to close the homes, and the old folks would be out on the street. Swayed by the carrot of Mercy's non-profit status and the stick of old folks out in the snow, the Iowa State Finance Authority issued \$86 million in tax-exempt bonds, plus an extra sweetener of \$6 million in promissory notes for fees to Whitehead and associates.

The deal went through in August 1989. Beverly sold the 45 nursing homes, worth \$47 million, to Ventana for \$57 million. Beverly was delighted at the deal, acquiring cash plus a \$10 million profit. The Rose Law firm has kept mum about its fee for this transaction, but knowledgeable attorneys estimate that the firm got about \$500,000, of which Hillary's share would have been about \$15,000.

Ventana, run by Whitehead, then turned around immediately and sold the homes to Whitehead-controlled non-profit Mercy Health for \$63.5 million. This gave Whitehead an immediate profit of \$6.5 million. In addition, \$2.3 million was

granted as an annual income to another Whitehead-owned company for actually running the nursing homes, and Whitehead got a still further bonus of \$1.8 million for his personal services, as well as a \$5 million contract for a Whiteheadian construction company. A total of \$15-\$16 million beamed in Bruce Whitehead's direction.

Our shell non-profit, Mercy Health, which owned but was not paid for running the nursing homes, was now left with a \$92 million loan from the State of Iowa, paying a hefty annual interest ranging from 9.7% to 9.95%. By 1991, the Iowa tax assessors concluded that Mercy Health did not deserve its tax-free status. Soon afterward, Whitehead divested himself of Mercy Health, which was now left to deal with the huge debt.

The *Sunday Times* estimates that the actual cost to the patients of nursing home care rose by 14% in order to handle the huge debt. Iowa Judge Gene Needles denounced the transaction, terming the debts "unconscionable" and the costs "excessive." Roy Drew, an independent stock analyst in Little Rock, who used to be an investment adviser for Rose Law firm, and who has embarked on a one-man anti-corruption crusade in Arkansas, describes the entire deal as a "white collar mugging." "Muggers": Beverly Enterprises and the Stephens family; the Rose Law firm, especially the Four Muske-

teers; and entrepreneur Bruce Whitehead. Mugges: the taxpayers of Iowa and the patients in the nursing homes.

How's *that* for Hillary Health Care in action? A har-binger for the whole country?

So delighted were the Muggers with this little transaction that they decided on a quick follow-up. Why not bring the delights of Iowa to good old Arkansas? The following month, September 1989, the same cast of characters: The Rose Law firm, Beverly Enterprises, and Bruce Whitehead tried to pull the same stunt in Arkansas. The deal: that Beverly would sell 32 nursing homes in Arkansas to another shell non-profit set up by the indefatigable Whitehead, to be financed by \$81 million in tax-exempt bonds to be issued by the Arkansas Development Financial Authority. Whitehead was set for another quick \$4 million profit from this scheme. Conditions seemed great, what with Slick Willie himself as Governor. However, everything unraveled when the Arkansas Attorney-General publicly charged that he was offered a \$100,000 bribe to stop opposing the plan. Amidst the ensuing brouhaha, Whitehead challenged the head of the Arkansas Financial Authority, who opposed the scheme, to the modern Arkansas equivalent of a duel. Finally, Slick Willie was forced to kill the plan, muttering that "Ah feel bad"

about the plan.

As more and more Americans begin to think the unthinkable about impeaching Slick Willie, the Clintonian counter is that all of his alleged peccadilloes, sexual and financial, took place *before* (sometimes very soon before) his accession to the Presidency. But who decreed some sort of moral statute of limitations? Let us never forget that Vice-President Spiro Agnew, whose Maryland shenanigans seem lovable by contrast, was forced to resign for activities before he had risen to the post of Vice-President.

During and after the 1992 campaign, all we kept hearing were the glories of "change," of Clinton's commitment to "change," of Willie as "change-agent." Well, why don't we give *him* a change, and ship the whole sleazy crew of white trash-turned-yuppie back to Little Rock? ■

Wiretapping the Public

by Llewellyn H. Rockwell, Jr.

J. Edgar Hoover warned Congress against turning the FBI into a national police force. Yet somehow, when we weren't looking, that's exactly what happened. Now this armed bureaucracy is asking Congress for permission to monitor every electronic communication in the country.

The "Feebies," as they are known unaffectionately to local police, plan to charge us half a billion dollars for the privilege. The expensive software will allow them to gather an impressive amount of personal information on us, including telephone calling patterns, credit cards transactions, electronic mail, faxes, and every other piece of business conducted over a cable.

FBI director Charles Freeh claims the government doesn't want to spy on us. No sir. It merely wants to catch criminals, terrorists, and other assorted public enemies. For this "security" and "safety," we should be glad to give up "a measure" of our personal privacy.

Typical of our fibbing government, his bill is called the "Privacy Improvement Act of 1994." When an interviewer asked him about privacy, Freeh said: "I understand the privacy concern. My real objective is to get access to the content of telephone calls." What a relief.

Vice President Al Gore warns about a society divided between the "information haves" and the "information have nots." Now we know what he means. The public has information and the government wants it. Parents make their children hang up when they listen in, but we're supposed to let Janet Reno pick up on a federal extension.

The FBI's bill is in addition to traditional eavesdropping,