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Health - Organ Transplants

Health - Organ transplant

Lynn G. Cutler
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To: See the distribution list at the bottom of this message

cc:
Subject: idea for POTUS

Had an idea--I was listening to Mandy Patimkin, who is in town and just had corneal transplants. He has become a major spokesperson for organ transplants, and listening to the terrible statistics on need and availability, it seems to me that this is a good project for the President to push. We could do a really wonderful event, with recipients and with Mandy, and announce some kind of new initiative where people who interface somehow with the federal govt, i.e., Social Security, could sign up to be a donor. Mail cards with the checks for two months--something. Let me know.

Message Sent To:

Ann F. Lewis/WHO/EOP
Paul E. Begala/WHO/EOP
Maria Echaveste/WHO/EOP
Douglas B. Sosnik/WHO/EOP
Elena Kagan/OPD/EOP

Health-organ transplant

. Grady said they're likely to be a "huge number -- it's with a 'B'; is is a billion-dollar case," he said. But others familiar with the federal investigations into yield burning, including regulators and lawyers, contend that Wall Street's liability will be far less, perhaps in the tens of millions of dollars. The lawsuit cites the example of a 1994 Collier County municipal-bond refunding deal as typical of underwriters' practices. The suit alleges that Salomon Smith Barney charged the county too much to complete the transaction. The complaint added that the firm had "knowingly or recklessly failed to disclose'" to Collier County that it had charged the municipality an excessive mark-up on securities. The lawsuit also said that another firm had improperly certified the mark-up on the deal. A Salomon Smith Barney spokeswoman couldn't provide immediate comment on the lawsuit. Other firms named in the lawsuit, such as Morgan Stanley Dean Witter, Goldman Sachs, Lazard and Lehman Brothers, declined to comment. In another yield-burning lawsuit, the City of New Orleans has sued Smith Barney and BT Alex. Brown Inc., a subsidiary of Bankers Trust Corp. over alleged yield burning. In September, Lazard Freres paid about $9 million to settle a yield-burning lawsuit brought by a Los Angeles County agency.

Law: Former Bennett Funding Executive Pleads Guilty in Coverup of Scheme
By Frances A. McMorris
Staff Reporter of The Wall Street Journal

NEW YORK -- The former deputy chief executive officer of Bennett Funding Group Inc. pleaded guilty to charges that he agreed to cover up one of the largest Ponzi schemes in U.S. history. In federal court here, Michael A. Bennett choked back tears as he pleaded guilty to three criminal counts of conspiracy, obstruction of justice and perjury. The 41-year-old executive admitted that he tried to obstruct a federal investigation into Bennett Funding. He also implicated his brother, Patrick R. Bennett, the firm's former chief financial officer, whom prosecutors have accused of orchestrating a massive fraud. Michael Bennett said he met for 10 minutes with Patrick Bennett before talking with Securities and Exchange Commission officials in 1996 about certain allegedly fraudulent transactions, and that his brother told him how to describe one of the transactions. Michael Bennett wasn't charged in the underlying fraud, in which some 12,000 investors allegedly lost about $700 million. Bennett Funding, a Syracuse, N.Y., office-supply leasing company, filed for bankruptcy-court protection in 1996 after the SEC alleged in New York federal court that it and Patrick Bennett were selling the same leases to several investors or selling phony leases. The SEC's lawsuit is pending and its investigation is continuing. Michael Bennett's lawyer, Martin Auerbach, said his client pleaded guilty because he wanted to "just take responsibility for his actions." Mr. Auerbach said he "doesn't anticipate" that Michael Bennett will testify against his brother at a trial scheduled for Dec. 7. Court papers show that Patrick Bennett tried unsuccessfully to negotiate a plea bargain with prosecutors. His lawyer couldn't be reached yesterday. In pleading guilty, Michael Bennett admitted discussing what to say with his brother when the SEC was investigating allegedly phony transactions that inflated the company's profit in 1993. One involved Bennett Funding's sale of a note from the Erie Island Resort & Marina, a time-share campground in Ohio, to Hemlock Investors Associates, of Franklin Lakes, N.J. Michael Bennett admitted that he signed back-dated documents to make it appear that the Erie Island note sale had been completed prior to the end of 1993, so that Bennett Funding could report a $2.7 million profit for that year when it should have shown a loss. He also admitted that he lied to the SEC about it. Mr. Bennett is the sixth of nine defendants to plead guilty in the Bennett Funding criminal case. He faces a maximum prison term of 15 years and at least $750,000 in fines when he is sentenced on Feb. 11.

