

VICTOR ATIYEH  
July 24, 1993  
Tape 50, Side 1

C.H.: This is an interview with Governor Victor Atiyeh at his office in downtown Portland, Oregon. The interviewer for the Oregon Historical Society is Clark Hansen. The date is July 24th 1993, and this is Tape 50, Side 1.

V.A.: To continue with the Bahgwan, let me tell you that we had pretty good intelligence. We were really concerned. We knew what ~~farms~~ <sup>FILSHAM</sup> they had. We knew pretty much how many bullets they had.

C.H.: How did you know these things?

V.A.: Oh, just by intelligence. You check around, you find out where, you know ...

C.H.: Who was doing that for you?

V.A.: State police and also the U.S. Attorney. This was a pretty well coordinated effort. Probably one of the few times in which the city, county, state and federal government all worked together. Usually it's a frustrating thing, they don't always work together.

C.H.: So you were working then with all these other groups?

V.A.: Yes. Yes. We had a task force of - oh, I should include the attorney general's office, which was Dave Frohnmeyer. And other sources of whose selling bullets and whose selling guns, and we had some intelligence on the ranch itself. We were worried. The thing got quite volatile, and Oregonians were very angry. We had plans, for example, and these are only by way of example. You know, I thought, well, we have to worry about some

Oregon to get really mad, and really pretty much upset, particularly during hunting season. You know, they would shoot a Rajneesh.

C.H.: Who would shoot a Rajneesh?

V.A.: Some Oregonian that got mad. An Oregonian. These are all what-ifs.

C.H.: I see. This is just a hypothetical situation.

V.A.: That's right.

C.H.: It didn't actually exist.

V.A.: No, no, it didn't happen. We even had thought well now wait a minute, these folks might themselves shoot the Bahgwan and then make a martyr out of him and then accuse Oregonians of having done so. Those are among the things we worried about. As it came to even later stages, I had the National Guard "training" up at Redmond, they had helicopters and personnel carriers and we had them "training".

C.H.: I think you said at the very beginning of our interview series that during this period you had with you an emergency executive order and you carried that with you twenty-four hours a day.

V.A.: Yes. Yes. Still have it as a souvenir. No matter where I was. All the while, now that is the confidential side of this. On the public side I'm trying to keep it cool. And then the politicians, they'd take shots at the Rajneesh and that was a very popular thing to do, but I'd get very upset because I'm trying to keep it cool and they're turning up the heat.

C.H.: Did you inform the legislature about the things you were doing?

V.A.: No. It was strictly internal all the way.

C.H.: Was there any consideration of them?

V.A.: No.

~~C.H.~~ It wasn't a matter of keeping them out, it was just a matter that we had to limit who knew what it was that we were doing. Too many leaky boats. You know, the media would say okay governor, what are you doing? I said well, we're ready for them no matter what they do. But what are you doing? I said, I'm not going to tell you. And you'd think they would understand that and don't ask the question because I'm not going to tell them. If I tell them, I'm telling the Rajneesh, and I don't want to tell the Rajneesh. During this period of time was just negotiation. <sup>Gerry</sup> Jerry, Thompson and Bob Oliver. And they - meaning the Rajneesh - were trying to do a quid pro quo with me on their court case which related to land use planning. For example, if the governor would back off on the court case then we will not bring anymore homeless. I'm not sure that it came out that way. Or we won't do whatever it was they were doing. And Gerry Thompson said ~~because she knew me when it came up cold one time she reported but she knows me.~~ "The governor does not trade. You're coming about this all the wrong way." They didn't believe that because that's the way their life was. And she said to them, because I kept saying, Gerry, you tell them no matter what they do we're going to be ready for them. So this took maybe, I've forgotten, over the course of, I don't know, I can't tell you time frame, two three four months, I don't remember, and two or three meetings. All I can tell you is that when they finally came to the realization that number one, I wasn't going to trade, and number two, they really believed that we were ready for whatever it is they're wanting to do, that's when it began to unravel. That's when things began to fall apart.

C.H.: Do you think that was the reason?

V.A.: That's the only reason I can think of. That's the only clue, because I know they came to the realization by this constant reminder by Gerry Thompson and Bob Oliver that they weren't going to get away with anything.

C.H.: What do you think that they were hoping to accomplish?

V.A.: I have no idea what their final objective was. Maybe they wanted their own state, I don't know.

C.H.: How many people were out there at the peak?

V.A.: I can't remember. Peak meaning permanent probably. There were several thousand on a permanent basis and then of course it swelled during their encampment or whatever they called their thing.

C.H.: Ten, twelve thousand people?

