Minority Report Of The Special Committee To Investigate Whitewater Development Corporation And Related Matters

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Summary Of Conclusions

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PREFACE

The central question that faced the Special Committee is: Did Bill Clinton misuse the powers of the Presidency? The answer is a clear and unequivocal "no."

A secondary question is whether, prior to his election as President, Mr. Clinton used his official position in the State of Arkansas improperly to provide favored treatment to business associates or others. In its exhaustive review of various allegations extending back to the 1970s in some instances, the Committee examined in excruciating detail a number of matters in Arkansas ranging from the handling of water and sewer legislation to state regulation of the sale of alcoholic beverages. Again, the clear conclusion is that then-Governor Clinton did not abuse his office.

Having failed to tarnish the President, the Majority turned its attention to Mrs. Clinton's private law practice in Arkansas more than ten years ago.

The Majority launched a massive hunt for some way in which to contradict statements made by Mrs. Clinton during the last four years. Again, no credible evidence has been put forward to show that Mrs. Clinton engaged in any improper, much less illegal, conduct.

The public deserves an objective report that separates the facts developed in the Senate Whitewater inquiry from the superheated and untenable conclusions that pervade the Majority's report. Unfortunately, the extension of these hearings directly into the presidential campaign season has provoked a high degree of partisanship, which has undermined the objectivity of this investigation. Partisanship has colored the Majority's decisions in conducting the inquiry and in reaching conclusions that clearly are intended for political impact. It is now evident that this Committee's business easily could have been concluded within the original February 29, 1996 deadline. When a parallel situation presented itself as the Iran-Contra hearings threatened to spill over into the political season, Democrats concurred in bringing the hearings to a prompt close. That was the right decision and one that future Senate committees should follow as a more worthy precedent than the Whitewater example.

The Majority's pattern throughout these hearings has been to construct conclusions first and then to discard the facts as they become inconvenient. One after another, the partisan conspiracy theories about Whitewater -- from the alleged shredding of documents at the Rose Law Firm, to the so-called "mystery phone call," to the "all-important" White House e-mails -- have turned into dry holes.

Lacking any credible case against the President, the Majority is now engaging in a blatantly political game of "tag" by tarring several witnesses with unsupportable suggestions of perjury in a bid to grab media attention. The political grandstanding of these "perjury referrals" is a tactic also used after the 1994 hearings. Margaret Williams, for instance -- a favorite target of the Majority -- has passed two lie detector tests, which corroborate her testimony that she did not remove documents from Foster's office on the night of his death. Yet, the Majority seeks to discount Williams's lie detector tests -- performed first by a retired FBI polygraph instructor and confirmed by a present FBI expert under the supervision of the Independent Counsel.

In the bargain, the Majority report takes on the reliability of polygraph testing, which the FBI has depended on for decades in investigations involving the highest levels of national security.

Taken as a whole, the Majority's approach to its report has been to hammer evidence -- no matter how ill-fitting -- into the precast mold of its conclusions. A perfect example of this refusal to modify its preordained conclusion by reference to the facts is revealed by the Majority's treatment of the April 5, 1985 fundraiser hosted by James McDougal for Governor Clinton at Madison Guaranty Savings and Loan. The Majority began the inquiry with the conclusion that there was a *quid pro quo* involving the fundraiser and the decision of an Arkansas state agency -- ADFA -- to lease office space from Madison Guaranty. To a fair-minded investigator, two obstacles to reading such a conclusion would be presented: 1) the fact that the lease for office space was entered into more than a full year before McDougal's fundraiser, and 2) the evidence showed that Governor Clinton played no role in selecting the office site or negotiating the terms of the lease. When the evidence at the public hearing demonstrated the circumstances under which the Madison space was chosen, a Member of the Majority registered his consternation at this departure from the Republican game plan:

> Mr. Chairman, isn't the point here simply to draw a conclusion that [then-Governor Clinton] played a major role in the selection of this building?

Inconveniently, the evidence once again rebutted the preconceived conclusion, yet that conclusion is the one relied upon by the Majority in its final report.

