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BOARD OF DIRECTORS MEETING

Meeting Location

City

State

Meeting Date (MM-DD-YYYY)

WASHINGTON

DC

07/01/1988

Board Members Name

- Albert Angrisani
- Steven L. Engelberg
- Robert E. McCarthy
- Donald E. Shapiro
- Hulett H. Askew
- John N. Erlenborn
- Clarence V. McKee
- Romona Shump
- Laveeda M. Battle
- Cecilia D. Esquer
- Pepe J. Mendez
- Norman D. Shumway
- Hortencia Benavidez
- Edna Fairbanks-William
- Maria Luisa Mercado
- Annie L. Slaughter
- Leanne Bernstein
- Peter J. Ferrara
- Lorain Miller
- Thomas F. Smegal
- Marshall J. Breger
- Ronald B. Frankum
- Guy V. Molinari
- Glee S. Smith Jr.
- John T. Broderick
- Luis Guinot Jr.
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- John G. Brooks
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- Xavier L. Suarez
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- John William Janklow
- George E. Paras
- Claude G. Swafford
- Marlow W. Cook
- Earl L. Johnson
- Penny L. Pullen
- Samuel D. Thurman
- Roger C. Cramton
- Francis Robert Kane
- Thomas D. Rath
- Richard A. Trudell
- Howard H. Dana Jr.
- Michael Kantor
- Daniel M. Rathbun
- Basile J. Uddo
- Harold R. Demoss Jr.
- William L. Kirk
- Hillary D. Rodham
- Robert A. Valois
- Frank Donatelli Jr.
- William L. Knecht
- Nancy Hardin Rogers
- Michael B. Wallace
- William C. Durrant
- Robert J. Kutak
- Howard Sacks
- Ernestine P. Watlington
- Paul B. Eaglin
- Jo Betts Love
- Marc Sandstrom
- George W. Wittgraf
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ORIGINAL

LEGAL SERVICES CORPORATION

BOARD OF DIRECTORS MEETING

Public Session

July 1, 1988

Commenced at 6:20 p.m.

Loew's L'Enfant Plaza Hotel
Ballroom B
480 L'Enfant Plaza, S.W.
Washington, D.C. 20024

Present:

William Clark Durant, III, Chairman
Hortencia Benavidez
Thomas F. Smegal
LeaAnne Bernstein
Claude Galbreath Swafford
Paul Eaglin

Basile Joseph Uddo
Pepe J. Mendez
Robert A. Valois
Lorain Miller
Michael B. Wallace

John Bayly, President
Timothy Shea, General Counsel
Maureen Bozell, Secretary

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Suite 547
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CHAIRMAN DURANT: The invocation for this meeting will be delivered by the Very Reverend Arch Priest Basil Summer, pastor of St. Mark's Orthodox Church in Bethesda, Maryland.

REVEREND SUMMER: (Invocation given.)

CHAIRMAN DURANT: The board meeting of the Legal Services Corporation called for today, Friday, July 1st is now in session.

MOTION

MR. VALOIS: Mr. Durant, I move that we rearrange the agenda so that we immediately go into Executive Session and handle those matters.

CHAIRMAN DURANT: Is there a second to that?

MS. BERNSTEIN: Second.

CHAIRMAN DURANT: Any discussion? (No response.)

CHAIRMAN DURANT: All those in favor of Mr. Valois' motion signify by saying aye.

(Chorus of ayes.)

CHAIRMAN DURANT: Opposed?

(Chorus of nays.)

CHAIRMAN DURANT: We will have to have a roll call vote. Mr. Eaglin?

MR. EAGLIN: I vote no.

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1 CHAIRMAN DURANT: Mr. Smegal?
2 MR. SMEGAL: No.
3 CHAIRMAN DURANT: Ms. Miller?
4 MS. MILLER: No.
5 CHAIRMAN DURANT: Mr. Wallace?
6 MR. WALLACE: Aye.
7 CHAIRMAN DURANT: Mr. Valois?
8 MR. VALOIS: Aye.
9 CHAIRMAN DURANT: The Chairman votes aye. Mr.
10 Mendez?
11 MR. MENDEZ: Aye.
12 CHAIRMAN DURANT: Ms. Benavidez?
13 MS. BENAVIDEZ: No.
14 CHAIRMAN DURANT: Mr. Uddo?
15 MR. UDDO: No.
16 CHAIRMAN DURANT: Ms. Swafford?
17 MS. SWAFFORD: Aye.
18 CHAIRMAN DURANT: Ms. Bernstein?
19 MS. BERNSTEIN: Aye.
20 CHAIRMAN DURANT: The motion carries.
21 Any other items on the agenda or in the order in
22 which they are, any other adjustments or changes?

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1 MR. SMEGAL: Do I understand, Mr. Chairman, that
2 the purpose of the Executive Session is as stated in the
3 agenda?

4 CHAIRMAN DURANT: That is correct.

5 MR. SMEGAL: Would you mind reading that into the
6 record?

7 CHAIRMAN DURANT: The record indicates personnel
8 litigation matters and new personnel reviews.

9 MR. SMEGAL: I don't know if I understand what that
10 means. Can you clarify that for me and tell me what the
11 agenda will be in our closed session?

12 CHAIRMAN DURANT: As far as the personnel litigation
13 matters are concerned, Mr. Shea, our general counsel, will be
14 in the meeting, and if there are any particular items of
15 litigation that he thinks appropriate to bring up at that
16 particular juncture, that is what will be discussed.

17 As far as new personnel reviews are concerned, we
18 will discuss and interview candidates for the office of
19 presidency of the Legal Services Corporation.

20 MR. SMEGAL: Well, that presumes we have a vacancy
21 for the presidency of the Legal Services Corporation, and I
22 don't believe that fact exists, Mr. Durant.

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MOTION

1
2 MR. SMEGAL: I would propose at this time to move
3 to decline to accept Mr. Bayly's resignation.

4 MR. EAGLIN: I would second that.

5 CHAIRMAN DURANT: Mr. Smegal, I think your motion
6 at this juncture is out of order, simply because at the moment
7 -- let me just check one thing with our vice chairman.

8 MR. VALOIS: And assistant here.

9 (Pause.)

10 CHAIRMAN DURANT: Mr. Smegal, I have been advised
11 that your motion is out of order because the first item is a
12 question of the approval of the agenda. We have had approval
13 of an amendment to the agenda, but not an approval of the
14 agenda itself. That takes precedence over your motion, and
15 so I rule your motion, at this time, anyway, out of order.

16 MR. SMEGAL: Mr. Durant, I would submit respectfully
17 that the motion to go into Executive Session is out of order,
18 because we don't have a vacancy which to discuss, and Item 2,
19 and you just stated to me, is new personnel reviews, and I
20 don't understand how we can possibly do that until we have a
21 vacancy about which are going to consider candidates.

