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Harold J. Decker

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George J. Mitchell Oral History Project

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Harold J. Decker

(Interviewer: Brien Williams)

GMOH# 211

May 4, 2010

Brien Williams: This is an oral history interview for the George J. Mitchell Oral History Project at Bowdoin College with Harold J. Decker, former interim president and CEO of the American Red Cross, and now a lawyer with Miller Canfield in Kalamazoo, Michigan. We are in the Hyatt Arlington Hotel in Arlington, Virginia, today is Tuesday, May 4, 2010, and I am Brien Williams. Let me ask you first to give me your full name and spelling.

Howard Decker: Harold James Decker, last name is spelled D-E-C-K-E-R.

BW: And your date and place of birth?

HD: I was born February 23, 1945, in Kalamazoo, Michigan.

BW: And your parents' names.

HD: My father was Harold Decker, and my mother Deana Bouma Decker, B-O-U-M-A Decker.

BW: And give me a little bit of your family background, where you grew up and so forth.

HD: Certainly. My parents were the children of Dutch immigrants, my grandfather on my father's side was born in Holland in 1875 and came to the United States in 1907, when he was thirty-two years old, with his sister, and they settled in a Dutch settlement out near Pella, Iowa. And his future wife came over at age twenty, she was born in 1885 in the Netherlands and came over with her two brothers, and met my grandfather out in Iowa. They eventually met and married and had thirteen children, and stayed there until 1930 when they moved to Kalamazoo during the Great Depression, when my grandfather was seeking work. He found work working at a Checker Motor factory in Kalamazoo and he did that during the day, he cleaned the local bank building at night, and on weekends he grew crops on city-owned land, after seeking approval from the city to do so.

My mother's family was also from the Netherlands. My mother's father was born in Groningen, up on the North Sea, in 1888, came to the United States when he was seventeen years old, and they settled in a Dutch settlement in southwest Michigan, and he was a pioneer celery grower in that area. And then his wife was the daughter of Dutch immigrants but she was born in the United States in 1890, and they lived quite near each other, and fell in love and got married, and

my mom and dad grew out of those cultures, out of that Dutch culture during the Great Depression, and had to go to work very early in life. My mother worked in the paper mill, and my father went to work selling office equipment and that's what he did until he retired, and both wonderful people.

BW: And they didn't have thirteen children.

HD: No, they had one child, and it seemed to be a pattern now with my dad's family. They had grown up in a huge family and I think there was one that had four children, and the rest of them had one or two children and that was it.

BW: And you were an only child then?

HD: I was an only child, yes.

BW: And what about your education?

HD: I went through the Gull Road school system, through the eighth grade, and then went to Richland High School, what was then Richland High School and became Gull Lake Community Schools (we consolidated with another school district), and we had eighty-three students in my class. Then I went on to Kalamazoo College, which is a small liberal arts school in southwest Michigan and enjoys a very fine reputation. I majored in political science, I thought that I wanted to be a city manager, but I worked for the city manager when I was in college and I discovered that they had a very short half-life before they got in trouble with about half the population and had to move on. I concluded that I really wanted to go into the law, so I enjoyed that very much.

And then I went into the army in 1968, went through Vietnam, I came back and started law school in the fall of 1970 at Southwestern Law School in Los Angeles, finished in '73, and began practicing law in southern California. I practiced there for six years, and then went back to my home town of Kalamazoo and I went to work for what was then the Upjohn Company, a pharmaceutical manufacturer, and I worked for them for eighteen years in Michigan and three years in New Jersey, and then I joined the Red Cross on February 1, 2001.

BW: And what brought you to the Red Cross?

HD: Well, I had plans to retire from the company and go out and manage the Irvine, California, office of a multinational practice law firm, and then Dr. [Bernadine] Healy heard about me through mutual friends and asked me to come in and talk to her about redesigning the legal function of the Red Cross. And so I spent about, I would say, maybe an hour-and-a-half with her. And she asked me if I would be interested in the job and I told her I wasn't really sure that I wanted to do that, but I had practiced in California before, I had a daughter who was living and practicing law in California and thought maybe I wanted to do that. But then I reconsidered and told her that I would give her a minimum of one year, and I came to the Red Cross on

February 1st of '01.

BW: And characterize the Red Cross at that point, what did you see?

HD: Well, when I came to the Red Cross in February of '01, it was an organization that was suffering a great deal of distress, in my opinion. My mother had been a Red Cross Gray Lady, I definitely grew up in a household that respected the Red Cross, respected what they did, both on the chapter and disaster services side and also on the blood side. When I was in Vietnam, my father-in-law passed away and the Red Cross made an opportunity available to me to talk to my family by a MARS [Military Auxiliary Radio System] station back in the United States, and it was I think helpful to my mother-in-law and my wife, and so I knew what the Red Cross did and it was, I felt, a very important institution for the fabric of the nation.

And when I got there, what I saw was a great deal of disorganization in the legal function, certainly. The general counsel had been terminated involuntarily as a result of response to the consent decree that had been entered into in, I believe it was 1992, and their failure to comply with it. They had been the subject of a nasty headquarters 483 Notice from the Food and Drug Administration – 483 is a notice of findings of improprieties – and it was very, very critical of the organization. The organization had been the subject of much litigation during the AIDS crisis before they figured out what was going on with the blood, and they just could not seem to get into compliance with FDA regulation of the industry. Prior to FDA's regulation, they had been regulated by the National Institutes of Health, and that was a much more relaxed relationship, and the organization found it very difficult to comply as a regulated entity. And so certainly that was one problem.