More than finding no abuse of office by Bill Clinton, the evidence gathered by the Committee shows that then-Governor Clinton demonstrated independence from political supporters doing business with State government. Three examples from the Committee's exhaustive review of Governor Clinton's twelve-year tenure as governor of Arkansas are representative of our findings in this area. In 1983, Marlin Jackson, the Arkansas State Banking Commissioner, informed Governor Clinton of bank regulatory problems at the Bank of Kingston, a small bank in northern Arkansas that James McDougal purchased after leaving a senior post in Governor Clinton's first administration. Jackson testified that he mentioned the Bank of Kingston problem as a "litmus test" to see if the young governor would seek to influence Jackson and obtain favorable treatment for a political supporter. Clinton passed Jackson's test: Jackson testified that Governor Clinton told him:

> You do whatever you need to do to be a good, no, to be a great Bank Commissioner and don't worry about the political consequences. It doesn't matter who is involved. I'll take the political heat. You just do whatever you need to do to be a great Bank Commissioner.

Four years later, in another situation involving James McDougal, Governor Clinton showed the same good judgment and respect for the independence of state regulatory officials. McDougal requested a meeting with Governor Clinton and State Health Department officials to present a grievance about unfair treatment by state sanitarians inspecting sewage disposal systems at one of the Madison Guaranty real estate developments. McDougal behaved badly at the meeting, attacking the Health Department officials and accusing them of misconduct. Governor Clinton supported the state officials at the meeting. He reprimanded McDougal for his conduct in front of Health Department officials. Most important, after the meeting, Governor Clinton pulled aside Tom Butler, the Deputy Director of the State

Health Department, and told him to "do what you have to do, and you will not hear another word from me." Once again, Governor Clinton made it perfectly clear to a state regulator that James McDougal should not receive any special treatment.

One final example of Governor Clinton's actions in Arkansas is worth noting. About 1984, Dan Lasater, a strong political supporter of Governor Clinton who had helped Clinton regain the Governor's office in 1982 after an upset loss in 1980, requested a meeting to complain to the Governor that his investment firm was not getting its fair share of the state bond business. Governor Clinton met with Lasater, listened to his complaint, then told him that he should make his case to the appropriate State officials. Although it would have been easy for him to do so, Governor Clinton did not tell Lasater that he would intervene in the matter. Lasater left the meeting "disappointed" that he had not obtained the result he had hoped to obtain. Again, Governor Clinton did not intervene on behalf of a political supporter.

These examples lead a fair-minded reader to the same conclusion that will follow from a review of the entire, lengthy report: Governor Clinton did not misuse his office, as Governor of Arkansas, or as President.

These examples also underscore another important point. Governor

Clinton, of course, was an elected public official when these events took place. As an elected official he was answerable to his constituents, and it was his responsibility to listen to their complaints. All elected public officials, at the state, local, and even the national level, must do this -- it is part of the job. To do this job properly, however, a public official must exercise good judgment, so as to be responsive to constituents without going too far and interfering with the actions of career government officials who also are discharging their responsibilities. Governor Clinton's actions some ten years ago in Arkansas, as illustrated, met the test then of proper conduct by an elected official, and they meet that test now.

The venom with which the Majority focuses its attack on Hillary Rodham Clinton is surprising, even in the context of the investigation. No attempt is made to place into perspective the relative importance to the American people of whether Mrs. Clinton has a specific recollection today of every memorandum, phone call, and detail of every case she handled in her private law pra- ce in Little Rock over a decade ago.

Every act is portrayed in its most sinister light, every failure of recollection is treated as though the standard for human experience is total recall and photographic memory.

Perhaps the most sensationalized conclusions of the Majority involved the handling of Vincent Foster's papers. The crux of the disagreement between White House Counsel Bernard Nussbaum and Deputy Attorney General Philip Heymann was whether Nussbaum's insistence on being the one to review Foster's files in the presence of Justice Department lawyers and law enforcement officials would create an unfortunate appearance problem for the White House. Heymann agreed that, legally, the Park Police investigators had no right to enter the office and search the files, nor could Justice Department lawyers obtain a search warrant or subpoena. While Heymann was clearly prescient about the public and political fallout from Nussbaum's decision, who is to say that Nussbaum wasn't right also in believing that even if the Justice Department lawyers had taken part in the search, critics of the Administration would simply charge a broader conspiracy?