22 CHAIRMAN DURANT: That is certainly an item for

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1 debate, Mr. Smegal, but it is certainly not appropriate at
2 this time, and I have overruled your --

3 MR. SMEGAL: I would prefer for that debate to
4 occur in open session.

5 CHAIRMAN DURANT: I have no objection.

6 MR. SMEGAL: I don't believe that is an Executive
7 Session matter.

8 CHAIRMAN DURANT: I don't have a problem with that
9 debate occurring in open session. It simply will be in the
10 proper order.

11 Is there a motion to approve the agenda?

12 MOTION

13 MS. BERNSTEIN: Motion to approve the agenda as
14 amended.

15 CHAIRMAN DURANT: As amended. Is there a second?

16 MR. VALOIS: Second.

17 CHAIRMAN DURANT: Any discussion?

18 (No response.)

19 CHAIRMAN DURANT: All those in favor of the agenda
20 as amended, signify by saying aye.

21 (Chorus of ayes.)

22 CHAIRMAN DURANT: Opposed?

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1 (Chorus of noes.)
2 CHAIRMAN DURANT: We will have to poll. Mr. Eaglin?
3 MR. EAGLIN: I vote no.
4 CHAIRMAN DURANT: Mr. Smegal?
5 MR. SMEGAL: No.
6 CHAIRMAN DURANT: Ms. Miller?
7 MS. MILLER: No.
8 CHAIRMAN DURANT: Mr. Wallace?
9 MR. WALLACE: Aye.
10 CHAIRMAN DURANT: Mr. Valois?
11 MR. VALOIS: Aye.
12 CHAIRMAN DURANT: Chairman votes aye. Mr. Mendez?
13 MR. MENDEZ: Aye.
14 CHAIRMAN DURANT: Ms. Benavidez?
15 MS. BENAVIDEZ: No.
16 CHAIRMAN DURANT: Mr. Uddo?
17 MR. UDDO: No.
18 CHAIRMAN DURANT: Ms. Swafford?
19 MS. SWAFFORD: Aye.
20 CHAIRMAN DURANT: Ms. Bernstein?
21 MS. BERNSTEIN: Aye.
22 CHAIRMAN DURANT: The motion carries. The agenda

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1 has been approved. The next item on the agenda is to go in
2 closed session to take up those particular items.

3 MR. UDDO: Mr. Chairman, I would like a ruling from
4 the general counsel as to whether or not those matters can be
5 discussed in Executive Session or whether they have to be
6 discussed in Public Session.

7 MS. BERNSTEIN: Mr. Chairman, I would just state
8 that I think that that request is out of order, since these
9 processes have been maintained in this way since the beginning
10 of the corporation, and the notice has been given in the
11 Federal Register, properly so, the votes have been taken by
12 the Board, and therefore there is no point.

13 MR. UDDO: Well, I think it is always a point to try
14 to follow the law.

15 CHAIRMAN DURANT: I agree with that, Basile.

16 MS. BERNSTEIN: But that doesn't necessarily mean
17 that an opinion from the general counsel would reflect the law
18 any more than what we have already decided.

19 MR. UDDO: Well, I would like to know his opinion
20 before I participate in a closed session that might be a
21 matter that has to be discussed in a public session. He is
22 here to advise us on those matters.

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1 MS. BERNSTEIN: Mr. Chairman, I would like to make
2 a motion, please.

3 CHAIRMAN DURANT: Ms. Bernstein?

4 MOTION

5 MS. BERNSTEIN: I would move that we additionally
6 close the Executive Session, because to discuss the matters
7 in public, in addition to the reasons that have been published,
8 would frustrate the purposes of the Corporation. I don't know
9 the exact reference in the Sunshine Act.

10 CHAIRMAN DURANT: Do you have your agenda in front
11 of you?

12 MS. BERNSTEIN: No, but that would be a different
13 paragraph, I am sure. I just don't have it memorized.

14 CHAIRMAN DURANT: Well, if you would, before we
15 address your motion, I would like to focus on Mr. Basile's
16 request at the moment, if you could.

17 (Pause.)

18 CHAIRMAN DURANT: Mr. Shea, do you have an opinion
19 in response to Mr. Uddo's request?

20 MR. SHEA: Yes, I do. Very briefly, consistent with
21 the Federal Register notice that you have, it is my view that
22 the Board may properly interview candidates for successors to

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1 the office of the presidency, if it so deems appropriate. It
2 is my view --

3 CHAIRMAN DURANT: In a closed session?

4 MR. SHEA: In a closed session, that is correct. It
5 is my view, however, that if the Board is going to debate how
6 to proceed in picking a successor, that is, what procedure is
7 appropriate, that that should take place in public.

8 Likewise, it is my view that generally a vote on
9 the successorship should probably be public, unless there is
10 a concern that there is a risk that matters of either personal
11 privacy or matters of allegations of, let's say, impropriety
12 are likely to be raised in that debate. If that is the case,
13 then I think both the vote and the debate would be closed,
14 subject to the provision that thereafter the vote itself --

15 CHAIRMAN DURANT: Would be open?

16 MR. SHEA: Would be furnished to the public.

17 CHAIRMAN DURANT: That is consistent with what you
18 told me on the phone the other day.

19 MR. SHEA: Thank you. I am glad.

20 CHAIRMAN DURANT: Thank you, Mr. Shea.

21 Ms. Bernstein, what was your motion?

22 MS. BERNSTEIN: I would ask that we additionally

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1 close the portion of the meeting because to have these
2 matters discussed publicly, in the political arena that has
3 been raised, would simply frustrate the activities of the
4 Corporation.

5 CHAIRMAN DURANT: Mr. Shea, is there an appropriate
6 section for which that is --

7 MR. SHEA: Well, may I say, with all due respect to
8 Member Bernstein, there is a provision of the Sunshine Act
9 that would permit a Sunshine Act Board to vote at the time of
10 the meeting to close the meeting. However, the provision of
11 the Sunshine Act that addresses that says that that should be
12 subject to regulations adopted by the organization itself.

13 Legal Services Corporation regulations don't have
14 such a provision, so, frankly, I wouldn't advise that the
15 Board proceed on that basis in prudence.

16 CHAIRMAN DURANT: While I don't always have to agree
17 with your opinions, on this one I think I do, and I don't think
18 there is any problem with discussing things like that in
19 public.

20 MS. BERNSTEIN: But I think you are missing part of
21 my point, but I am willing to accede.

22 CHAIRMAN DURANT: Okay. At this stage under the

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1 agenda, we will go into Executive Session, and we would ask
2 those who are here from the public to excuse themselves.
3 Hopefully, we won't be long, and you are all welcome back in
4 afterwards.

5 Thank you very much. We will take about a four-
6 minute -- and I am going to hold to that -- a four-minute
7 recess to allow that to take place.

