

News  
From \_\_\_\_\_

CONGRESSMAN

# Nick Rahall

WEST VIRGINIA-4th DISTRICT

FOR IMMEDIATE RELEASE  
DECEMBER 19, 1986

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## RAHALL MOVES FOR TIGHTER CONTROL ON FOREIGN AID

WASHINGTON, D.C. - Citing unaccountability in foreign aid as a major problem, U.S. Rep. Nick Rahall (D-W.Va.) today announced that he will be an original sponsor of a bill in the upcoming Congress that would place tighter rules on what nations can do with money they receive from the United States.

The Foreign Assistance Accountability Act would make it illegal for anyone to divert foreign aid funds to any purpose other than those established by law. It would establish civil and criminal penalties for violators and would require the Secretary of State to develop a comprehensive accounting system to track the funds.

Rahall cited a report this month by the General Accounting Office in saying some aid to the Contras in Nicaragua could have been pocketed.

"In a recent report, the G.A.O. said nearly half of the \$27 million of humanitarian aid Congress voted for the Nicaraguan Contras in 1985 was not accountable," Rahall said. "It makes one wonder where the other \$14 and a half million went. Did it go into someone's pocket?"

"I'm fighting in Congress to save programs such as the Appalachian Regional Commission and Economic Development Authority because the administration contends there is not enough money to fund it," Rahall said. "While I am fighting to save our own people, there are funds being given as foreign aid to countries who may never receive the money or who use it in a manner not designated by the Congress. The Foreign Assistance Accountability Act would clamp down on those misuses."

Rahall also believes the new bill could prevent future Iran-Contra situations and the recent developments are indication that such a measure is needed.

"The ongoing revelations that U.S. government officials have supervised a secret sale of U.S. weapons to Iran and the siphoning of excess profits into a contra aid slush fund further emphasize the need for a means to assure that Congress' foreign aid directives are followed," Rahall said.



*Bob. please draft. T.Y. [unclear]*  
*Gerry P.R. [unclear]*  
*Yes*  
*This looks good - can't believe this hasn't been made law before. Good press release material*

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

COMMITTEE ON  
ENERGY AND COMMERCE  
COMMITTEE ON  
THE JUDICIARY  
COMMITTEE ON  
VETERANS' AFFAIRS

JOHN BRYANT  
5TH DISTRICT, TEXAS

December 11, 1986

*Done 12-18*

HOW IS OUR FOREIGN AID MONEY BEING SPENT?

Dear Colleague:

When the 100th Congress convenes, I will reintroduce the "Foreign Assistance Accountability Act," to prevent corrupt misuse of U.S. foreign assistance funds.

American taxpayers always deserve our best efforts to see that their money is not wasted. And in the current budget environment, when all programs are scrutinized for cuts, it is all the more important to see to it that the funding Congress provides for a program is spent on its intended purpose.

Disturbingly, our government makes no effort to determine if this is the case in foreign assistance programs. In fact, U.S. foreign aid can legally be diverted to any use the recipient desires--including personal aggrandizement. There are currently no effective accounting controls to prevent this.

In a December 1986 report, the General Accounting Office said it could not account for half of the \$27 million in humanitarian aid Congress voted for the Nicaraguan contras in 1985--raising the possibility that some of it may have been used to line the pockets of contra leaders or various middlemen, or to purchase prohibited military equipment.

In June, a GAO spokesman commenting on the investigation said there was "enough evidence to be concerned that humanitarian assistance may not be reaching the intended beneficiaries."

Another GAO report, issued in May 1986, found that because of inadequate controls on how the billions of dollars in U.S. foreign aid to the Philippines during the Marcos era was spent, it is impossible to determine what much of the money was used for. There is increasing evidence that a portion of it went into the pockets of Ferdinand and Imelda Marcos and their cronies, perhaps enabling Imelda Marcos to compile her collection of Italian shoes and U.S. properties.

In testimony before the House Government Operations Committee, Comptroller General Bowsher cited "massive amounts of funds ... allegedly diverted, misused, or transferred out of the Philippines, highlighting longstanding concerns over the adequacy of controls governing economic assistance to foreign countries."

The ongoing revelations that U.S. government officials have supervised a secret sale of U.S. weapons to Iran--and the siphoning of excess profits into a contra aid slush fund--further emphasize the need for a means to assure that Congress' foreign assistance directives are followed. That is the purpose of the "Foreign Assistance Accountability Act." The bill:

--makes it against the law for anyone to divert foreign aid funds to any purpose other than the purpose for which the funds are provided;

--establishes civil and criminal penalties for violators;

--requires the Secretary of State to develop a comprehensive accounting system to track the funds; and

--requires that the accounting procedures and penalties be included in any agreements to provide foreign assistance.

If you would like to be an original cosponsor of this legislation, please call me or have your staff call George Slover at 5-2231.

Sincerely,

*[Signature]*  
JOHN BRYANT  
Member of Congress