V.A.: There were a bunch of them out there. Then it began to unravel and that's when the Bahgwan took off and he got picked up on the East Coast and Sheela takes off, and what I always knew was going to happen, these cults always go away, always. You just don't know how long it's going to take to happen. That's what finally happened.

C.H.: Well, Sheela left the commune and went into hiding in September 1985, I believe, and didn't Rajneesh actually link the former leaders at that point with a major outbreak of salmonella poisoning in The Dalles?

V.A.: Yeah, that was the beginning of all of that. There was the final link of that and the discovery -

C.H.: There was a fire at the Wasco County Planning Office.

V.A.: Yeah.

C.H.: And putting chemicals in the law enforcement vehicles in The Dalles so that they wouldn't run, and planting electronic

bugs in rooms and telephones in Rajneesh's bedroom. And attempting to poison his doctor and dentist and companion.

V.A.: Yep, all of these things.

C.H.: And the Jefferson County District Attorney and the water system in The Dalles. It really sounded like an incredible - that it was really escalating out of control.

V.A.: During this time we were in "training" at Redmond.

C.H.: You ordered the State Department of Justice to investigate allegations that the departed leaders of the Rajneesh community tried to kill Jefferson County DA Michael Sullivan. Was that with poison?

V.A.: I'm not sure how they planned to kill him, and Dave Frohnmeyer was on their list as well and Norma Paulus was on their list.

C.H.: Really. Really. I don't think that ever made the news, did it?

V.A.: I think Dave Frohnmeyer did.

C.H.: The Major Robert Moine, the District State Police Commander in Bend, said that wire-tapping installations uncovered were possible the wire-tapping incident in the history of any nation. Of course there was the Soviet Union, probably.

V.A.: Well, he may be a bit carried away but it was a lot.

C.H.: And then in October of '85 Bahgwan Shree Rajneesh was arrested in North Carolina attempting to flee the U.S. Rajneesh's lawyers knew of secret arrest warrants. How did the government know that they were leaving and how did they know about these secret arrest warrants? And what contingency plans did the government have?

V.A.: I can't give them all to you. It's not a matter of not putting it on tape. I don't know them all. That's why

really I think somebody could get into a book writing by talking to Turner, <sup>(U.S. Attorney)</sup> talking to Norma Paulus, Dave Frohnmeyer, Gerry Thompson, Bob Oliver. They've got notes on all of that stuff. They were close to what when on. They were almost face-to-face at times and I know Gerry Thompson and the rest were, where I was deliberately standing back here and so when you come to - and I would say General Miller of the National Guard, you know, that sort of thing - Really, a book could be written about this whole thing. I think there have been some interviews. I have not seen any books on it. I've been interviewed, somebody wants to write a book, but there's a good book there. As we know, Sheela was one of them that was indicted, tried and found guilty and went to jail.

C.H.: Is she still serving time?

V.A.: No, she's out. She's out and it was kind of a disappointed because she still owes the state money and I think Neil Goldschmidt without telling the attorney general's office said okay you can turn her loose, and they turned her loose and she took off.

C.H.: How did they capture her? It was in Germany or something, wasn't it?

V.A.: Yeah. Yeah. We went through a period of time of extradition between countries, that's difficult, you know. It's relatively easy extradition between states, but you deal between countries it's a little bit more difficult.

C.H.: There was plea bargaining regarding her sentence.

V.A.: That's right.

C.H.: What happened to Rancho Rajneesh?

V.A.: Well, it just finally went away.

C.H.: It was thousands of acres, wasn't it?

V.A.: Yeah. They sold all the cars to one guy in Texas, I think, bought them all, that is the Rolls Royces. Dismantled, sold the portable housing, and incidentally the mortgage was owed to one of the big insurance companies, so they took it. I think they finally sold it fairly recently to somebody. The ranch was for sell and it finally sold.

C.H.: So the state repossessed it, didn't they?

V.A.: No, because the insurance company had the mortgage on it.

C.H.: Wasn't there some talk about the state taking it over and making into a ...

V.A.: Norma had some kind of a deal with education and there was always talk about making a prison out there - not an appropriate place for either one of them.

C.H.: Or a resort or something like that?

V.A.: A dude ranch kind of thing? Yeah, well. It's Central Oregon, you could probably take a few patches, a few acres, and pour a lot of water on it and have something grow. Commercially, for a large ranch, it's cattle and there's probably I don't know how many acres for cow out there but got a lot of acres per <sup>one</sup> cow. It's just not productive in the sense of milk and honey, that's all.

C.H.: Is there anything else regarding this incident, this story, this part of Oregon's history that - you know, they refer to this to the only time when something like this has happened, but of course earlier in the century there was the incident with the holy rollers.

V.A.: Oh yeah. We've had cults in Oregon more than once. I don't think we've ever had a cult quite as abrasive as these people.