8 (Whereupon, the Public Session of the Board Meeting
9 was in recess from 6:33 p.m. until 10:45 p.m.)

10 10:45 p.m.

11 CHAIRMAN DURANT: It is 10:45. We are reconvening
12 in open session the Board Meeting of the Legal Services
13 Corporation, having just completed an Executive Session in
14 which we reviewed -- there were no personnel litigation
15 matters, and we conducted two interviews of candidates to
16 assume the office of presidency of the Legal Services
17 Corporation.

18 The next item on the agenda is designated as
19 performance review of the president of the Corporation and
20 possible action on such review.

21 MR. WALLACE: Mr. Chairman?

22 CHAIRMAN DURANT: Mr. Wallace?

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MOTION

1
2 MR. WALLACE: I move that we delete consideration of
3 that item. If I can have a second, I will explain it.

4 VICE CHAIRMAN VALOIS: Second.

5 CHAIRMAN DURANT: You have a second, and you may
6 explain your motion.

7 MR. WALLACE: According to 1601.32 of our Regulations
8 any officer may resign at any time by giving a written notice
9 of his resignation to the Chairman of the Board. An officer
10 other than the president shall also submit written notice of
11 his intention to resign to the president. Such resignation
12 shall take effect at the time received unless another time is
13 specified therein. The acceptance of such resignation shall
14 not be necessary to make it effective.

15 Mr. Chairman, we have a resignation letter from
16 President Bayly. It does not specify another time for it
17 taking effect. The regulations provide that the Board does
18 not need to vote on whether or not to accept the resignation,
19 so as I interpret 1601.32, there is no action to be taken on
20 Item 2 on the agenda. The resignation is complete, it is
21 effective, and we should move on to No. 3, discussion and
22 action on new personnel.

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1 CHAIRMAN DURANT: Mr. Smegal, you were out of the
2 room, and while you were out, just so that you are current and
3 up to date as to Mr. Wallace, I gave a report briefly as to
4 what we did in Executive Session. Mr. Wallace made a motion to
5 delete what is listed on the agenda as Item No. 2. Mr. Valois
6 seconded it. Mr. Wallace gave some of his reasons, and I am
7 about to recognize Professor Uddo.

8 MR. UDDO: Well, I just disagree with Mr. Wallace
9 that no action need be taken, because I believe the letter of
10 resignation does cross-reference a paragraph of Mr. Bayly's
11 contract, which says that he can give 30 days' notice of his
12 intention to resign. So I don't think that provision of the
13 regulation applies. I think there is a different time
14 specified, and therefore I think it is appropriate that there
15 be Board action and, as I intend to do, if we vote on the
16 motion to delete that item, I will move that we not accept Mr.
17 Bayly's resignation.

18 MS. BENAVIDEZ: I second that.

19 CHAIRMAN DURANT: Well, we have one motion on the
20 floor at the moment. Is there any further discussion on Mr.
21 Wallace's motion?

22 MS. BERNSTEIN: No, but I will second it, so you --

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1 CHAIRMAN DURANT: It is already seconded. Mr. Valois
2 seconded it.

3 MR. EAGLIN: It has already been seconded. We are
4 discussing it now.

5 CHAIRMAN DURANT: Mr. Eaglin?

6 MR. EAGLIN: I agree with what Professor Uddo has
7 just said, and I also think that despite what Mike has read
8 there from the Regulations, I think it would still be possible
9 and would certainly be appropriate to have a performance review
10 of John Bayly as president of the Corporation and act on that
11 as well, because we should not just rush on from this after
12 this man has served us so well for the last year-and-a-half.
13 I think we should pause at least to comment on what I think has
14 been splendid service by Mr. Bayly, and to express our
15 admiration for the service that he has done, and I don't think
16 that we should just rush on from that, despite whatever your
17 intentions may be tonight. I don't think we should rush on
18 so quickly and not remark on the type of service, the excellent
19 service, that he has rendered to this Corporation.

20 MS. MILLER: I would like to agree to that.

21 CHAIRMAN DURANT: Any other comments?

22 (No response.)

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1 CHAIRMAN DURANT: All those in favor of Mr. Valois' -

2 MR. EAGLIN: It is Mr. Wallace's motion.

3 CHAIRMAN DURANT: Mr. Wallace's motion -- I think we
4 had probably do this by roll call.

5 MR. SMEGAL: Which is what?

6 CHAIRMAN DURANT: That we delete Item No. 2 on the
7 agenda. Ms. Bernstein, we will start on your end this time.
8 Yes or no in favor of Mr. Wallace's motion?

9 MS. BERNSTEIN: Yes.

10 CHAIRMAN DURANT: Ms. Swafford?

11 MS. SWAFFORD: Yes.

12 CHAIRMAN DURANT: Mr. Uddo?

13 MR. UDDO: Yes.

14 CHAIRMAN DURANT: Ms. Benavidez?

15 MS. BENAVIDEZ: No.

16 CHAIRMAN DURANT: Mr. Mendez?

17 MR. MENDEZ: Yes.

18 CHAIRMAN DURANT: The Chairman votes yes. Mr.
19 Valois?

20 VICE CHAIRMAN VALOIS: Yes.

21 CHAIRMAN DURANT: Mr. Wallace?

22 MR. WALLACE: Yes.

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1 CHAIRMAN DURANT: Ms. Miller?

2 MS. MILLER: No.

3 CHAIRMAN DURANT: Mr. Smegal?

4 MR. SMEGAL: No.

5 CHAIRMAN DURANT: Mr. Eaglin?

6 MR. EAGLIN: No.

7 CHAIRMAN DURANT: The motion passes on a vote of
8 seven to four.

9 MOTION

10 MR. UDDO: Now I would move that we not accept Mr.
11 Bayly's resignation.

12 MR. EAGLIN: Second.

13 MR. SMEGAL: Second.

14 CHAIRMAN DURANT: All right. That motion is now on
15 the table for discussion. Is there any discussion?

16 MS. BERNSTEIN: Has involuntary servitude been
17 reenacted?

18 CHAIRMAN DURANT: Is there any discussion?

19 MR. UDDO: Yes. I don't think we should accept it,
20 because I think, as Mr. Eaglin has said, that Mr. Bayly has
21 served the Corporation very well. I think he has managed to
22 overcome some significant obstacles in trying to regain some

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1 sense of credibility and confidence in the Corporation. I
2 think he has dealt with some extremely difficult personnel
3 problems, has improved many of those, and I think that we
4 ought to encourage him to continue on. His intention to
5 resign has been stated, but I think that we ought to try to
6 dissuade him from that, because I think his performance and
7 his service to the Corporation have been exemplary, and I
8 think that that should be recognized, and I think that we
9 should try to keep him on, because I don't think -- I will
10 say quite candidly, we certainly have not seen any potential
11 replacement tonight, and I think that it is very important for
12 the Corporation that we continue on with someone who has
13 experience, who has credibility, who as the respect of the
14 people that he has to deal with, and I think with the little
15 time left for this Board, it would be foolish not to try to
16 dissuade Mr. Bayly from resigning and try to encourage him to
17 stay on.

