

Governor removes Goldschmidt from council

Diana Goldschmidt is under investigation after refusing to resign from Oregon Investment Council

BY WILLIAM MCCALL
THE ASSOCIATED PRESS

PORTLAND — An investigation was launched Wednesday into the role of the wife of former Gov. Neil Goldschmidt in the proposed \$2.35 billion purchase of Enron subsidiary Portland General Electric.

Tuesday Gov. Ted Kulongoski removed Diana Goldschmidt from the Oregon Investment Council after she refused to resign following questions about the timing of her vote to approve a \$300 million investment in Texas Pacific, the company that plans to buy PGE from bankrupt Enron.

The Oregon attorney general's office

began the investigation at the request of Kulongoski and state Treasurer Randall Edwards, said Kevin Neely, spokesman for Attorney General Hardy Myers.

Diana Goldschmidt approved the Texas Pacific investment the same day the buyout firm asked her husband to lead the PGE takeover.

The couple has repeatedly denied it knew Texas Pacific would make an offer to Neil Goldschmidt.

Texas Pacific declined to comment on the investigation.

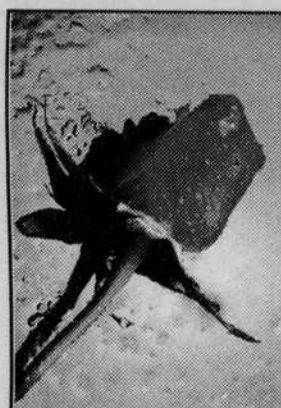
Last year, Kulongoski named Neil Goldschmidt chairman of the Oregon Board of Higher Education to lead a sweeping reform, but Goldschmidt resigned from the board at the same time he resigned as chairman of Oregon Electric Utility Co., which was formed by Texas Pacific to manage the PGE takeover.

The resignations followed a confession by Neil Goldschmidt that he sexually abused a 14-year-old girl when he was Portland mayor in the 1970s.

Neil Goldschmidt has since avoided any public involvement, but Diana Goldschmidt remained on the investment council, which manages \$60 billion in state investments, including the Oregon Public Employees Retirement Fund.

Questions about Texas Pacific and Diana Goldschmidt have lingered.

"It's my desire that we take every measure to maintain the highest degree of ethical behavior when it comes to investing public funds," Edwards said.



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European Catholic bishop resigns after porn scandal

Discovery of pornography in Austrian seminary leads thousands to withdraw from the church

BY WILLIAM J. KOLE
THE ASSOCIATED PRESS

VIENNA — A Roman Catholic bishop blamed for a seminary porn scandal that has rocked Austria's church has resigned, Austrian media reported Wednesday.

Bishop Kurt Krenn, who had overall responsibility for the seminary where authorities found up to 40,000 lurid images on computers - including child pornography - sent a letter to Pope John Paul II saying he was stepping down, Austrian state radio said.

The newspaper Der Standard quoted Krenn in its Thursday edition as saying: "Yes, I am resigning immediately as bishop of St. Poelten," the diocese 50 miles west of Vienna where the seminary is located.

Neither Krenn nor diocesan officials were immediately available for comment.

The Austrian Bishops Conference declined to comment Wednesday evening, saying it would await an official announcement from the Vatican.

The pope appointed another Austrian cleric, Bishop Klaus Kueng, as an "apostolic visitor" to investigate the affair, which has deeply embarrassed the Roman Catholic church. Police have been conducting a separate criminal investigation.

Last month, Kueng shut down the seminary, where trainee priests also had snapped photographs of each other kissing and fondling one another and their older religious instructors. Some of the photos were published, triggering an uproar that church officials disclosed last week

has prompted as many as 10,000 believers to formally withdraw from church rolls.

Calls had mounted on Krenn, 68, to resign or be fired by the Vatican after his dismissive comments characterizing the downloading of the pornography at the seminary as nothing more than a "childish prank."

In an interview with Der Standard, Krenn said he was stepping down voluntarily from the post he has held for 13 years, and not because of pressure from Rome.

Prosecutors investigating the child pornography aspect of the case have charged a 27-year-old former seminary student from Poland with possessing and distributing illicit material, a federal offense punishable by up to two years in prison.

The scandal, and a separate affair involving allegations that a prominent Austrian priest sexually molested at least 10 youths in the 1980s, have prompted believers to leave the church.

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