Irresponsible claims of possible obstruction of justice simply ignore the testimony of law enforcement officials who came before the Committee: that the investigation into Vincent Foster's death -- the only investigation involving the review of the office files -- was not obstructed; that the investigators were provided every document or file they requested; that the investigators had absolutely no interest in reviewing financial records or files involving personal investments of the Clintons such as Whitewater; and that the investigators' interest was limited to reviewing a suicide note or other information bearing on the cause for Foster's suicide.

The Majority's pursuit of White House officials involved in searching for a suicide note in the aftermath of Foster's death is equally irresponsible. Senator Dodd captured the spirit of the Majority's onslaught during a hearing in November, 1995:

> Senator Dodd. Mr. Chairman, just on this point, and I think it is very important, this gets to the reality. But what I was getting at earlier and what we're doing here in a sense is there are sort of three fact situations. You get a witness that says well, I don't recall. The immediate accusation is you're being disingenuous.
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> If you have witnesses with conflicting testimony, the allegation is someone's lying. And if you have witnesses that have consistent statements, it's a conspiracy.
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> This is getting ridiculous. So you're trapped no matter what you say ... You're either disingenuous, lying or conspiring, and that's just foolishness.

The game of leaking information has marred the Committee's credibility throughout these proceedings. Often, distorted or even baseless charges have been disseminated through faceless leaks. The recent, well-orchestrated leak of the Majority report is but part of a pattern.

The supposed short-term benefits of leaking will be offset by the longer-term diminution of credibility that the Majority must suffer for these blatantly political and unfair tactics.

The Minority report was not leaked. It was released according to the rules. In it, the subjects set forth in Senate Resolution 120 are analyzed according to the testimony and documents presented. We look forward to the opportunity to present the facts to the American public in contrast to the overheated assertions by the Majority, which have characterized its approach to this investigation.

Not including the Senate Banking Committee's hearings in 1994, the Senate Whitewater Committee in 1995 and 1996 met for more than 300 hours in open sessions, taking 10,729 pages of hearing testimony in 51 hearings and 8 public meetings. The Committee received hearing testimony from 159 witnesses and took more than 35,000 pages of deposition testimony from 245 persons. Hundreds of thousands of pages of documents have been provided to the Committee by various government departments, agencies, and individuals.

The White House has produced more than 15,000 pages of documents, and the Clintons' attorney has produced nearly 30,000 pages more.

Direct costs of the various Whitewater inquiries now exceed $31,849,795 (as of May, 1996), including: $400,000 from the Senate Banking Committee's 1994 hearings (Senate Resolution 229), $950,000 through the initial charter of the D'Amato hearings (Senate Resolution 120), approved May 17, 1995), and another $450,000 for an extension this year approved by the Senate (Senate Resolution 246, approved April 17, 1996); $3,800,000 for the Resolution Trust Corporation's contract with the Pillsbury, Madison & Sutro law firm, for the production of its report; and $26,249,795 by the Office of the Independent Counsel (through May, 1996). Costs of the various Whitewater inquiries in the House of Representatives and agency work to comply with inquiries while not separately accounted for amount to significant additional sums.

This has been the longest-running congressional investigation of any sitting president, far longer than Watergate or Iran-Contra -- both of which involved actual abuse of government power. The facts gathered by the Committee are more than enough to close this chapter. The American people deserve to know, and now can take comfort in knowing, that this year-long investigation shows no misconduct or abuse of power by their President or First Lady.

SUMMARY OF CONCLUSIONS: WASHINGTON MATTERS

A. Jean Lewis's 1992 RTC Criminal Referral

On September 2, 1992, two months before the presidential election, an investigator in the Kansas City field office of the Resolution Trust Corporation submitted a criminal referral to the Department of Justice relating to the failure of Madison Guaranty Savings and Loan Association. The handling of the referral, which named the Clintons as possible witnesses to an alleged check kiting scheme at Madison Guaranty, was the subject of extensive investigation and public hearings by the Special Committee.

