



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor

DATE: October 21, 1982

FROM: Gerry Thompson

SUBJECT: Update

First of all, you should know that Paul Phillips did not have a good day Wednesday. All of his problems could attract press. Tuesday night he made a campaign appearance for you in Stayton. When he left he forgot to pay his dinner tab. The first we knew about it, a Democrat lady (name unknown) called Glenna early Wednesday morning to let us know that the Ted Kulongoski campaigners that were at the same place picked up on Paul's error. She (the democrat) overheard their conversation and didn't like the idea that they were going to take it to the press so she alerted us. I immediately got hold of Paul, put him on an early lunch and sent him out to the restaurant to apologize and pay.

Now the bad news . . . Ron Blankenbaker stopped me in the hall today to tell me he would be running the story. I tried to discourage him -- but he says he has no choice. He wrote the story about Ted's campaign failure to pay the Salem taxi. Ted's people raised havoc with Ron's bosses. Now Ted's people have one on us and the Statesman feels they must print it.

Later the same day, Paul, Pat Amedeo and Dave Fiskum went out to lunch. Leaving a parking lot and waiting to pull out on Market Street, a bicycle rider smashed into the side of Paul's car. The bicyclist was riding on the sidewalk and hit Paul's car so hard, he flup up over Paul's hood and was stunned but recovered quickly. In the exchange of names, Paul used his Governor's office buisness card. There were no injuries, but damage to the bike and car. Later in the day, the biker called Paul to demand that Paul replace the bike (\$140). Paul has taken all the right steps (insurance, MVD, etc.). We pray press doesn't get this one.

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Les Anderson called in his weekly report regarding the SAIF investigation. His last interview of board members is today. He still cannot predict a completion date. Predicts a 90 percent chance of uncovering very little substance. Has received excellent cooperation from everyone, including SAIF.

I'll be testifying before the legislative SAIF committee Friday. Will tell them nothing to reveal, praise the cooperation and indicate once again all allegations from press, insurance department, public and Secretary of State are being reviewed but only those that relate to the board members. Will tell them I do not know all the specific allegations and will not know until completed report received by you.

Clay Myers called Tuesday. Had talked with Wes Sullivan at the Statesman. Wes says edicorial board very split on you but feels, with a struggle, endorsement will be for you. Real problems with Bagwell -- none with Van Eisenhut. I've relayed this to Denny; he may want you to stop by and see Bagwell.

Had a meeting with Mike Miller and Dan Mercer. Very close to finding a way to finance at least 200 jobs this winter under your forestry job project.

I would suggest you start thinking about removing Ed Whitelaw from your Council of Economic Advisors. Too political -- last example: his press conference Wednesday.

Listened to Ted Kulongoski on Ed Anderson's talk show Thursday night. Lots of rhetoric, got hit hard on abortion and gay issues. Had four staged questions (very obvious) about your leadership, "untruths" in your advertising. One "staged" caller said she decided Ted was her man -- "How do I volunteer and where do I send my contribution." Ted's line was call my headquarters, telephone number 226-3800; caller: "Was that 226-3800?" Ted: "Yes, 226-3800."

Another caller (staged): "I'm too young to vote but my

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elderly grandmother is here with me and could you tell her all the good things you have done for senior citizens?" Ted had just had a press conference with Ron Wyden because Vic Atiyeh's taking credit for everything Ted did for seniors, i.e., generic drugs, denturists, and nursing home rights.

I met with Gregg Smith, Jane Huston, Max Chapman, President of Oregon Association of Realtors and a large contingent of realtors. Purpose was to discuss Gregg's recently announced housing program and the cap of 5 percent commission for real estate agents. We carefully explained the program, purpose and the discounts all involved in the plan must take -- from lending institutions to the seller. I explained your desire to get money to the housing market to benefit everyone and yet encourage buyers. As you already know, the only real issue here was "government setting a limit" on potential income to the agent via the commission. Finally, after much discussion, the realtors admitted a 5 percent commission was not unfair; (usually it is 6 percent); most realtors would be willing to take 5 percent and the program was fair to all BUT "government should not set the commission." I asked Jane and Gregg to explore the idea of only "suggesting" a 5 percent commission rather than mandating. We later agreed it could be done and issue is now resolved. Realtors are happy except Max Chapman. I've carefully explained to him that because all notices had been sent to lenders, etc., if we obviously removed any reference to 5 percent, all other parties taking discounts could become angry, yell unfair treatment, accuse realtors of failing to participate and cause OAR bad press. Max agreed.

There is a flap about an unfair labor election at Deschutes County. Ballots were in possession of ERB when 70 turned up missing. The problem was given to Fred Heard who has been discussing it. Today Dave Frohnmayer, at Fred's request, has agreed to investiage. I have the file if you would like to review.