C.H.: Now we've got some of the Aryan Nation.

V.A.: Fortunately they're in Idaho. I say fortunately, I don't want to wish any of that on anybody, but at least the governor of Oregon doesn't have to worry about those people. I worry about those kind of people. That's where way back when I told you I asked for racial and religious harassment to be a felony, these bullies, these neo-Nazis, these white supremacists, I think their terrible, awful people. Obviously we certainly must have some of them in Oregon, but I guess you'd say headquarters of that kind of thing is in Idaho, and that's fine.

C.H.: Anything else about this episode?

V.A.: No, I think maybe just to repeat because I think it's worthy of repeating, that to me this was a great test of a democracy.

C.H.: A great test of democracy.

V.A.: How much do you really believe in it. I didn't like them. I wished they hadn't been there. I didn't need that worry. My dislike for them was as intense as any Oregonian's was. And yet, they were entitled to equal protection like any other citizen. On the other hand I insisted that they abide by the laws equally. In other words, there was going to be no special treatment for or against. It would be evenly applied. It was a test. Gosh, some really nice people and the people that I know are responsible and obviously they were very close to it. I wanted something done about these people, but this is a democracy and in a democracy these things happened. Like I mentioned, he went back to India, the Bahgwan did, and they kicked him out. Well, they can do that in India. We can't do that in the U.S. So you take it as it comes and you believe in it. I had no doubt it was going to go away. I didn't know when it was going to go



away, but I knew it was going to go away, I just know cults are going to go away. I wondered why people would give their lives up to this guy. Humorous sidelight. I went down to Albany, parade, gosh what was it? Maybe the timber carnival parade or something. So I'm waiting in line until the parade gets started and these guys come up with me and they put beads around my neck. These were chestnuts and it had a picture of Alfred E. Neuman. So here I had my own beads with Alfred E. Neuman instead of the Bahgwan. Every once in a while you had a little joke out of it.

C.H.: But it must have been a lot of pressure for you.

V.A.: Yes, it was. It was in the sense that there was a lot of misunderstanding about my role and what I was doing. I was protecting Oregonians, but we had to do it in a very silent sense, you know. It was not a public sense. And those politicians were free in any direction they wanted. They didn't have the responsibility that I had, at least that I felt that I had. Here as I say I'm trying to keep it calm and they're stirring the pot. And I know it was good political thing to do to stir the pot, politically for them. But it certainly wasn't a responsible thing to do. But you just persist in doing what you think is the right thing to do. I suppose that's where a good grounding in what your belief in the system of government is, a real test, you know, you really get tested. One thing is to say you <sup>believe</sup> belief it and the other is to get tested to see if you <sup>believe</sup> belief it. I didn't really consider it a test, I mean, to me it was just one of those things and there was no question that we were going to do what our democracy called for.

C.H.: Maybe then we could go on to the next category here of things that happened outside of the legislature, and that was

the Oregon Investment Council. We haven't talked really much about that. What is the role of the Oregon Investment Council?

V.A.: The funds of the Public Employees Retirement System goes in and believe there are other funds, I'm trying to recall - state funds - and the Investment Council does pretty much what it says. We invest the funds to the benefit of the, in this case, the Public Employees Retirement Fund. They really have done a superb job. The return to the retired workers has been really absolutely sensational. At times I say gee whiz, I'd like to put my money in there and have those folks manage my money for me. Roger Meyer really was, he was really a full-time volunteer. Bright, brilliant guy in his field I think put them on the path that measured such a large return.

C.H.: He was the chairman of the Council for a long time.

V.A.: For a long time, correct.

C.H.: Who else was on the Council? How was it composed? State Treasurer Bill Rutherford was on there.

V.A.: State Treasurer's on.

C.H.: And then there were four persons appointed by the governor and the Public Employees Retirement System Board.

V.A.: There's a seat for the Public Employees Retirement. There were designated seats and then some seats just not designated.

C.H.: Designated for certain purposes?

V.A.: Well, the public employees representative, the State Treasurer, and I'm trying to remember the makeup of it all. Really a limited number of what you'd call open or free seats on that. Roger was one of those open or free seats. At one point I was thinking of appointing Bob Straub, but I needed assurance that he would be - I'm trying to think of the technicality - the

public employees had to appoint him or something. It was a particular seat that had to be appointed. I wasn't assured of that so I didn't take the step.

C.H.: There were some issues that come up during the time you were governor and I thought maybe we could over a couple of those.

V.A.: Fine.

C.H.: One of them was that Roger Meyer agreed to serve as a director of Fred Meyer after the Council had invested \$178 million for KK&R [indiscernible] that had the leveraged buyout of Fred Meyer and took the appointment without the consent of the Council, which I believe he was supposed to. They discouraged members from getting involved with potential investment opportunities. And that was looked upon not favorably at the time. What was your feeling about it?