The evidence showed that the 1992 referral was prepared by a politically motivated investigator who pressed the investigation with the hope of damaging Bill Clinton's chances in the 1992 presidential election. The referral failed to allege any evidence of a crime and gratuitously named the Clintons as witnesses despite the absence of any reasonable basis to believe that the Clintons knew about the matters alleged in the referral.

The allegations contained in the 1992 referral have been repeatedly rejected by federal prosecutors and other investigators. Career officials of the Federal Bureau of Investigation, the Department of Justice, and the United States Attorney's Office for the Eastern District of Arkansas all reviewed the allegations and properly rejected the 1992 referral as a basis for prosecution. The Office of the Independent Counsel, which subsequently assumed responsibility for the investigation of the 1992 referral, has brought no criminal charges arising from the referral's allegations. The law firm of Pillsbury, Madison & Sutro, which the RTC retained to investigate civil claims arising from the failure of Madison, found no evidence to support the allegations contained in the 1992 referral and concluded that those allegations were insufficient to support even a civil cause of action based on fraud.

The evidence showed that the Clinton Administration made no effort to interfere with the proper handling of the 1992 referral following its submission. If anything, the evidence indicated that it was senior officials of the Bush Administration -- at both the White House and the Department of Justice -- who exhibited an unusually high level of interest in the referral prior to the 1992 presidential election. The United States Attorney in Little Rock, however, steadfastly refused to respond to political pressures and properly declined to take any action on the referral until after the election.

B. The Investigations of David Hale

The Special Committee conducted an extensive review of the federal government's handling of its various investigations of David Hale's fraudulent operation of Capital Management Services, Inc., Hale's small business investment company. The Committee viewed those federal investigations as particularly sensitive because once Hale came under criminal investigation he alleged publicly that as Governor of Arkansas, Bill Clinton participated in discussions relating to an illegal loan Hale made to Susan McDougal back in 1986. The Committee considered allegations that the Clinton Administration sought to silence Hale by interfering in the federal investigations of Hale's criminal activities.

The Special Committee's investigation and public hearings established that the Clinton Administration made no effort to delay or obstruct the investigations and prosecution of Hale by the Small Business Administration and the Department of Justice. To the contrary, the evidence showed that the Small Business Administration promptly submitted a criminal referral describing Hale's fraudulent conduct and that the United States Attorney's Office in Little Rock quickly obtained a federal grand jury indictment against Hale. The evidence showed further that despite his extraordinary efforts to manipulate the criminal justice system in his favor, Hale received no preferential treatment from any federal government official.

In late 1993, White House officials obtained from the Small Business Administration a report that the agency had provided to an oversight committee of the House of Representatives. The evidence established that no sensitive information was contained in this report or any of its attachments and that the motives of the White House officials who obtained the report were totally innocent. More important, the evidence established that White House officials made no efforts to affect the way the federal investigations of Hale were handled.

C. The RTC's Handling of the 1993 Criminal Referrals

Jean Lewis submitted nine additional criminal referrals relating to Madison Guaranty in October 1993. The Special Committee held several days of public hearings on allegations by Lewis that senior officials at the RTC interfered with her investigation. Lewis's principal allegation concerned a "legal review" of the referrals conducted by lawyers in the Kansas City field office of the RTC prior to the referrals' submission to the Department of Justice. Lewis claimed that the review was "unprecedented" and that it was a blatant attempt to derail her referrals.

The evidence established that the legal review was mandated by a nationwide RTC policy that had been instituted four months earlier without regard to Madison Guaranty. Contrary to Lewis's claim of interference, the legal review was conducted by career government lawyers and was intended simply to improve the quality of the referrals by making sure that allegations of possible criminal wrongdoing contained therein were supported by documents and other evidence.

Lewis also claimed that in early 1994, as the RTC was conducting a follow-up civil investigation of Madison Guaranty, senior RTC officials in Washington sent RTC attorney April Breslaw to Kansas City in an attempt to influence the outcome of the investigation so as to avoid the filing of any civil lawsuits against the Clintons. This claim, like all of Lewis' claims of interference, was shown by the Committee's investigation to be without any evidentiary basis. The Special Committee's hearings showed that Lewis provided misleading testimony about her surreptitiously tape-recorded conversation with Breslaw. The Committee heard no credible evidence that any senior RTC official interfered with any RTC investigation of Madison Guaranty.