Another problem was the – I don't want to be too strong, but I should say that there was a conflict between blood and chapter and disaster services, so there was a certain amount of discord there. The organization had recently provided one hundred and ten million dollars of funding from chapter and disaster operations to the blood side, to get into compliance with the consent decree, and that didn't sit well with a lot of the chapters who were providing about nine percent of their income from their local chapters to national headquarters. It was not a no-interest loan or a low interest loan, it was a flat out gift to the blood operations, and the chapter and disaster services people were very upset with that.

I think it's fair to say that Dr. Healy had a very fractious relationship with people in both the chapter and disaster services operations, and also with people on the blood side, so that was also something that needed to be dealt with. One of the first meetings I attended was a meeting where Dr. Healy met with members of the so-called metro managers group, and there was certainly a fair amount of hostility that was apparent in that meeting. And so I would say that it was an organization that was under distress.

BW: Now, Dr. Healy had come in '99, so she'd already been there for a while when you got there.

HD: Yes.

BW: Were you able to counsel her in some ways, to make it easier for her to manage the organization, or was she pretty much doing it her way?

HD: Dr. Healy is a very strong-willed person. She's a very intelligent woman, and I guess the way I would say it is that she was like watching a Greek tragedy, where the protagonist has some marvelous gifts, but they also have some fundamental flaws. My assessment was that her flaw was that she failed to realize that she had fifty bosses in the fifty-person Board of Governors, and she was so strong-willed that she was willing to take on many more challenges than I felt that the organization was capable of accomplishing with their limited resources.

They had gone on what I called a mission drift, and that is they had, in my opinion, strayed from the main mission of the Red Cross, which is to prevent, prepare for, and respond to natural and man-made disasters. And the organization was getting into many other fields of activity that we simply were incapable of funding, from a business standpoint.

BW: For example?

HD: Well, they were getting into psychological counseling, grief counseling, and activities that I just felt were not supportable. We were also spending money out at the Holland Research Laboratories, and there was no discernible benefit from what was being done out there. And as far as I know, there was no product that was ever commercialized out of the Holland Laboratories, ever, and we were devoting a substantial amount of money to that operation. And the only thing that I could discern was that they were creating poster boards to be used at biologics conferences.

BW: I should disclose here that during this period of time I was functioning as the historian in the American Red Cross. And I was going back and looking at some of my records and one thing that struck me was the attention that Dr. Healy and the organization was giving to terrorism just prior to 9/11. She had spoken on it and participated in the TOPOFF, which was a disaster terrorism act response practices and things of that sort. Is that your recollection too?

HD: Yes, Dr. Healy was prescient, and I would say way ahead of a lot of other people in the nation's capital in her concern about the potential for terrorist activities, and she was very supportive of the idea of preparing the nation in the event there were terrorist attacks. Assuming the presidency of the Red Cross is a big job. When I took the position as interim president and chief executive officer, I inherited 36,016 employees and about a million-two volunteers. And I had concern not only for the general welfare of the nation and the services that we could provide to the nation, but I was also deeply concerned about the welfare and the safety of our employees and our volunteers in the event that there was an event related to weapons of mass destruction. And so I thought that Dr. Healy was right on target with respect to those activities.

BW: And as I recall, she testified on that to Congress at one point.

HD: That's my recollection as well, Brien.

BW: Did you prepare testimony with her?

HD: I worked on some of the remarks, but I can't remember it with any degree of detail nine years post-event.

BW: So describe September 11th, how it unfolded.

HD: Well, I had gone down to Memphis, Tennessee, on Sunday, September 9th, in an effort to sell our bone and tissue business, human bone and tissue business. The contracts that had been arranged for that particular business within the Red Cross were very poorly done. They were long-term contracts with very negative benefits to the American Red Cross, and there was simply no way to get out of them. I needed to do something with that business, the Red Cross needed to do something with that business, so with Dr. Healy's approval I went down and met with representatives of Sofamor Danek Company, which is a part of Medtronic, and tried to engage them in an effort to sell those businesses.

I flew back on Monday night, September 10th, flew into Reagan Airport, went to an apartment where I was living over in Shirlington [a neighborhood in Arlington, VA], and dreaded getting up the next day because I hate to return to an office after missing a Monday, because I know the mail will be heavy. I got up very early, drove from Shirlington past the Pentagon, under what would be a few hours later the glide path of the plane that hit the Pentagon.

I was in my office working, and my secretary Marcia Bintz called from the road and she said, "I'm going to be late, the traffic is very intense. You should turn on your television; apparently an airplane has hit the World Trade Center." And my mind conjured up a small plane slamming into the towers – when I was a child I remember seeing footage of a small plane hitting the Empire State Building. I turned on the television and it was clear that the disaster was beyond that, and within seconds I saw what I thought was a computer enhanced photograph of an airplane flying in behind the twin towers and then flying into the twin towers, and as it turns out, what I witnessed was the second plane hitting the towers.