Politics & Policy: With Livingston Adding Power as House Speaker, Fight Gets Tougher for Organ-Allocation Reform
By Laurie McGinley
Staff Reporter of The Wall Street Journal

PITTSBURGH -- On the day Rep. Robert Livingston was nominated as House speaker, John Fung sat in his office here looking glum. "Good for him," he said grumpily. Dr. Fung, who is the chief of transplant surgery at the University of Pittsburgh Medical Center, and the Louisiana Republican have emerged as bitter foes in the emotionally charged debate over how to distribute scarce organs to patients who need transplants. And Rep. Livingston keeps winning. Just last month, Mr. Livingston, as House Appropriations Committee chairman, blocked for at least a year new Clinton administration rules designed to fundamentally alter the organ-allocation system. The rules, strongly supported by Dr. Fung, would have steered more organs to sicker patients; currently, patients living close to donors get preference. Rep. Livingston and his allies argued that while big centers such as Dr. Fung's would have been helped by the new rules, smaller ones, including those in Louisiana, would have been badly hurt. The dispute underscores an underlying issue that isn't resolved by the delay of the rules: Too many transplant centers are chasing too few organs, resulting in a kind of organ protectionism. Currently, more than 62,000 people are on waiting lists for livers, hearts, kidneys and other organs, and 4,000 people are dying every year while awaiting transplants. Now, with Rep. Livingston poised to become even more powerful, Dr. Fung has given up hope that a sweeping overhaul will occur anytime soon. "All we're going to get is delay, delay, delay," he says. "He &1/8Mr. Livingston&3/8 was unfortunately swayed by his constituents, who have an interest in keeping the status quo." Mr. Livingston and his supporters make no apologies.

John McDonald, chairman of the surgery department at the Louisiana State University Medical Center in Shreveport, is one of those who worked closely with the congressman to derail the Health and Human Services Department rules. The current geographically based system, he says, is better than a more nationally based one, because it encourages local organ-donation efforts and makes transplants accessible to poor people who can't travel to megacenters such as Pittsburgh. Mark Carollo, Mr. Livingston's spokesman, agrees. "People from all over the country said they'd be left high and dry without these smaller centers," he says. A number of states, including Louisiana and Wisconsin, have passed laws saying that organs donated in the state can't be transported outside the state unless there are no takers within the state. The situation appalls Dr. Fung. "To allow state laws to further fragment what should be a national system will only result in more geographic disparities in waiting times," he says. Such laws, he says, "serve transplant centers, not patients." Dr. Fung says there is no evidence that the Health and Human Services changes would result in closures of smaller transplant programs. But he adds that it might not be such a bad thing if some small centers close, especially low-volume centers with lower survival rates. The dogfight this year was set off by HHS rules that were issued in April. The regulations aimed at compelling the United Network for Organ Sharing, the Richmond-based federal contractor for the organ-transplant-and-allocation system, to develop new policies to play down geographic favoritism and emphasize medical urgency. Such changes are needed to curb grossly unfair regional disparities in waiting times, HHS Secretary Donna Shalala argued. She noted that patients in one part of the country may wait as much as five times longer than patients in other parts with similar medical conditions. The new rules, supporters contend, would save 300 lives a year. But the issue soon degenerated into a fusillade of charges and counter charges. Small centers accused the big centers of trying to stage an organ grab; big centers countered that smaller programs were callous about patients at bigger programs who were dying. After Rep. Livingston derailed the rules for now, Charles Fiske, a founder of the National Transplant Action Committee, a patient group based in Portland, Ore., and allied with the Pittsburgh center, delivered big bouquets of flowers to the offices of GOP leaders, including Mr. Livingston. The flowers, he told staffers, symbolized the people who would die because of the congressionally ordered delay in issuing the transplant rules. "I walked into Livingston's office with a big bouquet of flowers and said, 'Just don't bother watering them; they'll be dead in a few weeks.' They weren't too thrilled." Rep. Livingston disputes that the delay will cost lives, saying that the rules themselves would threaten patients by discouraging donations. "Distributing organs from a national list and in more-centralized locations jeopardizes the health of the organ and diminishes the incentive for people to donate in the first place," he said in a letter to his congressional colleagues last month. In any case, faced by Rep. Livingston's implacable opposition, HHS is striking a more conciliatory tone, trying to find ways to make the regulations more palatable. Officials emphasize they aren't trying to dictate organ-allocation policies to the United Network for Organ Sharing, which staunchly opposed the rules, but are trying to get UNOS to develop new ways to reduce the geographic disparities. "We have to work with Congress and the transplant community to resolve issues on this rule," says Claude Earl Fox, administrator of Health Resources and Services Administration, the HHS office that handles organ allocation. Referring to Mr. Livingston, the administrator says, "The speaker is inundated right now, but we want to get together with him and his staff to continue the dialog on this." William Pfaff, president of UNOS and professor of surgery emeritus at the University of Florida in Gainsville, suggests that a mediator work to try to resolve the differences between HHS and UNOS. "I think using a facilitator would make sense," he says. In the meantime, Congress did authorize HHS to move ahead with part of its rules that would require UNOS and its transplant-center members to provide patients with more-timely information on such important issues as survival data. And it has ordered the respected Institute of Medicine, which is part of the National Academy of Sciences, to study the issue and report back by May. Both sides are confident their position will be endorsed by the study. "If you can get care 100 miles away from your home, that's better than 1,000 miles away," says Dr. McDonald. "That's obvious."