D. The Justice Department's Handling of the Criminal Referrals

The Special Committee also considered the Department of Justice's handling of the RTC criminal referrals. Prior to the Special Committee's creation, there had been rampant speculation that Associate Attorney General Webster Hubbell had interfered with the Justice Department's investigation of the referrals and had acted to block their use as bases for criminal prosecutions. This speculation found no evidentiary support.

The Special Committee conducted an exhaustive inquiry into the Justice Department's handling of the RTC criminal referrals and came up with nothing to suggest that Hubbell or anyone else at the Justice Department interfered with the proper handling of the referrals. To the contrary, the evidence established that Hubbell, who had no supervisory authority over the Justice Department's criminal division, never made any effort to affect the handling of the referrals and did not even know about their existence until many months after their submission.

The evidence also showed that Paula Casey, the United States Attorney in Little Rock, properly handled her office's plea negotiations with Hale and later properly recused herself from further consideration of criminal referrals concerning Madison Guaranty and Capital Management Services, Inc. Hale sought immunity from prosecution from Casey in exchange for what he claimed was incriminating information about high-ranking Arkansas politicians, but he refused to provide any factual details. As required by Justice Department practice, Casey invited Hale to proffer his information to the government but declined to reach a plea bargain with him unless he first provided his information. The Office of the Independent Counsel later followed the same approach.

E. White House Discussions of Beverly Bassett Schaffer in 1993-94

It was alleged during the 1992 presidential campaign that Hillary Rodham Clinton obtained favored treatment for Madison Guaranty from the Arkansas Securities Department back in 1985 in a legal matter concerning a contemplated offering of preferred stock. When the allegation arose in 1992, Beverly Bassett Schaffer, the Securities Commissioner in 1985, publicly refuted it. Schaffer stated that Mrs. Clinton had neither sought nor received favored treatment for her client and that, contrary to the accusation, there was nothing either inappropriate or unique about Mrs. Clinton's inquiry into whether it was permissible for a state-chartered savings and loan institution to issue preferred stock for the purpose of increasing its capitalization.

When allegations concerning the preferred stock issue surfaced again in late December 1993 and early January 1994, several White House officials recalled Schaffer's credible statements during the campaign. White House officials thought it was important to determine whether Schaffer had made a correct legal judgment back in 1985 and, if so, whether she would be willing to speak out publicly again. Although they correctly determined that it would not be at all improper for the White House to contact Schaffer for this purpose, White House officials chose not to contact her because of concerns that any such contacts would be mischaracterized as attempts to influence Schaffer's views on the propriety of Mrs. Clinton's 1985 conduct.

The Special Committee held several days of public hearings on the activities of the so-called Whitewater Response Team at the White House in late 1993 and early 1994. The Committee's hearings were full of testy exchanges and colorful language. But at their conclusion, the hearings established that no White House official made any effort to influence the substance of Schaffer's statements about the preferred stock issue. The evidence showed that the White House properly determined that Schaffer had made a correct legal judgment back in 1985 and then encouraged Schaffer to speak out publicly, as she had in 1992, to refute the false allegations of favoritism.

F. Use by the White House of Materials Related to the Office of Government Ethics' July 1994 Report on White House-Treasury Contacts

The Special Committee held several days of public hearings to determine whether the White House Counsel's Office improperly received investigative materials underlying the Office of Government Ethics' July 1994 report on White House-Treasury contacts and, if so, whether the White House made any improper use of the materials in preparation for Congressional hearings. The evidence showed that no improprieties occurred.

The White House made no effort to interfere in any way with the investigation conducted by the Office of Government Ethics and the Inspectors General of the RTC and the FDIC. That investigation was thorough and complete and resulted in a fully independent determination on the merits.

The evidence showed that the White House Counsel had two entirely proper purposes in obtaining investigative materials -- to conduct a thorough internal White House review of the White House-Treasury contacts, and to prepare complete and accurate testimony to be provided to Congress. The evidence established that the White House obtained no sensitive RTC information and that none of the deposition transcripts received were used improperly to affect the Congressional testimony of any White House witness. The transmission of investigative materials to the White House had no effect whatsoever on any of the investigations conducted by the Office of Government Ethics, the Congress or the Independent Counsel.