18 MS. BERNSTEIN: Call the question.

19 MR. SMEGAL: Wait a minute.

20 MR. EAGLIN: Let's have discussion.

21 CHAIRMAN DURANT: Mr. Smegal?

22 MR. SMEGAL: Thank you very much, Mr. Durant.

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1 I think one of the things we should focus on, when
2 Mr. Bayly took the role of the president in January of '87,
3 one of the controversies that we were having swirling around us
4 was the monitoring concept. There was a lack of monitoring, a
5 lack of monitoring reports. Mr. Bayly provided on the occasion
6 of Mr. Durant and I testifying before the House Judiciary
7 Committee on June 14 a report on the status of monitoring by
8 the Corporation, and if I understood those figures correctly,
9 we are essentially current on monitoring. The hundreds of
10 reports that we were behind when Mr. Bayly took the steward-
11 ship of the Corporation is a thing of the past. We have all
12 received from several congressional sources, significant
13 congressional sources, those who are concerned with the Legal
14 Services Corporation, letters of commendation, letters express-
15 ing their belief that John Bayly has served the Corporation
16 well over the last 18 months, and it would be ill advised for
17 us to take action such as accepting Mr. Bayly's resignation.

18 CHAIRMAN DURANT: Mr. Eaglin, did you have --

19 MR. EAGLIN: I spoke earlier. I will be glad to say
20 once again how much I have come to admire Mr. Bayly during the
21 time that he has been the president, and I think we have been
22 fortunate to have him. I told him this week on the phone that

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1 the highlight of my service as a member of this board of
2 directors has been his service as president of the Corporation,
3 and I would like everybody else to know that, and that I
4 appreciate his service.

5 CHAIRMAN DURANT: Ms. Benavidez?

6 MS. BENAVIDEZ: I agree with Paul. Mr. Bayly has
7 done a great job. He has kept me informed of what is going on,
8 you know, while other people have not, and I do appreciate
9 that, and I think he is doing a great job, and I think we
10 should keep him.

11 CHAIRMAN DURANT: Any other comment?

12 (No response.)

13 CHAIRMAN DURANT: Then we will vote on Mr. Uddo's
14 motion, and rather than do it by voice vote, we will do it --
15 this is the motion that --

16 MR. SMEGAL: Clark, Lorain is --

17 CHAIRMAN DURANT: I apologize.

18 MS. MILLER: Okay, Clark, I want to know if I could
19 read to the public what I read in Executive Session about Mr.
20 Bayly.

21 CHAIRMAN DURANT: That is fine.

22 MS. MILLER: Thank you. I don't know if they are

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1 aware of a letter that was sent from Mr. Bayly to the board
2 members, but it was something that was mentioned about having
3 the meeting on a certain date. Well, I won't go through all
4 of that. You will probably hear about it later, but I just
5 want to say, I must apologize to Mr. Bayly. I can't live with
6 myself by not saying anything. That letter that I wrote dated
7 June 21st is not all me. Before and after Father Summers'
8 fine prayer, I have to say, forgive me, Mr. Bayly -- and he
9 did forgive me.

10 CHAIRMAN DURANT: Thank you, Mrs. Miller.

11 Any other comment on Mr. Uddo's motion? The motion
12 is not to accept Mr. Bayly's resignation. Mr. Eaglin, how do
13 you vote?

14 MR. EAGLIN: I vote yes in favor of that motion.

15 CHAIRMAN DURANT: Mr. Smegal?

16 MR. SMEGAL: Yes.

17 CHAIRMAN DURANT: Ms. Miller?

18 MS. MILLER: Yes.

19 CHAIRMAN DURANT: Mr. Wallace?

20 MR. WALLACE: No.

21 CHAIRMAN DURANT: Mr. Valois?

22 VICE CHAIRMAN VALOIS: No.

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1 CHAIRMAN DURANT: The Chairman votes no. Mr. Mendez?

2 MR. MENDEZ: No.

3 CHAIRMAN DURANT: Ms. Benavidez?

4 MS. BENAVIDEZ: Yes.

5 CHAIRMAN DURANT: Mr. Uddo?

6 MR. UDDO: Yes.

7 CHAIRMAN DURANT: Ms. Swafford?

8 MS. SWAFFORD: No.

9 MS. BERNSTEIN: No.

10 CHAIRMAN DURANT: The motion fails.

11 NOMINATION

12 VICE CHAIRMAN VALOIS: Mr. Chairman, I would like to
13 nominate for the Board approval as president of the Corpora-
14 tion, pursuant to Section 1005(a), as president, Terrance
15 Joseph Wear, who is a member of the Bar of the State of Iowa,
16 as well as the Bar of the District of Columbia.

17 MS. BERNSTEIN: I second that.

18 CHAIRMAN DURANT: Any discussion?

19 MR. UDDO: Yes. I think it is absolutely ludicrous
20 to take a vote on this tonight. I don't think that we have
21 done anything like a respectable search process. I don't think
22 anyone who is elected president out of this process can have

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1 even a shred of credibility. We saw two people, started the
2 meeting at 6:00 o'clock. It is now 11:00 o'clock in the
3 evening. We have made no attempt to develop other candidates
4 for the job. We have done a job that I think most competent
5 professional people would laugh at, in terms of trying to
6 select someone to take over a Corporation of this size with
7 its budget and with its responsibilities.

8 So I think unless someone can give me some rational
9 reason why we should not delay taking a vote and wait two
10 weeks or three weeks, try to develop a larger pool of
11 candidates for the presidency, I am adamantly opposed to taking
12 a vote on this tonight. It makes absolutely no sense, and I
13 see no justification for trying to replace the president under
14 these kinds of circumstances.

15 CHAIRMAN DURANT: Mr. Valois?

16 VICE CHAIRMAN VALOIS: Basile, I would like to give
17 you some rational reasons. I have participated in two
18 presidential search committees in the past under the sponsor-
19 ship of -- leadership of Claude Swafford and, while we received
20 many, many, many, many resumes, quite frankly, and interviewed
21 quite a number of candidates, it is my opinion that if we were
22 to multiply these proceedings by two weeks, two months or two
years, we would not find people with higher qualifications

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1 than the two people that we have interviewed tonight. I don't
2 really think that the number of people you interview or the
3 length of time that you do it ought to be a deterrent to
4 hiring highly qualified people.