Shortly thereafter we received reports that the Pentagon was hit, and then all hell broke loose, people running all over the area where our offices were. We were at 17th between D and E, right across from the Ellipse. There were sharpshooters up on top of the White House, there were people running into our building, Secret Service people running into our building, running into the Corcoran Gallery to climb up on the roof to look for invading planes, people leaving the center of Washington to get out to the suburbs. It was very chaotic, and we knew immediately that we were going to be taxed greatly because of the problems that were obvious at the towers.

Later in the morning, when the towers fell, we started to gather together to figure out what our needs were. Dr. Healy was very concerned about burn injuries, and that a healthy supply of

blood would be needed. And at that point I think we were down, because it was following the Labor Day holiday, we were down to about a one- to two-day supply of blood, which is very low, very, very low, it's dangerously low for the country, and so we were immediately concerned with that, and we were attempting to arrange to collect blood, and also we were putting in motion the relief efforts in lower Manhattan.

And then as the sequence went on, the Pentagon was hit, we were very concerned that we had operations over there, we were concerned about the chapters over in Virginia, mobilizing in Virginia and Maryland to get over and provide relief to the Pentagon workers, and then we heard that a plane had gone down in Pennsylvania. So it was a very busy day.

BW: And how did that day end?

HD: That day ended for me very, very late that evening. And I drove back home to Shirlington. I can remember crossing the bridge over to Virginia from downtown Washington, D.C., seeing aircraft circling above the Capitol Building, above the White House. It was a very sober trip home.

BW: And you probably were not allowed to get near the Pentagon again.

HD: No, I had to take a tortuous route to get back to Shirlington.

BW: I can imagine. So give me sort of the flavor of how the administration developed as things unfolded over the next weeks.

HD: When I came into the office the following day, I was working in my office and Ramesh Thadani, who was the head of biomedical services, came into my office and he was clearly, I'm going to say almost distraught, because he was being asked to create a frozen blood reserve by Dr. Healy. And he said that that was impractical because we didn't have the excipients and we didn't have the equipment, the freezers and so on, to freeze blood, that the frozen units of blood are much more costly than liquid blood. It was his feeling that the effort could be much better extended in collecting units of blood in a reasonable time and a reasonable manner and having a ten-to fifteen-day supply available, and not going to the expense of freezing blood. But he was concerned that if he mentioned this to Dr. Healy that she would react very negatively. And I said, "Well look Ramesh, we both came from the pharmaceutical industry to provide Dr. Healy with advice and assistance in carrying out the regulatory responsibilities of running a biomedical services operation, and if we don't mention these concerns to her, then we're doing a disservice to her and a disservice to the American public. So I will go find her and see if we can carry on a dialogue."

I went out into the hall, and she just happened to be out in the front foyer outside my office, and I asked if I could see her for a second, and she said sure. And we began walking toward my office and she said, "Well what's up?" And I said, "Ramesh and I would like to talk to you about the frozen blood supply." And it was like somebody put air brakes on, she said, "I won't yield on

that subject.” And I said, “Well look, we’re two senior guys from the pharmaceutical industry, we just want to go through the positives and the negatives with you and make sure that we all understand what choices we’re making.” And she said, “Well okay,” but it was a pretty frosty reception that I received.

We went into the office and the meeting, I felt, deteriorated very quickly into a very acrimonious debate, and my secretary was concerned enough that she was out in her cubicle crying because she could hear the intensity of the debate that was going on. I couldn’t make any headway with Dr. Healy at all, she was clearly insistent on creating this so-called frozen blood reserve.

BW: Was this in response to the huge response the American public was showing in wanting to donate blood? In other words, was she taking it, her thoughts were to take advantage of this super supply and freeze it for some future disaster, or was this all in line with what might be happening right now?

HD: I think she had a justifiable concern that the events that occurred on September 11th were simply the beginning of a much broader assault on the United States of America, and that our blood reserve was at a dangerously low level and that she wanted to assure herself that the Red Cross was carrying out its responsibility, as a collector of one-half of the nation’s blood supply, to be able to provide sufficient blood reserves.

BW: Has the technology advanced to this point today where freezing blood is practical, or not?

HD: It’s very impractical, because the cost of frozen blood is a large factor over what liquid blood is. And the answer is really to be able to line people up and tap into available sources from the human body and not freeze blood. It’s simply cost-ineffective to freeze blood, no rational pharmaceutical or biologics company would attempt to freeze blood.

BW: So that’s the blood line. Now what about the funding line, what was happening on that front?

HD: The fund raising activities began very quickly. Red Cross had approximately 110 people in what they call the communications and marketing department, which I found to be sort of an ironic, or misleading title. Those are very different operations, at least where I came from, from the pharmaceutical industry. Communications and marketing are two vastly different endeavors, but at any rate that’s what it was called at the American Red Cross. And she leaned on Bill Blaul, who was the head of communications and marketing, and very quickly put together spots to be broadcast in time gaps in the commercial television and radio, making requests of the American public for donations to aid the families of victims and other people affected by the events of September 11th.

BW: So what happened to that campaign?

HD: Well unfortunately, her fund raising requests were not matched by her intended uses of the money. She went out with a very broad fund raising request for funds for families of victims and people immediately affected by the events of September 11th. Later on she announced that she wanted to set aside part of the money that was raised for other purposes, which included the possibility of or took into account potential future acts of terrorism. She wanted to set aside some of the money for what she called a strategic frozen blood reserve, she wanted to set aside part of the money for a community outreach program which was designed to blunt ethnic intolerance after September 11th, and she wanted to set aside some of the money for Armed Forces emergency services, which is a traditional function that the Red Cross fulfills in aiding soldiers and their families during times of strife and times of warfare.