SUMMARY OF CONCLUSIONS: ARKANSAS MATTERS

The Special Committee devoted enormous resources to investigating a variety of allegations concerning matters taking place in Arkansas since 1978. The allegations fell into three broad categories: (1) allegations concerning the Clintons' personal finances; (2) allegations concerning Governor Clinton's conduct as Governor of Arkansas; and (3) allegations concerning Mrs. Clinton's work as a Rose Law Firm attorney. After months of exhaustive investigation into Arkansas-related matters -- including more than 100 sworn depositions and 20 days of public hearings -- the allegations of improprieties remain unsupported by the evidence. On the contrary, the evidence shows that neither the President nor Mrs. Clinton engaged in any improper, much less illegal, conduct in connection with any of the events in Arkansas that were examined in minute detail by the Special Committee over the past thirteen months.

A. WHITEWATER

1. THE INITIAL INVESTMENT

On August 2, 1978, the McDougals and the Clintons purchased approximately 230 acres of undeveloped land in Flippin, Arkansas from a group of local investors known as the 101 River Development Corporation. The property was bounded on one side by Arkansas Route 101 and on the other side by the White River. Because the White River area was popular with sportsmen, James McDougal envisioned the property as a retirement and vacation development. He named it Whitewater Estates.

The McDougals and the Clintons paid $202,611 for the Whitewater property, slightly less than $900 per acre. They financed this purchase with two bank loans. The Special Committee investigated whether the McDougals and the Clintons received special treatment from the banks in obtaining these loans because Mr. Clinton was Arkansas Attorney General and a candidate for Governor when the loans were made. The evidence, however, demonstrated that the McDougals and the Clintons did not receive any special treatment in connection with the making of the loans. The loans were made on the same terms and at the same interest rates as similiar loans to other borrowers. The bank that provided the first mortgage loan financed other real estate developments in the same area. In addition, the testimony of the bank officials who made the Whitewater loans demonstrated that the Clintons were passive investors in the Whitewater project. The banking officials who made the loans were pleased to have the oppotunity to make a loan to the McDougals and the Clintons, and one bank official actively solicited the loan business from Mr. Clinton. Overall, the testimony of the bank officials who authorized and managed the loans established that the Clintons had little, if any, involvement in the financing of the investment.

2. MANAGEMENT OF THE WHITEWATER INVESTMENT

From 1978 until 1986 the business affairs of the Whitewater development were managed by James and Susan McDougal, assisted by Charles James, the accountant who kept the books for Whitewater and other real estate developments managed by the McDougals. The Special Committee's investigation of the Whitewater investment has confirmed what other investigations of Whitewater have found: Records for the Whitewater investment were not properly maintained by the McDougals during the years that they managed the investment, and the Clintons did not receive regular and complete information about the investment from the McDougals.

In 1986, after the McDougals left Arkansas and stopped attending to the affairs of Whitewater, Mrs. Clinton attempted to obtain information about the investment. She contacted James to obtain corporate records, and she asked Yoly Redden, who then was the Clintons' personal tax preparer, to review the records and try to determine how much money the Clintons had put into Whitewater and what was the financial condition of the enterprise at that time. The testimony that Redden and James provided to the Special Committee confirms that the Clintons were never well-informed about Whitewater.

3. THE RENEWALS OF THE WHITEWATER LOANS

After the Clintons and McDougals incorporated Whitewater Development Company, Inc. in 1979, they transferred the land to the corporation, subject to the bank loan that was secured by the property, which was not assumed by corporation. That loan was subsequently renewed or extended nine times before it was paid off on May 12, 1992. The Committee devoted considerable attention to those loan renewals. In particular, the Committee explored: (1) whether the loan received special treatment; and (2) whether the loan renewals were connected in any way to banking legislation enacted by the State of Arkansas in 1987 and 1988 that may have benefitted the bank that made the Whitewater loan.