5 Mr. Wear has a distinguished record of service to
6 both the United States Government, to a Senate committee, he
7 is a partner in what I understand to be a very fine law firm,
8 he is a lawyer with some gray hair which, as you all remember,
9 was one of my -- like Pepe's favorite two questions -- one of
10 my requests. He got out of law school in 1975, has a wealth
11 of experience in government. I think he conducted his replies
12 to the inquiring members of this Board very well in private
13 session. I know of no reason to think that he is not
14 qualified for this position. I think he will lead us well.

15 MR. WALLACE: Mr. Chairman, may I say a word?

16 CHAIRMAN DURANT: Mr. Wallace?

17 MR. WALLACE: I am not insensitive to Mr. Uddo's
18 suggestion that we should take longer at this. On the other
19 hand, I have no reason to think we are going to know any more
20 in two or three weeks than we know now, and in order to go
21 through the kind of process we went through the first time,
22 which took more like three or four months, the process would

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1 defeat its own purpose. We are going to be here for a few
2 more months. It is important for us to see during the end
3 of our stewardship that the Corporation is managed and is
4 managed competently and is managed consistently with the
5 Board's policies, and I am confident that Mr. Wear will do
6 all of that.

7 I have read the correspondence I have received from
8 Members of Congress the last couple of days. It is my hope
9 that we will be offering Mr. Wear a one-year contract so that
10 the new President of the United States can put his own Board
11 in here and the new Board can decide whether they want to keep
12 Mr. Wear or have a free hand to do what we did three years
13 ago and to search for our own president.

14 So that is the way I view our action tonight. We
15 have found, I think, a fine man. I think he will do a good
16 job, and after the American people have elected a new
17 president, then he can get around about the task of having a
18 new Board and having a new president, and no hands will be
19 tied.

20 CHAIRMAN DURANT: Any other comments?

21 MR. EAGLIN: I would like to express my complete
22 agreement with what Professor Uddo said. I think he was right

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1 on the mark.

2 CHAIRMAN DURANT: Okay. Mr. Smegal, I can't let a
3 meeting go by without --

4 MR. SMEGAL: No, certainly not, Mr. Durant. I won't
5 use my long-distance telephone card to do this. I will say it
6 in person. Mr. Uddo's comments are entirely appropriate at
7 this time. The reference was made to a prior process that we
8 used that selected Jim Wentzel, and I realize that we don't
9 want to go back and do that again. The second process we went
10 through took a little less time. As I recall it took about
11 two weeks. That process resulted in John Bayly, and I think
12 that for us to rush to judgment in a matter of a couple of
13 hours is absolutely senseless, but not inconsistent with prior
14 acts of the majority of this Board, Mr. Durant, including
15 yourself.

16 MS. MILLER: I agree with that, Mr. Durant, and I
17 really want to know, what is the rush? I mean, why in a
18 couple of hours do you think we could just pick someone when
19 we only talked to two people?

20 CHAIRMAN DURANT: Well, I think two things. One, I
21 think if the Board is persuaded that in fact there has been
22 insufficient time to consider whether the two candidates --

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1 either one is appropriately qualified, the Board can vote not
2 for Mr. Valois' motion. Second, that the business of the
3 Corporation must go on, and that both candidates have indicated
4 a willingness and ability to serve, and if there are reasons
5 why they should not serve, then obviously this is the forum
6 for that debate.

7 Ms. Benavidez?

8 MS. BENAVIDEZ: Yes. I believe that for the rest
9 of the year -- you know, it is only a few months left -- we
10 should keep Mr. Bayly.

11 CHAIRMAN DURANT: I didn't hear the last part.

12 MS. BENAVIDEZ: That for the rest of the year -- you
13 know, it is only -- we are in July already, so we don't have
14 too many more months. I believe we should keep Mr. Bayly.

15 CHAIRMAN DURANT: Well, Mr. Bayly will be continuing,
16 I think, to work with and for the Corporation.

17 MS. BENAVIDEZ: No, no, I don't think we should have
18 a new president. I think we should keep Mr. Bayly as
19 president for the rest of the year.

20 CHAIRMAN DURANT: Okay. Any other discussion?

21 MS. BERNHARDT (phonetic): Excuse me, Mr. Durant.

22 CHAIRMAN DURANT: Yes?

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1 MS. BERNHARDT: My name is Martha Bernhardt from the
2 Project Advisory Group. We, of course, have not had access to
3 the resumes of either of the candidates that were interviewed
4 here tonight. I wonder if we might have copies of their
5 resumes?

6 CHAIRMAN DURANT: Absolutely.

7 MR. UDDO: Well, let me just say on the record, Bob
8 and Mike, with all due respect, I don't think you have
9 supplied a rational reason for what we are apparently about to
10 do. Mr. Wear is a very fine man, he obviously is, and I feel
11 sorry for him, because he is getting hornswaggled into some-
12 thing that he doesn't know much about, and that is my major
13 concern. His resume will show you absolutely no indication
14 that he knows anything about what this Corporation does or
15 what its responsibilities are. He admits himself that he has
16 a cursory knowledge of the LSC Act. And I just don't think
17 that there is anything there that would persuade a rational
18 group of competent people to act so precipitously and select
19 this man to take over this Corporation.

20 It defies imagination, and, Mr. Wear, you are going
21 to start with a terrible disadvantage because you are going to
22 have no credibility getting picked through this process.

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1 CHAIRMAN DURANT: Mr. Eaglin, how do you vote on
2 Mr. Valois' motion?

3 MR. EAGLIN: I vote no, against Mr. Wear.

4 CHAIRMAN DURANT: Mr. Smegal?

5 MR. SMEGAL: No, against Mr. Wear.

6 MS. MILLER: No, against Mr. Wear.

7 CHAIRMAN DURANT: Mr. Wallace?

8 MR. WALLACE: Aye.

9 CHAIRMAN DURANT: Mr. Valois?

10 VICE CHAIRMAN VALOIS: Aye.

11 CHAIRMAN DURANT: The Chairman votes aye. Mr.
12 Mendez?

13 MR. MENDEZ: Aye.

14 CHAIRMAN DURANT: Ms. Benavidez?

15 MS. BENAVIDEZ: No.

16 CHAIRMAN DURANT: Mr. Uddo?

17 MR. UDDO: No.

18 CHAIRMAN DURANT: Ms. Swafford?

19 MS. SWAFFORD: Aye.

20 CHAIRMAN DURANT: Ms. Bernstein?

21 MS. BERNSTEIN: Aye.

22 MOTION

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1 VICE CHAIRMAN VALOIS: I would like to make a second
2 motion that the Chairman be empowered to work out a contract
3 with Mr. Wear along the general guidelines of the --

4 CHAIRMAN DURANT: I would prefer that you do it.

5 VICE CHAIRMAN VALOIS: -- contract of the --

6 CHAIRMAN DURANT: You did Mr. Bayly's contract.

7 VICE CHAIRMAN VALOIS: Of Mr. Bayly and his
8 predecessors.

9 CHAIRMAN DURANT: I would decline to do that. You
10 did Mr. Bayly's contract.

11 VICE CHAIRMAN VALOIS: I can't nominate myself,
12 thank you.

13 CHAIRMAN DURANT: Mr. Wallace?

14 VICE CHAIRMAN VALOIS: I will nominate Mr. Wallace,
15 if you want.

16 MR. WALLACE: Oh, no, thank you.

17 NOMINATION

18 MR. WALLACE: I nominate Mr. Valois to work out
19 the details of the contract along the lines that we have had
20 before.