So there was a lack of clarity in terms of the fund raising request and the intended use of the money, and that did not sit well with the public, with the families of victims, with their elected representatives, and with the media. And there was a great deal of suspicion that was created, there were wild rumors that the American Red Cross was going to use the money for capital purchases, to purchase communications equipment, purchase computers, et cetera, et cetera, and that was far from the truth, but unfortunately the request didn't match the intended use of the money and it made the public very angry.

BW: You were functioning as her counsel. Were you able to steer her much during this period, or not?

HD: No, she had a group of people around her who she relied on literally on a minute-by-minute basis. Her chief of staff was a person by the name Kate Berry, who she relied very heavily on. And then she had some people in her communications department which were really seconded to her office, and they were driving I think her movements, her activities, and there was not an opportunity to go through a really thoughtful process of where we're going. In fact, she created a completely separate fund from the two traditional funds that are available at the Red Cross and approved by the board of governors, one is the disaster services fund which is used domestically, and another one is the international fund. She created, without Board of Governors approval, the so-called Liberty Disaster Relief Fund, without Board of Governors approval. Now subsequently, she asked me to draft a resolution which [ratified] the fund, and I drafted the resolution and it passed, with a great deal of concern and I think a great deal of apprehension by members of the Board of Governors.

BW: Were you having much, exchanges with members of the board?

HD: Yes, the board was, I had told Dr. Healy in about July that as a senior member of her staff, senior in terms of my experience – I was fifty-six years old, I had been practicing law for twenty-five or thirty years, spent time in corporate America, had worked with executives and with boards – and told her that I felt that she was in trouble with her board. They felt that she was somewhat imperious, that she was single-minded, that she disregarded the authority of the board, and that she was ruthless with employees, and that I was very concerned that she knew it and dealt with it. And we had what I thought was a very respectful talk, and she seemed to take

the implied criticism that I passed on to her quite well, but in the end it didn't seem to change her behavior.

She was highly critical of the Alexandria Chapter of the American Red Cross for its response to the Pentagon, just blistered them in a public meeting out at the chapter headquarters, and was really highly critical of a lot of the employees. And I think a lot of that passed on to the Board of Governors who were, as I said, already very upset with her because she didn't seem to pay them the appropriate deference.

BW: So this all gets so complicated, because part of this story is her political problems with the board and the organization, and then the trajectory of this tragedy that had unfolded. At what point did you begin to think about meeting George Mitchell to come in and help out?

HD: Well, let me go through my chronology. September 11th was sort of the signal, nothing like it had ever happened in the United States before, at least on the continent of the United States. The relationship between Dr. Healy and the Board of Governors continued to deteriorate, and October 26th she resigned in a meeting that was broadcast live on television. She was making faces behind the chairman of the board as he was saying goodbye to her, and disavowing statements that he was making by her actions behind his back on national television. It was really a very ugly scene.

The next day, the board asked me to step in as the interim president and chief executive officer, and I agreed to do that. And then I had to sit back and assess the situation and determine what needed to be done. And on October 30th I announced that we were going to stop active fund raising for the Liberty Fund, because the amounts were simply going sky high.

End of CD One
CD Two

HD: So I was appointed on October 27th, and I needed to very quickly identify things that needed to be done. And so I developed a strike list of things that I wanted to accomplish, and I wanted to report on them regularly to the Board of Governors so that we had some concurrence on what needed to be done, how we were going to do it, and the time frame within which we were going to accomplish it. And on October 30th I announced that we were stopping active fund raising, because we were draining the philanthropic system, not only for the Red Cross and our local chapters, but for all other philanthropic agencies as well, and it just needed to stop. And part of it was the realization of the main mission of the Red Cross, which is not to make people whole, but it's to put people in, give them the opportunity to be able to help themselves. And it's temporary relief, not to replace incomes for people who were making million dollar salaries at Cantor Fitzgerald, and I don't think that that was appreciated by the incumbent administration. And when I took office, it was clear to me that we needed to do that, and we needed to do it promptly, and so I announced that on October 30th.

Then on Saturday November 10th of 2001, I went to the board and told them that I had a whole

series of things that I felt we needed to do. For one thing, I said, we needed to clearly and without any doubt explain to the American public that we were going to use all of the money for the events of September 11th, because that was indeed the way the fund raising request was made. To do anything else would be the equivalent of bait and switch, so we needed to do that. And I felt that we had to abandon the idea of this frozen blood reserve, because it was just economically impractical, the organization couldn't do it. I had very quickly sat down with the chief financial officer, Jack Campbell, and I said, "I want to know exactly what the financial condition of this organization is." And what he told me, that we had four hundred million dollars in debt, we had a forty million dollars a year debt service, we had margins on revenue of 0.4 percent on the blood operations, and at that rate I couldn't fund capital improvements, I couldn't fund depreciation, and I couldn't reduce debt. And so I had to make the decision that we had to narrow down what was realistic for us to achieve.