The evidence collected by the Special Committee demonstrated conclusively that the Whitewater loan renewal requests did not receive any special treatment. The loan was fully collateralized and was personally guaranteed by the Clintons and the McDougals. In addition, beginning in 1985, the bank received all income from lot sales. Also, although two loan renewals (out of the total of nine renewals) coincidentally occurred at about the same time as the approval of state bank legislation, the evidence demonstrated that there was no connection between the loan renewal and the banking legislation. The only connection between the Whitewater loan renewals and the branch banking legislation was a coincidence of timing.

4. THE WHITEWATER LOT 13 TRANSACTION

The Committee also reviewed a loan to Mrs. Clinton from Madison Bank & Trust Company (previously known as the Bank of Kingston and not to be confused with Madison Guaranty Savings & Loan Association). Mrs. Clinton borrowed $30,000 from that bank to finance a model home on Whitewater Estates lot 13. The Committee looked into allegations that this loan violated banking regulations restricting loans outside a bank's designated loan territory. The Committee found no evidence of any improprieties involving the Clintons with respect to this loan.

5. WHITEWATER TAX ISSUES

The Special Committee conducted a limited review of matters pertaining to the Clintons' treatment of the Whitewater investment on their personal income tax returns and to the corporate tax filings of Whitewater Development Company, Inc. The Committee's review of these matters, while not exhaustive, was sufficient to establish that (1) the Clintons' tax treatment of the Whitewater investment on their personal tax returns was appropriate based upon the limited information about the investment that they received and (2) the information about the investment they received was, in many instances, incomplete or incorrect, which resulted in some unintentional errors in the Clintons' personal tax returns. These conclusions are consistent with the findings of other investigations of the Whitewater investment, particularly the Pillsbury Madison & Sutro 1994-96 investigation and the review of Whitewater accounting and tax matters conducted for the Clintons by Denver attorney James M. Lyons in March 1992.

The evidence collected by the Special Committee shows that unlike many real estate investors during the time period of the Whitewater investment, the Clintons did not claim personal tax deductions for corporate losses incurred by Whitewater. The Clintons' tax treatment of the Whitewater investment was conservative and reflected the economic substance of the transaction -- they only claimed tax deductions when they made legally deductible payments with their own funds. The Special Committee found no evidence that the Clintons ever sought to obtain any improper tax benefits from their investment in Whitewater.

As noted above, the Special Committee also found that records for the Whitewater investment were not properly maintained by the McDougals during the years they managed the investment, and the Clintons did not receive regular and complete information about the investment from the McDougals. This poor recordkeeping and reporting resulted in some unintentional errors on the Clintons' personal tax filings. Where the existence of an error has been established, the Clintons have, at their own initiative, paid additional taxes and interest to correct the errors.

The Special Committee also reviewed whether or not the Clintons received actual or imputed income from the Whitewater investment that they had a legal obligation to report on their personal income tax returns. As has been the case with all other investigations of Whitewater, the Special Committee found that the Clintons received no return on their Whitewater investment. Although some esoteric tax theories have been advanced for the proposition that the Clintons should have recognized income on their personal tax returns in connection with payments on the land acquisition loans that were made with Whitewater corporate funds or funds contributed by the McDougals, those theories are not supported by the evidence obtained by the Special Committee. All of the witnesses examined by the Special Committee rejected these theories. The Special Committee confirmed that the Clintons put money into Whitewater, but never took any money out of the investment. Moreover, the proceeds of the Whitewater land acquisition loans were invested in the business, through the land purchase, and the Clintons did not use any portion of the proceeds of those loans for their personal benefit. Both logic and legal analysis support the conclusion that the Whitewater investment did not result in any taxable income to the Clintons.

In short, the Special Committee found no evidence that the Clintons entered into the Whitewater investment as a tax shelter or ever sought to use the investment as a means to avoid paying their personal income taxes, even when they legally might have done so.

B. ARKANSAS REGULATORS' OVERSIGHT OF THE MCDOUGALS

The McDougals operated several business enterprises in Arkansas during the 1980s, including Madison Guaranty, Madison Bank & Trust Company, and various real estate developments. The activities of these businesses were subject to regulation by various Arkansas government agencies.