V.A.: Well, first of all, I wasn't concerned about what would be called a conflict of interest. Second, Roger doesn't need the money. When I say that to you, it doesn't matter that money would influence him, if he were getting a board fee whatever that board fee is. They can't give enough to him. He's got enough, he doesn't have to worry personally about trying to make money. Third, he had done such a remarkably good job for the public employees for such a long period of time that there was no doubt in my mind of his commitment to the retirement fund. It almost became his baby, if you know what I'm trying to say, and there was no way in the world he was going to be influenced with anything that would be detrimental to the fund. So when you ask me, I'm perfectly comfortable. I had no qualms about him or any conflict of interest. I felt perfectly safe, perfectly comfortable with him.

C.H.: What about the public perception?

V.A.: Perception? Perception is perception, there's not much you can do about that.

C.H.: But perception is something that someone in your position has to consider when you're in politics.

V.A.: That's true.

C.H.: And when you're dealing with appointments that people may not have the understanding of Roger Meyer that you have.

V.A.: That's right. But here again, was I going to get rid of someone that was a positive force for good in the retirement fund because of perception? My answer is no. Now this I think would have been a disservice to the retirement fund.

C.H.: Were you getting input from the retirement fund in regard to this issue?

V.A.: In regard to Roger? I can't recall.

C.H.: I imagine you were probably getting input from others.

V.A.: Oh yeah, sure, that's right.

C.H.: Another issue that came up was regarding State Treasurer Bill Rutherford. First of all, what was your impression of him? We haven't talked about him at all.

V.A.: No, we haven't.

C.H.: Why do you laugh?

V.A.: Well, I appointed him and the question was should I appoint him at the time he was going to run to fill that vacancy.

C.H.: Why did you appoint Bill Rutherford?

V.A.: I thought he was a good man for that job.

C.H.: Did he ever run for re-election?

V.A.: No. He quit, as a matter of fact, which was a disappointment to me.

C.H.: He went to New York, didn't he, and then there was some question about revolving door appointments.

V.A.: Well, that too is something I don't worry about as much. Let me divert from Bill for a moment. There was always this what you call revolving door, or the other side - well, it's the same side - if you take a job with state government, you can't <sup>TAKES</sup> another job that relates to that for a year or two years or something like that. And I think that's wrong. I think it's wrong as it can be. We want good people. We want good people. And the kind of person you would get that would say okay, I'll take that job, but I won't - I'm sure that's the kind of person I want. I want a person that's demanded on the outside, has demand on the outside. That means in his case the financial world thinks he has some great ability. And that to me is a signal that this is a good man for the job that I want. And so I think it's damaging to our process to make those kinds of demands on people. You can't get the best person for the job then. If he thinks by taking a job with the state, now he's at a dead end, that's not the <sup>KIND</sup> ~~end~~ of person I want.

C.H.: But isn't there a difference between in a dead-end situation and being in a temporary block in a certain direction that might if used wrongly create conflicts of interest by their making certain decisions that would then affect their future source of employment, potential sources of income.

V.A.: There is that. However, if one were to follow that theory, no lawyer should ever be in the legislature. No teacher should ever be in the legislature. No businessman should ever be in the legislature. No labor union guy should ever be in the legislature. What else can I think of? You see what I'm trying to get at?

C.H.: True, and yet legislators are people who are one of many people in that group that make a decision that a majority of them have to come to agreement upon, whereas people that are in appointed positions or elected positions such as a state treasurer, they're making sole decisions that could affect - of course they're under the government to some extent. But they're making sole decisions which are not necessarily those that are voted upon by any group.

V.A.: The major element that a treasurer deals with is really the investment council and the public employees retirement fund. That is not a single decision by that person, and those are all done at public meetings. They deal with other funds of state government.

I'll go all the way back to a discussion we had very early on when I was appointing my head of the energy department, Kelly Woods. And they turned him down because he had some Pacific Power stock and he knew something about nuclear power plants, and I had a phone conversation and I remember we talked about this with a very well-equipped person to be head of the energy department. And I asked if he had stock and I asked if he had any - anyway after five or ten minutes of that kind of conversation, he said "Governor, it seems to me that you're looking for somebody that doesn't know anything or doesn't own anything." And I paused and I kind of laughed. I said, Gee whiz, that sure sounds like it's right.

Now let's bounce back to where we are right now. The threat, the potential of mischief certainly is there. That's what you're suggesting. And yet the best thing we can do for state government - because a person is a citizen. So many of

them say I don't need that, I'm doing okay. I don't need to do that.

[End of Tape 50, Side 1]