And I also felt that we had to have a strict review of what we were doing, and be accountable to the American public, and meet with the public on a periodic basis and explain where we stood in terms of collections, in terms of how we intended to disperse the money, and how it had been dispersed heretofore. And all of these things the Board of Governors agreed to. And so then the task was to go out and have a press conference and announce this, and we had intended to announce it on November 13th. Unfortunately, the American Airlines flight crashed on Rockaway Beach, New York, on November 12th, and it was just inappropriate for us to do it at that point. For one thing, I just physically couldn't be two places at one time. I went up to Rockaway Beach and met with family members of people up there and made sure that we had the appropriate personnel on staff there to triage the families of the people who had been on the plane and so on, and that we were providing relief to them.

So we came back and we had a press conference on the 14th of November, and at that time we announced sweeping changes in what we were doing, how we were being accountable, how the money was to be used. We announced that we were going to extend the family gift program from three months to a full year, we announced that we were going to, in addition to providing assistance to family members, we were going to provide assistance to people who lost dwellings in the immediate area, people who lost businesses and income during that period, and people who were otherwise similarly affected. And so I thought that that press conference went a long way to releasing pressure.

I asked several members of Congress, including Jim Greenwood, who was a representative from the state of Pennsylvania and who was on the House committee that had supervisory responsibility for the Red Cross, among other agencies, to come in and speak, and he was very complimentary of the Red Cross for the changes that we were making. And Peter Deutsch from Florida came in, and Representative Bass from New Hampshire came up, and they all spoke and made very favorable comments to the changes that we were making. And I announced that we were going to have the audit committee from the United States Army come in and audit what we were doing, and we were also going to have KPMG audit what we were doing.

Later, the chairman of the Red Cross David McLaughlin and I were talking, and we concluded

that that just wasn't enough. We really needed somebody else to come in with a certain amount of credibility and gravitas with the American public who could not just provide eyewash for what we were doing, if you will, but somebody who could come in and provide substantive participation in the process of determining how we were going to deal with this massive amount of money that we were the steward for, and how we would distribute it, to whom we would distribute it, over what period of time and for what purpose. And we needed somebody who had credibility, somebody who had good analytical skills, somebody who had an appropriate team around him to assist him in the process, so that we didn't need to supply people who could be criticized for being a part of the Red Cross and skewing the process. And we also needed somebody who could speak and was very articulate, and speak with clarity and force and imagination. And the person who came to mind pretty quickly was George Mitchell.

My first recognition of Senator Mitchell was, I believe, in the summer of 1987, in the Iran-Contra scandal. He took on the Army colonel, Oliver North, in hearings and gave what I thought was just absolutely one of the finest set of directions to Colonel North that I had ever heard, very articulate, very reasoned, very thoughtful, not the usual sort of antics that you see in, frankly, in House hearings. I thought he was very even-handed, but also very strong, very powerful, really did a marvelous job, and I thought he would do very well. And fortunately, David had some connections that allowed us to do that, David knew Berl Bernhard, who was a senior partner at Verner Liipfert, the law firm where Senator Mitchell was practicing at the time. And David and I went over to Verner Liipfert and met with Berl, and met with Senator Mitchell, and very quickly Senator Mitchell said, "If I take this, I want agreement that part of my title will be 'independent,' no matter what else you put after it, I want it to be independent." And we immediately agreed upon that, that that's what we were there for, that's indeed what we wanted, we wanted somebody to be able to check so that we could course correct and do the right thing.

And so we came up with the title of "independent public overseer," and we agreed to a certain level of staffing. He decided that he and Berl would come up with a team that would staff the project and they did, they came up with about a five-year lawyer by the name of Jim Pickup, and about a three-year lawyer, Georgetown grad by the name of Jen Martin. Jen Martin, Jim Pickup, Berl Bernhard really did a lot of the detail work that allowed Senator Mitchell to think, and come up with the response to our request, and to meet with people out in the field who were affected and take their temperature and find out what we needed to do to satisfy their needs.

BW: So what was their modus operandi and their interactions with you as this process was going on?

HD: Well, we announced that Senator Mitchell would be the independent public overseer about two days after Christmas in '01, I think it was December 27th of '01, and if I'm not mistaken we made that announcement in New York City. And Senator Mitchell agreed to do that, and we immediately began working with Senator Mitchell and his team to confront the issues that had emerged in the process.

(Pause - outside interruption)

HD: ... was the use of the money, and we made it clear that we were going to use all of the money for the events associated with September 11th, that was cast in stone. Then it was a matter of how are we monitoring the collection of that money, how are we monitoring the lock boxes, how were we accounting for all of it. And we explained to Senator Mitchell our collection process, how the lock boxes were taken care of, how the money was collected, where it went, how it was accounted for. He received reports from the Department of the Army, he received reports from KPMG, which explained how we went about the collection process.

Then it was a matter of figuring out, what are we going to do with this money? How are we going to dole it out? By the time we had made the announcement that he would be a part of the process in December, I think we had collected something approximating \$526 million. And we had concluded that as a part of the family gift program we would get \$30,000 per family who had expressed a desire to be compensated, and that amounted to about twenty-three hundred families at that point who had lost family members as result of the crashes, and we were going to get about \$30,000 per family into their hands by the end of the year.