Marketing & Media: Golden Books Says Its President Quit To Be Marvel Chief
By Patrick M. Reilly
Staff Reporter of The Wall Street Journal

NEW YORK -- Golden Books Family Entertainment, the struggling children's book publisher, was dealt another blow as its president and second-in-command, Eric Ellenbogen, resigned unexpectedly to take a job as president and chief executive officer of Marvel Enterprises Inc. Mr. Ellenbogen, 41 years old, came to the company in 1996 as president of its entertainment group, a television and video-based unit. In June, he was named president of the entire company, acting as No. 2 to Richard E. Snyder, the parent's 65-year-old chairman and chief executive. At Marvel, he succeeds Joseph Ahearn, who previously said he would resign as soon as a successor was named. Marvel Enterprises was created in October when Marvel Entertainment Group Inc. emerged from Chapter 11 bankruptcy proceedings and merged with Toy Biz Inc. It owns the rights to several comic-book characters including "Spiderman," "X-Men" and "Men in Black," as well as Fleer/Skybox, a trading-card maker, and the Panini stickers business. Mr. Ellenbogen was credited with building Broadway Video, a television production and distribution company, which Golden Books acquired in 1996. He directed Broadway's acquisition of crucial film and television libraries, including titles such as "Rudolf the Red-Nosed Reindeer," and "Lassie." The company said Mr. Snyder now will directly oversee the entertainment unit, which includes home video, merchandising and licensing. Golden Books' nine-month net loss widened sharply to $70.3 million, or $2.77 a share, and revenue fell to $142 million from $170 million. It recently reached a preliminary standstill agreement with a group of bondholders to put off interest payments on $100 million in debt. In a recent filing with the Securities and Exchange Commission, Golden Books said there is "substantial doubt about its ability to continue as a going concern." The company has warned that possible "restructuring, reduction of costs and other actions" could result in substantial year-end charges. Earlier this month, it was notified by the Nasdaq Stock Market about the possible delisting of the company's stock for failure to maintain a closing price of at least $5. The shares could be delisted as early as Dec. 11, though the company says it plans to "work with the Nasdaq" to ensure its continued listing. Shares of Golden Books fell 6.25 cents to 43.75 cents in Nasdaq trading, close to a 52-week low. Marvel rose 6.25 cents to $5.9375 in composite New York Stock Exchange trading. Golden Books said Mr. Ellenbogen won't be replaced and said it will be "streamlining" its organization. The company said it will be "finalizing" its senior management in the next several weeks.