21 CHAIRMAN DURANT: Is there a second to that?

22 MS. BERNSTEIN: Second.

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1 CHAIRMAN DURANT: Any discussion?

2 (No response.)

3 CHAIRMAN DURANT: All those in favor of that motion,
4 signify by saying aye.

5 (Chorus of ayes.)

6 CHAIRMAN DURANT: Opposed?

7 (Chorus of noes.)

8 CHAIRMAN DURANT: Better take a vote. Mr. Eaglin?

9 MR. EAGLIN: I vote no.

10 CHAIRMAN DURANT: Mr. Smegal?

11 MR. SMEGAL: No.

12 CHAIRMAN DURANT: Ms. Miller?

13 MS. MILLER: No.

14 CHAIRMAN DURANT: Mr. Wallace?

15 MR. WALLACE: Aye.

16 CHAIRMAN DURANT: Mr. Valois?

17 VICE CHAIRMAN VALOIS: Aye.

18 CHAIRMAN DURANT: Chairman votes aye. Mr. Mendez?

19 MR. MENDEZ: Aye.

20 CHAIRMAN DURANT: Ms. Benavidez?

21 MS. BENAVIDEZ: No.

22 CHAIRMAN DURANT: Mr. Uddo?

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1 MR. UDDO: Aye.

2 CHAIRMAN DURANT: Ms. Swafford?

3 MS. SWAFFORD: Aye.

4 CHAIRMAN DURANT: Ms. Bernstein?

5 MS. BERNSTEIN: Aye.

6 CHAIRMAN DURANT: The motion carries.

7 MS. BERNSTEIN: I have a motion.

8 CHAIRMAN DURANT: Ms. Bernstein?

9 MOTION

10 MS. BERNSTEIN: I was silent because of procedural
11 -- what I considered to be procedurally correct and not to
12 muddy the issues unnecessarily, but I would just like to make
13 a motion that we do commend John for his service to us and
14 wish him well.

15 MS. SWAFFORD: I will second that motion.

16 VICE CHAIRMAN VALOIS: I would like to add my echo
17 to that. I was silent apparently for the same reasons that
18 LeaAnne was, but I have certainly enjoyed knowing John Bayly,
19 I certainly have appreciated his work both as a lawyer and as
20 a leader of the Corporation in bringing to us, quite frankly,
21 at a time when we needed it a steady hand on the helm, and I
22 wish him the absolute -- I know he is not leaving any time

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1 real soon, but I wish him absolutely nothing but the best of
2 success on a professional and a personal level, and I look
3 forward to having a long and enduring friendship with John.

4 MR. MENDEZ: Bob, you have, as usual, stated every-
5 thing appropriately. The only thing I would add is that he
6 has a great sense of humor, and I hope he maintains it.

7 MS. SWAFFORD: Would it be appropriate for us to
8 have a resolution?

9 CHAIRMAN DURANT: Could we have it drawn up a little
10 bit more elaborately, LeaAnne, than in your motion?

11 MR. MENDEZ: Clark, I would suggest that we provide
12 Mr. Bayly with a plaque eventually, because I know that if he
13 goes into private practice, it is sometimes useful to hang
14 those things on the wall. It gives you a couple of extra
15 bucks in terms of hourly rate.

16 CHAIRMAN DURANT: Well, I think that Mr. Bayly --

17 MS. BERNSTEIN: In lieu of a resolution, could we
18 have a round of applause instead?

19 CHAIRMAN DURANT: Yes.

20 (Applause.)

21 CHAIRMAN DURANT: Any other item? Look in the
22 agenda?

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1 MR. WALLACE: It is not really on the agenda, but we
2 have our next meeting scheduled for Minneapolis, as I under-
3 stand it. I have looked at our budget. I don't know how in
4 the world we are going to afford to take this Board to
5 Minneapolis, and I don't know what commitments we have made.
6 I think we probably need to have a meeting in August, but it
7 would probably be cheaper for us to do it here. I don't think
8 we need a motion on it, but I wanted to get my sentiment on
9 that the record.

10 I hope that the new president and the staff will
11 look at that. I don't want to break any commitments we have
12 made to people out there, but we have a lot of work to do, and
13 it is probably cheapest and most efficient to do it here.

14 CHAIRMAN DURANT: Is there any objection to doing
15 that August meeting in Washington?

16 MR. SMEGAL: Yes.

17 CHAIRMAN DURANT: Do you? Okay? You would rather
18 do it in Minnesota?

19 MR. SMEGAL: It is my state.

20 CHAIRMAN DURANT: That is right, you have a client
21 there, don't you?

22 MR. WALLACE: I didn't make a motion. I am happy

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1 to go there.

2 MR. SMEGAL: I mean, I have gone to Mississippi.
3 The least you can do is come to Minnesota, Mike.

4 MR. WALLACE: I was looking forward to it.

5 CHAIRMAN DURANT: I think we should do it in
6 Washington. Is the date set as 25 and 26?

7 MR. WALLACE: Yes.

8 CHAIRMAN DURANT: One other thing, Mr. Valois, in
9 terms of drafting any contract, I agree with Mr. Wallace. I
10 reviewed the correspondence from Congressman Kastenmeier and
11 Congressman Moorhead. I think it appropriate to take into
12 account their considerations regarding the time frame with
13 the election returns.

14 VICE CHAIRMAN VALOIS: I read the letter very care-
15 fully, and I certainly will take them into consideration, but
16 you did empower me to negotiate the terms, and I would appre-
17 ciate it if you would let me see what I can do about that and
18 report back to you.

19 CHAIRMAN DURANT: That is fine. Anything else?

20 (No response.)

21 CHAIRMAN DURANT: Is there a motion to adjourn?

22 MS. BERNSTEIN: So move.

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1 CHAIRMAN DURANT: Is there a second?

2 MS. SWAFFORD: Second.

3 CHAIRMAN DURANT: Any discussion?

4 (No response.)

5 CHAIRMAN DURANT: All those in favor, signify by
6 saying aye.

7 (Chorus of ayes.)

8 CHAIRMAN DURANT: Opposed?

9 (No response.)

10 CHAIRMAN DURANT: The meeting is adjourned.

11 (Whereupon, at 11:10 p.m., the Public Session of the
12 Board of Directors Meeting of Legal Services Corporation was
13 adjourned.)