And then we needed to figure out how we were going to continue to provide support to them, if we *were* going to continue to provide support to them, how it would be spent? In other words, how did they qualify? Would it be lost earnings? Would it be medical? Would it be per family member? How would it be done? We needed to figure out how we were going to coordinate our activities with those of other charities. And remember now, that the federal government had enacted the Emergency Supplemental Appropriations Act before the end of the year, they had enacted the September 11th Victims Compensation Fund of 2001, the state of New York had a fund, the city of New York had a fund, the United Way had a fund, the firefighters had a fund, the police had a fund, we had a fund, so it was a matter of trying to coordinate all of that activity.

We were also coming under scrutiny from the Attorney General's Office, and even when Healy was there, there was controversy. My first contact with the Attorney General's Office came when the attorney general of the state of New York, Eliot Spitzer, called me on the phone and he said, "We've never met, but I've had a very confrontational relationship with your boss, and we're trying to coordinate the collection of data about these people who were killed on 9/11, and I'm trying to coordinate the activities of all these various funds and she won't cooperate, she won't participate in a common data base of victims." And I said, "Well let me see what I can do. Are you going to be in D.C. in the near future?" And he said "Yes, I have to come down there for a tobacco hearing." And I said, "By the way, how did you get to me?" And he said, "Well, we have a mutual friend, Cliff Sloan," who was a lawyer in Washington, he was general counsel for *Newsweek* at that time, and had been in the Clinton administration et cetera. They were classmates at Harvard, and I knew Cliff from private practice. And Cliff had told him that he could deal with me if he couldn't get along with Healy.

And so we got together in Healy's office, they seemed to have reached some kind of an accord, and then it all fell apart later on. And he called me up, and I told him to relax, that things were changing at the Red Cross. So we were also working with the Attorney General's Office, and I

think it helped when Mr. Spitzer knew that Senator Mitchell was going to be a part of the process of determining how the funds would be distributed.

And so some of these meetings were very, very intense, where we would tell the team from Verner Lipfert exactly what we had intended to do, how we were doing it, and the time frame within which we were accomplishing it, and there were some tough questions that were asked. All three, Berl Bernhard, Jen Martin, Jim Pickup, they were all very active questioners of what we were doing and how we were doing it. And so that process went on well into June of 2002, and we reached agreement on how it would be done, and part of the agreement was based upon Senator Mitchell's interviews of the families of victims and people who were otherwise affected by the events of September 11th.

BW: Was Senator Mitchell, was he the only person talking to the victims, or was the whole team doing that?

HD: No, the other members of the team talked as well, yes.

BW: They issued what Jim Pickup called quarterly reports?

HD: Yes, yes, and we did those for a period of time at press conferences. And I remember one very clearly that we had in, I'm going to say it was January. We did the one on December 27th, if memory serves me correctly we did one in January, we did another one in June, and we did another one later in the fall, where we made these quarterly announcements on what we were going to do and how we were going to do it, and the time frame.

BW: When you were, I don't know whether the word negotiating is the right one or what, but working with the team, were there certain real sticky issues that you had to work through, or were you all pretty much in agreement?

HD: No, there were times when, as I recall, and once again, we're eight, nine years post fact now, but there were times when I think that they were somewhat frustrated with the ability of the Red Cross to move as promptly as they would like to see us move, as the public would like to see us move. But that was part of the problem when I took over. The Red Cross was still gathering data by flimsies, pieces of paper. We were storing data down on Canal Street on flimsy pieces of paper, hand-recorded information rather than recording it electronically. So if I got a call from Chuck Schumer in New York and he would bang on me about how one of his constituents wasn't getting this or that, I had to go back, I had to call Canal Street, somebody had to dig through the piles of paper, come up with a case report form, and figure out where the sticking point was, instead of being able to retrieve the data electronically.

And when you're operating on that kind of a system, that's just the sort of detail you have to go through, and the hurdle you have to get over in order to get to the data. And there again, the Red Cross was an organization of limited resource. The public assumed that we were part of the federal government, which we were not. That's part of the communications challenge of the

organization, the Red Cross derived less than three percent of its funding from the federal government, and most of that was through small sponsored research agreements with Holland Laboratories, which had nothing to do with the chapter and disaster services operations. The other money that came from the federal government came from cost recovery operations on past disasters. We relied primarily on donations from the public, and you have scarce resources, and that's why I was so concerned when I came into the office that we were spending money on activities that were not directly related to the main mission of the Red Cross. And we had to be a good steward of the limited resources that we had, we simply didn't have the capability of electronically storing data.

BW: So did the Mitchell team, they did more than look at the monetary matters.

HD: Yes.

BW: And they were giving you guidance in terms of organizational structure and so forth.

HD: They were giving us guidance on organizational structure, they were giving us guidance on how to communicate with families of victims, how to communicate with other people, how to triage the money between families of victims, between people who were residents of the area in Canal Street, people who had businesses who were affected, and also workers who were down in that area who were being affected by the toxic effects of what had occurred in that environment. So they were involved in more than just doing a strict accounting of the dollars coming in and the dollars going out, they were looking at what I call the sociological aspects of how we responded to that disaster.

BW: You identified the folks on their team. Who did you appoint to work with them?

