



Scott Robinson for The New York Times

The President Remembers a Congressman

President Clinton led a Congressional memorial service yesterday for Representative Walter Capps, Democrat of California. Mr. Clinton was joined by several hundred Congressmen, friends and family, including Mr. Capps's daughter, Laura, a White House speechwriter.

Justice Officials Urge Reno to Press Babbitt Casino Case

By DAVID JOHNSTON

WASHINGTON, Nov. 12 — Justice Department officials have urged Attorney General Janet Reno to extend an investigation that could lead to the appointment of an independent prosecutor to examine Interior Secretary Bruce Babbitt's role in a decision to kill an Indian casino project, law-enforcement officials said today.

The officials said that top aides to Ms. Reno had recommended in a memorandum that she prolong the inquiry, but the officials cautioned that Ms. Reno had not approved the decision, which must be made by Thursday and would subject Mr. Babbitt to a 60-day preliminary inquiry by prosecutors in the Justice Department.

The casino project was rejected in 1995 by Interior officials in Washington after rival tribes of casino operators hired a high-profile Democratic lobbyist, Patrick O'Connor. He had influential contacts with White House and Democratic Party officials, including Harold M. Ickes, the former Deputy Chief of Staff, and Bruce Lindsey, a Presidential counselor, and Donald L. Fowler, the former chairman of the Democratic National Committee.

Last year, after the decision, the tribes opposing the permit contributed \$230,000 to the Democratic Party.

A step that opens the possibility of appointing a special prosecutor.

And since then, Republican senators investigating campaign finance abuses have suggested that the casino deal was an instance in which Government policy was made in return for a political donation.

In an appearance on Oct. 30 before the Senate investigating committee — an event that was highly unusual for an official under Justice Department scrutiny — Mr. Babbitt denied under oath that politics played a role in the casino decision. But in a day of heated questioning, Republican senators challenged him repeatedly about his account.

Today, an aide to Mr. Babbitt said he had not been advised of any Justice Department action. "It would not be unexpected," said Stephanie Hanna, a spokeswoman for Mr. Babbitt. She said it would have been difficult for investigators to sort through the 14-volume record of the case during the 30-day review. "We believe that the decision to deny the

casino application was made strictly on the merits," she said.

Mr. Babbitt is the fourth senior Clinton Administration official to undergo scrutiny by the Justice Department over campaign-finance issues. Investigators are examining the activities of President Clinton, Vice President Al Gore and former Energy Secretary Hazel R. O'Leary. In each case, Ms. Reno must decide whether to seek the appointment of an independent prosecutor.

Mr. Babbitt has said he had nothing to do with the Interior Department's casino decision. But Justice Department investigators are focused on a narrower legal issue, the truthfulness of his statements about the matter in a letter to Senator John McCain, Republican of Arizona.

It would be unusual for Attorney General Reno to go against the recommendation by her staff to continue the inquiry. Law-enforcement officials said, however, that the likely decision to extend the investigation did not mean that Ms. Reno would refer the case to an independent prosecutor. They said the investigators would try to use the next phase of inquiry to examine unresolved questions like Mr. Babbitt's intentions in his comments to Mr. McCain, statements that were not fully examined during the initial review conducted this past month.

As a result, Mr. Babbitt would probably be interviewed as part of the preliminary investigation.

In one letter, on Aug. 30, 1996, Mr. Babbitt provided Mr. McCain with an account of a meeting the Secretary held with Paul Eckstein, a former law partner of Mr. Babbitt who represented the three tribes that wanted to build the casino. It is the accuracy of Mr. Babbitt's statements about that meeting that have raised questions.

In the letter, Mr. Babbitt denied that the White House had lobbied the Interior Department or had any impact on the decision to kill the project, but Mr. Eckstein said in a deposition that Mr. Babbitt had told him at the time of the July 1995 meeting about a heavy lobbying campaign against the project. Mr. Eckstein later told the Senate Governmental Affairs Committee that the Secretary spoke of Mr. Ickes's desire for a quick decision and mentioned the rival tribes' political donations.

Mr. Babbitt says he recalls the meeting. "I do believe that Mr. Eckstein's recollection that I said something to the effect that Mr. Ickes wanted a decision is correct," Mr. Babbitt has said. But he has since said that his remarks were simply an effort to hurry the lawyer out of his office.