Credit Markets: With Market Turmoil in the Rearview Mirror, Corporations Drive Forward With Bond Issues
By Catherine Valenti and Tom Sullivan
Staff Reporters of The Wall Street Journal

Corporations of all stripes rushed to raise money in the bond market, including issuers who just six weeks ago wouldn't have stood a chance of raising funds. As confidence continued after the recent financial turmoil, problem-plagued franchis marketing company Cendant Corp. sold $1.55 billion of bon increasing the size from a planned $500 million in response t strong investor demand. In addition, two telecommunications companies sold junk-rated securities to finance the construction new networks. Level 3 Communications Inc., which is using Internet technology, came to market with $500 million of zero-coupon bonds, while Global Crossing Holdings Ltd. sold $500 million of preferred stock to help finance its international fiber-optic links. Despite the rush, there is little sign the current flood of bond issuance will ease. It emerged yesterday that the Seagram Co. is lining up a giant debt offering, likely to come to market in December. Lead manager Goldman, Sachs & Co. is marketing the deal at a size of $2 billion. But there is widespread expectation among people looking at the transaction that the total could be raised to $2.5 billion to $4 billion. Goldman declined to comment on whether the size would be increased. No official confirmation of the use of proceeds was available. However Montreal-based Seagram is completing its acquisition of entertainment company PolyGram NV. The acquisition is valued in excess of $10 billion and is expected to close Dec. 4. With issuance rapidly making up any ground lost in September and early October, worries about a credit crunch are easing, though some participants say the real test will come after Thanksgiving with Seagram's deal and the $2.5 billion anticipated from Monsanto Co., announced two weeks ago. "The supply overhang that we saw all year is coming to the market and deals are getting done," said Greg Hahn, senior vice president and fixed-income portfolio manager at Conseco Capital Management. "That's a very healthy sign for the market right now." The key to Cendant's deal was the high yield on offer, according to investors. That helped to overcome worries about the accounting scandal that has plagued the company this year. "Obviously the company has had its accounting problems, but you can't beat" the yield on offer relative to Treasurys, said John Kowalik, senior vice president and portfolio manager at Oppenheimer Funds. "If you're a yield buyer, this would qualify as a candidate." Lead underwriters Chase Securities Inc. and Merrill Lynch & Co. said that even at the increased size, demand outstripped the bonds available. The company sold $400 million of two-year notes at a yield 2.875 percentage points more than comparable Treasurys and $1.15 billion of five-year notes at a yield 3.125 percentage points more than Treasurys. During the four-day roadshow to market the bond deal, syndicate officials said Cendant focused on the strength of its core businesses and strategy. For much of this year, the company's public image has been beset by an accounting scandal that took place at direct marketer CUC International, which merged with HFS Inc. to form Cendant in late 1997. As a further enticement, Cendant will increase the coupon on the bond deal by 1.5 percentage points if its ratings are downgraded to junk status by both Moody's Investors Service and Standard & Poor's. Currently it is rated Baa1 by Moody's and triple-B by S&P. In the junk market, Global Crossing's offering of senior exchangeable pay-in-kind preferred securities was doubled from its originally planned size. The securities were priced at par with a 10.5% dividend rate. Level 3's deal was its second offering this year. It sold $3 billion of junk bonds in April and these securities have become a market favorite. During the financial crisis of mid-August to mid-October, "Level 3 became the only bond you could sell because it was a high-yield benchmark," said Jerry Paul, high-yield fund manager Invesco Funds Group, "and it was knocked down unduly." Level 3, which has a $10 billion capital plan, "saw a nice window to get some funds and got the money," said one person familiar with the deal. Neither Level 3 officials nor lead underwriter Salomon Smith Barney would comment.

Here are the details of yesterday's two-year note auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.
Applications .... $34,656,345,000 Accepted bids .... $16,014,345,000 Tenders submitted at market-clearing yld .. 60%
Accepted noncompetitively $815,215,000
Auction price (rate) .... 99.992 (4.629%) Interest rate 4 5/8%
Cusip number 9128274W9

The notes are dated Nov. 30, and mature Nov. 30, 2000.