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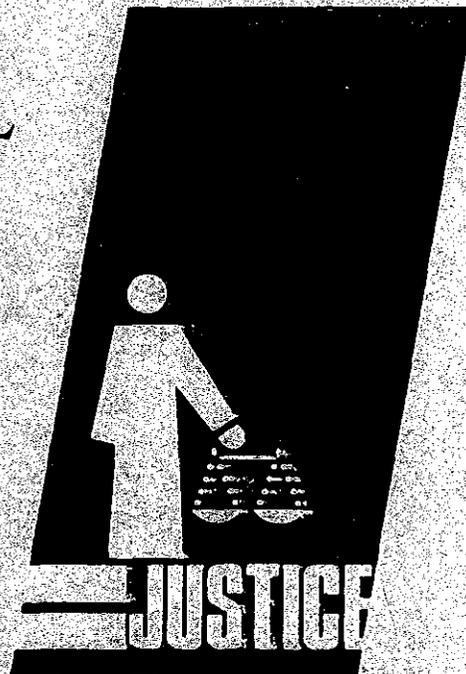
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LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS
MEETING

Loews L'Enfant Plaza Hotel
Ballroom B
480 L'Enfant Plaza, S.W.
Washington, D.C. 20024

July 1, 1988

LEGAL
SERVICES
CORPORATION





AGENDA



**LEGAL SERVICES CORPORATION
BOARD OF DIRECTORS
MEETING**

TIME AND DATE: The open meeting of the Board of Directors will commence at 6:00 p.m. on Friday, July 1, 1988, and continue until all official business is completed. An Executive Session will be held immediately following the open meeting, if appropriate.

PLACE: Loews L'Enfant Plaza Hotel
Ballroom B
480 L'Enfant Plaza, S.W.
Washington, DC 20024

STATUS OF MEETING: Open [A portion of the meeting is to be closed to discuss personnel and litigation matters under The Government in the Sunshine Act [5 U.S.C. 552b (c) (2), (6), (9) and (10)] and 45 CFR 1622.5 (a), (e), (g) and (h)].

MATTERS TO BE CONSIDERED:

Board of Directors Meeting (Open)

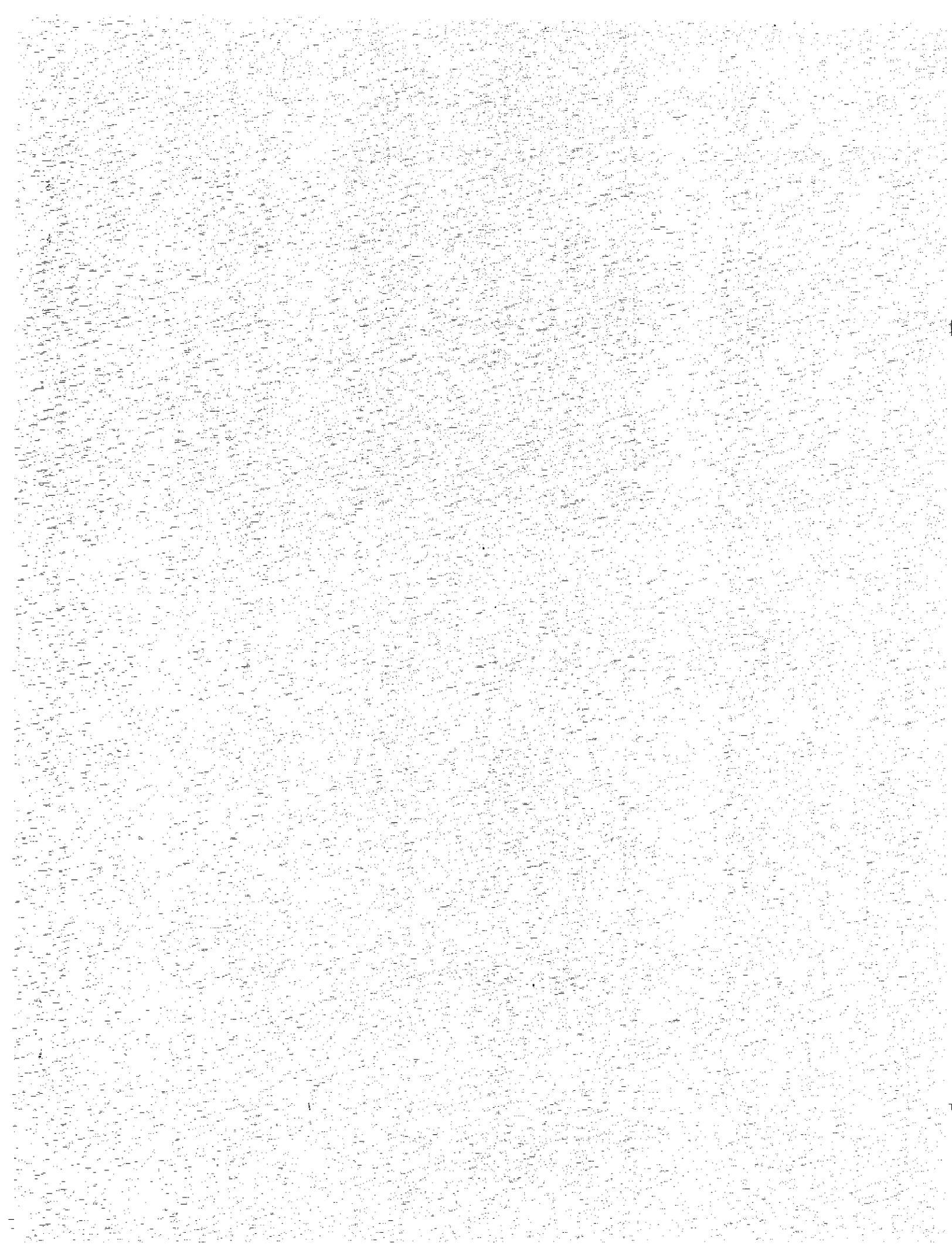
1. Approval of Agenda
2. Performance Review of the President of the Corporation and Possible Action on Such Review
3. Discussion and Action on New Personnel

Discussion and Public Comment follow each item.

Executive Session (Closed)

1. Personnel Litigation Matters
2. New Personnel Reviews

PERFORMANCE REVIEW





LEGAL SERVICES CORPORATION
400 Virginia Ave., S.W., Washington, D.C. 20024-2751

John H. Bayly, Jr.
President

Writer's Direct Telephone
(202) 863-1839

June 26, 1988

William Clark Durant, III
Durant & Durant, P.C.
2300 Penobscot Building
Detroit, Michigan 48226

Dear Mr. Durant:

Since January of 1987 I have attempted faithfully to discharge the responsibilities entrusted to me as president of the Legal Services Corporation. The mandate conferred by the Board of Directors has entailed for me many serious obligations because of the indisputable importance which the Corporation's work holds for all members of our communities, particularly the most needy.