HD: Well, the head of chapter and disaster services was Jim Kruger, and the head of the chapter in New York was Bob Bender, and Bob was right at the front lines, I mean he was just a tower of strength in New York; the guy was working eighteen to twenty hours a day. And so Bob Bender in New York was someone that I relied heavily upon, Bob is a very strong willed guy, and frankly, took the bull by the horns and did a lot of the stuff himself. Kruger was responsible for chapter and disaster services, and poor Jack Campbell, who was our chief financial officer, he was riding around on tires with no tread and brakes that weren't there, just because he didn't have time to get his car in to get it fixed. He worked literally day and night, seven days a week, to try and account for all of this money and make sure that there were no holes in what we were doing. And to try and detail everybody who was involved would be, I know I'll slight somebody, but those were the principal actors, people who worked tremendously hard.

Volunteers, I can remember there was a couple from Maui, Hawaii, by the name of Lou and Dee Brown, they came to Virginia and worked in a disaster services center out in northern Virginia. Lou was in his eighties, Dee was close behind, Lou was still carrying shrapnel in his head from Iwo Jima, and they left their home in Maui and came and worked in northern Virginia for four

months. It was a herculean effort, and everybody was working extremely hard. And the point that I made at our press conference on November 14th, I said, "There's been a lot of criticism directed against the American Red Cross, but no one should criticize the permanent employees of the Red Cross, and no one should criticize the volunteers who have done a marvelous job of responding to this disaster. There were mistakes that were made, but they were made at the top, not among the people who were actually providing the service here."

BW: Am I right that George Mitchell appeared at the Phoenix convention of the Red Cross (*unintelligible*)?

HD: Yes, he did, yes, he was kind enough to come out to the convention, and his presence was very, very helpful. It had the effect, I think, of demonstrating to the employees and to the volunteers of the Red Cross that there was someone of prominence who was independently looking at what we were doing, who was keeping a score card of our activities, and who had put his imprimatur on what we were doing and approved of what we were doing, and working with us, was somebody who was part of the solution rather than part of the problem.

BW: And did he give a keynote address, or what was his participation like?

HD: He gave an address describing what he did, describing his relationship with the Red Cross, and describing the importance of the Red Cross effort to the national fabric, and it was very, very helpful.

BW: And did he participate in Red Cross affairs after that, or was that sort of his swan song?

HD: No, he continued on until, I think by the end of the, by the one-year anniversary, about \$625 million had been collected, about \$500 million was designated for families of victims, and about a \$125 million was devoted to other aspects of the disaster, the cleanup, working with the disaster recovery workers, et cetera, et cetera, and the overhead costs.

BW: So when did he finally depart the Red Cross?

HD: I left in the fall of 2002, and at that point I would say that he was still monitoring the activities of the organization, but it was winding down. By that point we had reached agreement on how the money would be dispersed, and it was a matter of dispersing it prudently over a period of time so that we weren't caught up short if there were lingering issues that emerged with the families of victims or with the rescue and recovery workers. We didn't want to pay it all out so that there was nothing available at the end if it was needed. And it was about that time that his involvement was no longer necessary on a day-to-day basis.

BW: Describe the circumstances of your leaving the Red Cross.

HD: I recognized, when McLaughlin asked me to serve as the interim president and chief executive officer for a maximum of one year, and he asked me to stipulate that I wouldn't be a

candidate for the job, and his stated reason for that was, he said that, “In the past we’ve had some interim presidents and they have spent more time running for office than they have tending to their knitting, and I think we can agree that you’re going to be pretty well used up during this next year.” And there was no doubt about that, that I’d be working very hard, so I took a very sort of pragmatic attitude toward it, that I was there as an interim and that after that I probably – no one wants to be the former CEO in residence. And it was pretty clear that Marsha Evans Johnson didn’t want me around, and so we agreed that I would leave.

BW: You didn’t participate in her selection at all, that was a Board of Governors strictly.

HD: Not at all, I was interviewed and asked my opinion as to the characteristics of the person who should be selected. And Jimmy Jones, who was a member of the selection committee, asked me to describe this individual, and I said I think it needs to be somebody who can talk to the president of the United States and talk to somebody who is a tractor driver from Des Moines, Iowa, at the same time.

BW: I think a head hunter organization got involved in that selection too, didn’t it?

HD: Yes.

BW: Always strikes me as, at that level, probably not all that necessary.

HD: The questions that they asked were sort of insipid, and I didn’t think it was a good use of the company’s money. But I wasn’t a part of that process.

BW: Tell me a little bit about the flavor of working with George Mitchell, what kind of an experience was that?

HD: George Mitchell is one of the most spontaneous and spontaneously intelligent people I have ever met in my life. He speaks with a force and clarity and a certainty that’s remarkable in a lot of people. Some people can speak quickly, can speak spontaneously, but they don’t speak with a lot of intelligence and a lot of lasting reliability. He does. He’s someone who is able to apply a lot of imagination, and imagination is something you can’t teach; you either have it or you don’t, and he’s got it. Very, very bright guy, and also just an incredibly approachable person, which is very helpful. He’s someone who brought a great deal of moral authority to that job, and that’s kind of a fuzzy term, but it’s somebody who has acceptability by the American people, people trusted him, because of the force of what he said, the clarity of his thinking, and how he had been proven correct over time, over a long career as a legislator, as a judge and as a negotiator. He’s somebody who spoke with a great deal of moral force.

BW: Your interactions with him, were they all strictly business, or did you have some light moments with him, or not?