Recent developments indicate that the Board of Directors may now seek for the Corporation purpose and direction which I, as executive, do not share. The Board's prerogative to determine policy in accordance with the Legal Services Corporation Act is, of course, fundamental and necessarily includes the opportunity to select a president in whom it has full confidence.

To assure the Board service from the executive of its choice I am invoking paragraph 6 (d) of the agreement governing my appointment and providing you this notice of my intention to terminate my employment.

I feel very privileged to have assisted in providing legal services to those many poor Americans who rightly look to the rule of law as their guarantee of justice and liberty.

BOARD OF DIRECTORS — William Clark Durant III, Chairman, Detroit, Michigan

Hortencia Benavidez
El Paso, Texas

Lea Anne Bernstein
Baltimore, Maryland

Paul Eaglin
Fayetteville, North Carolina

Pepe J. Mendez
Denver, Colorado

Lorain Miller
Detroit, Michigan

Thomas F. Smegal
Piedmont, California

Claude Galbreath Swafford
South Pittsburg, Tennessee

Basile Joseph Uddo
New Orleans, Louisiana

Robert A. Valois
Raleigh, North Carolina

Michael B. Wallace
Jackson, Mississippi

PETER W. RODINO, JR., NEW JERSEY, CHAIRMAN

JACK BROOKS, TEXAS
 ROBERT W. KASTENMEIER, WISCONSIN
 DON EDWARDS, CALIFORNIA
 JOHN CONYERS, JR., MICHIGAN
 ROMANO L. MAZZOLI, KENTUCKY
 WILLIAM J. HUGHES, NEW JERSEY
 MIKE SYNAR, OKLAHOMA
 PATRICIA SCHROEDER, COLORADO
 DAN GLICKMAN, KANSAS
 BARNEY FRANK, MASSACHUSETTS
 GEO. W. CROCKETT, JR., MICHIGAN
 CHARLES E. SCHUMER, NEW YORK
 BRUCE A. MORRISON, CONNECTICUT
 EDWARD F. FEIGHAN, OHIO
 LAWRENCE J. SMITH, FLORIDA
 HOWARD L. BERMAN, CALIFORNIA
 RICK BOUCHER, VIRGINIA
 HARLEY O. STAGGERS, JR., WEST VIRGINIA
 JOHN BRYANT, TEXAS
 BENJAMIN L. CARDIN, MARYLAND

HAMILTON FISH, JR., NEW YORK
 CARLOS J. MOORHEAD, CALIFORNIA
 HENRY J. HYDE, ILLINOIS
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 F. JAMES SENSENBRENNER, JR., WISCONSIN
 BILL MCCOLLUM, FLORIDA
 E. CLAY SHAW, JR., FLORIDA
 GEORGE W. GEKAS, PENNSYLVANIA
 MICHAEL DEWINE, OHIO
 WILLIAM E. DANNEMEYER, CALIFORNIA
 PATRICK L. SWINDALL, GEORGIA
 HOWARD COBLE, NORTH CAROLINA
 D. FRENCH SLAUGHTER, JR., VIRGINIA
 LAMAR S. SMITH, TEXAS

U.S. House of Representatives
Committee on the Judiciary
 Washington, DC 20515-6216
 Telephone: 202-225-3951

June 29, 1988

Mr. W. Clark Durant III
 Chairman
 Board of Directors
 Legal Services Corporation
 400 Virginia Avenue, SW
 Washington, DC 20024-2751

Dear Mr. Durant:

We understand that in the course of the last week the following events have occurred regarding personnel matters at the Legal Services Corporation: late last week you called a special meeting of the Corporation board to review the employment contract of John Bayly, President of the Corporation; after the date of this meeting was confirmed for July 1, Mr. Bayly submitted his resignation to you; you accepted his resignation as President effective as soon as a replacement was hired and offered him five months employment with the Corporation as a consultant; and you subsequently proposed to the board that it interview prospective candidates for the position of president when it meets on Friday.

We must express our concern with the manner in which these personnel changes have taken place and our feeling that Mr. Bayly somehow has been unjustly placed in an untenable position where to resign was his best alternative. We recognize that during Mr. Bayly's tenure as President of the Corporation, he often found himself in the delicate position of carrying out decisions of the board with which he did not always agree. It is our opinion that despite these difficulties, Mr. Bayly has been an effective leader of the Corporation, improving relations between the Corporation and the field programs and working cooperatively with Congress. In this light, we hope that the board carefully reviews Mr. Bayly's statement of resignation and accepts it only after considering and concluding that Mr. Bayly can not adequately and competently lead the Corporation in its mission of providing legal services to the poor.

Mr. W. Clark Durant, III
June 29, 1988
Page #2

If, in fact, the board chooses to accept Mr. Bayly's resignation, we hope that the board will pick his successor in a thoughtful and organized manner. In this light, we would like to reiterate the comments we made to you by letter dated January 6, 1987, when the Corporation was likewise in search of a new president. At that time we urged the Corporation board to select as the next president of the Corporation a person who was well qualified for the position. We also urged the board to give reasonable notice of the vacancy in order to assure an adequate pool of qualified applicants and to make the selection process public.

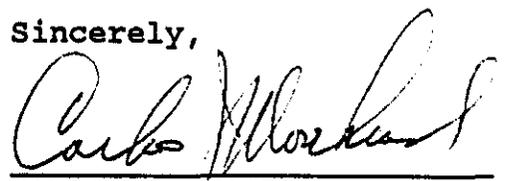
Among the qualifications that we believed were necessary for the position of president were:

- (1) experience in the active practice of law;
- (2) demonstrated leadership and management skills;
- (3) awareness and sensitivity to the legal needs of low income clients;
- (4) commitment to and familiarity with the Legal Services Corporation Act;
- (5) maturity and integrity; and
- (6) ability to work with legal service providers, bar associations, and Congress.

In selecting John Bayly as President, it is clear to us that you gave careful consideration to the aforementioned criteria at that time. The sentiments that we expressed to you then are equally relevant today: In our opinion, there is no way for the board to competently select a successor to Mr. Bayly without taking the appropriate steps of announcing the vacancy and publicly seeking a qualified applicant. We therefore believe that it would be highly imprudent for the board to select a replacement for Mr. Bayly at its meeting on July 1 and hope that the members of the board will share our views as they embark on the selection process.

Sincerely,


ROBERT W. KASTENMEIER
Chairman
Subcommittee on Courts,
Civil Liberties and the
Administration of Justice


CARLOS J. MOORHEAD
Ranking Member Minority
Subcommittee on Courts,
Civil Liberties and the
Administration of Justice

cc: Members, LSC Board of Directors