HD: We had some lunches together and there were light moments there where we discussed

some of the pleasant parts and some of the unpleasant parts of being a public figure, as we were at that time. My time certainly a very short time as a public figure, his as being in the spotlight for a much longer period of time. We talked about that, and briefly talked about our families and so on, and I just found him to be a very pleasant, enjoyable person to have lunch with. Everyone should be so lucky as to have that opportunity.

BW: Do you recall any of his thoughts on public life?

HD: He was someone, we did talk about his legal career, he was with a private practice firm in Maine, as I remember it, and we talked about growing up through the law, about learning to think like a lawyer, learning to weigh positives and negatives and look for evidentiary proof. I talked about how I had first seen him in the media, I believe it was on television during the Iran-Contra hearings, and how I could tell, if somebody had asked me, 'where did this guy come from?' I would have said immediately, "He must have been a federal judge," because of the way he went through and dissected the statements by Oliver North; just a very, very careful, very thoughtful person. And I always appreciate being in the presence of someone like that, who is very thoughtful, even-handed, and just a solid thinker.

BW: Does he have the quality of being – the word that comes to mind, disarming – in the sense that he is such a public figure, but that doesn't get in the way of your interactions with him, would that be correct?

HD: Yes, he's disarming, but not affected and not deceptive. He is completely without, gives the appearance of being completely without guile, there's no pretension, just very matter-of-fact. You don't draw the impression that he comes to any meeting as a celebrity, he comes as just who he is. He's very grounded in who he is. He has a very good self-concept, he knows what he's about, he knows why he's there, he's interested in you and the task at hand, and he doesn't let any of that pretension get in the way.

BW: I read somewhere that while he was in the Senate, because of his legal background and judge, that he was sort of the point man for the legal profession, carrying their water on the Hill. Did you have that impression at all?

HD: He would be my choice; if anyone were to do it, it would be George Mitchell. He carries a certain amount of dignity, and I think is a very good representative of the profession, and the profession as I conceived it when I was making a career choice. My hero was the head of our local school board, Ned Deming, and I would say that Mr. Deming and George Mitchell shared many common characteristics. They came into a meeting without any pretension, examined the facts, sifted through the evidence that was available to them, and made their decisions based on the logic and the power of the data that was before them. And that's the way I would describe him, he's a very, very good representative of the legal profession.

BW: Have your paths crossed at all since?

HD: No, not at all. I've followed his career, I've watched his service on the Disney board, the other boards that he serves, watched his participation in the continuing dialogue between the parties in the Middle East, but I have not had personal contact with him since June of 2002.

BW: Any final thoughts or aspect of this story that we haven't talked about?

HD: I would just say that I would hope that the life of George Mitchell is appropriately recorded, because he serves as an excellent example of what a person growing up in the United States can accomplish if they are grounded in a strong family background, good common sense, good education, and a life worth living. He's just a remarkable human being. There's no way that I could thank him enough for his participation in the effort to provide relief to the victims of September 11th, 2001.

BW: As you look back on that whole experience, were the outcomes as you expected and hoped for?

HD: There were certain frustrations. I think that to a certain extent the creation of the Liberty Fund really was an error, the activity should have been encompassed in the disaster relief fund. I think that the Board of Governors should have had a more active participation in deciding policy, which is their role, and had a more direct supervisory responsibility for the implementation of that policy by the administration at the Red Cross, rather than having the administration developing the policy and then seeking retroactive approval from the Board of Governors. And the reason I say that is because there are scarce resources in an organization like the American Red Cross, and we need to be sure that those resources are used for the greatest needs in order to support the, serve as a safety net for the American public. And I think that's the board's proper role.

And so I guess, looking back on it, do we need to evaluate whether the best use of those philanthropic dollars were to distribute them in such great quantity to the families of victims, or would it be better to maintain a recognition that the proper role of the Red Cross is not to make people whole, but to put them into a position to help themselves on a short term basis? And I think that message needs to get broadcast to the American public, and they need to understand that that's the role of the Red Cross, not to make people whole. There are a lot of other agencies who can swoop in, and did swoop in, to provide economic relief to those families. But we're there to help them for a very short period of time, and put them into a position to help themselves. And that was one of the frustrations that I had, that I had to jump into something that was already a fait accompli when I took it over.

BW: Do you think the case could have been made for reserving some of the funds that were coming in for future disasters?

HD: The case could have been made if the fund raising request had not specifically said that they were all going to go for one purpose. But once that statement was made, and once that request was made, it's very difficult to backtrack out of that and say, 'now we're going to go in a

different direction.' It's just, to me, you can't do it.

BW: But looking at this as the historian at the time of the Red Cross, it was frustrating to me, knowing our needs at the time for building the reserves in the disaster service to not be able to spend some of this in that direction.

HD: Yes, you're right.

BW: But the plea was made misleadingly.

HD: Yes, it was exactly why I immediately, if you say the five to six days or whatever it was that I took to make that decision, with the approval of the Board of Governors, that we cut off the fund raising. I had to make that decision very, very quickly, because we were just draining the philanthropic system. My concern is, there's going to be no dollars left if there's a second hit, or if we have a hurricane down in Louisiana, or if we have an earthquake in California, there won't be any funds available, we won't have anything to treat these upcoming disasters.

BW: Thank you, I think that's it.

HD: My pleasure, Brien, thank you.

End of Interview