The Majority has asserted that the McDougals and their business enterprises obtained favored treatment from state regulators due to the McDougals' relationship with Governor Clinton. In particular, it has been alleged that Governor Clinton influenced government actions to benefit the McDougals. It also has been suggested that the McDougals provided financial benefits to the Clintons in return for the allegedly favorable treatment. The record developed by the Special Committee, however, is at odds with these allegations.

The evidence collected by the Special Committee demonstrated that the McDougals did not receive favored treatment from state agencies and that Arkansas state officials treated the McDougals and their business enterprises properly and appropriately. The evidence further demonstrated that Governor Clinton did not intervene with state officials or take any improper action in the McDougals' behalf. Finally, the record simply does not support the allegation that the McDougals provided improper financial benefits to the Clintons.

a. The Arkansas State Agency Leases of Offices from Madison Guaranty Were Proper, Appropriate and in the Normal Course of Business

The Special Committee investigated whether certain leases were awarded to Madison Guaranty because of Governor Clinton's relationship with James McDougal. In particular, the Committee reviewed whether the leases were related to a fundraiser that McDougal held for Governor Clinton at Madison Guaranty on April 5, 1985. The evidence collected by the Committee establishes that the leases were entirely proper and appropriate, and were entered into in the normal course of business. There is no evidence that Governor Clinton or anyone acting on his behalf caused or directed the leases to be signed, or that Madison Guaranty received any special consideration. Moreover, the State first leased space at Madison Guaranty at least a year before the fundraiser took place. Thus, there is no basis to connect the fundraiser with the leases, and no reason to believe that the leases entailed a quid pro quo of any kind.

b. McDougal received no special treatment from the Arkansas Alcoholic Beverage Commission

The Committee reviewed whether Governor Clinton took any action to influence the Arkansas Alcoholic Beverage Control Division ("ABC") to provide favored treatment to James McDougal. The Special Committee investigated whether Governor Clinton interceded with the ABC in support of McDougal's efforts to develop a microbrewery and brew pub on the IDC property. The Committee also investigated whether Governor Clinton caused the ABC to promulgate a regulation permitting breweries to operate "tasting rooms." The evidence, however, demonstrated that Governor Clinton never contacted the ABC with respect to the IDC brewery proposal. The evidence further demonstrated that Governor Clinton played no part in the approval of the tasting room regulation.

c. The Sewer Legislation

In 1987 Governor Clinton signed legislation to deregulate small sewer and water utilities. The Majority has alleged that the legislation was designed to provide special treatment to the Castle Sewer and Water Company and to protect the Rose Law Firm from exposure to civil liability. The Committee found that the Arkansas Public Service Commission and the entire Arkansas legislature supported the legislation. Furthermore, passage of the legislation was fully justified on the merits.

d. McDougal's Maple Creek Farms Development and the Reassignment of the Arkansas Health Department Sanitarians

The Special Committee reviewed whether Governor Clinton interfered with the regulation of the Maple Creek Farms project by Arkansas Health Department officials. In March 1986 Governor Clinton arranged a meeting at which McDougal could communicate to Health Department officials the concerns he had about unfair treatment at the Maple Creek project. Beyond arranging the meeting, which was appropriate, Governor Clinton did not take any action on McDougal's behalf, either at the meeting or thereafter. To the contrary, Governor Clinton reprimanded McDougal (who behaved badly at the meeting) for his behavior, defended the Health Department's professional staff, and told McDougal to work with the Health Department to resolve the problems. Most important, immediately after the meeting Governor Clinton made a special effort to let the Health Department know that McDougal was not to receive any special treatment and that Clinton would support whatever action the Health Department decided to take.

e. Regulation of Madison Bank and Trust by the Arkansas State Banking Department

The Special Committee reviewed the regulation of a small Madison Bank & Trust Company, that James McDougal operated after he left a position on Governor Clinton's staff in 1980. In October 1980 McDougal and a group of investors purchased a controlling interest in the Bank of Kingston, a small bank in Kingston, Arkansas. McDougal then changed the bank's name to Madison Bank & Trust Company. As a state chartered institution, Madison Bank was regulated by both the Arkansas State Banking Department and the Federal Deposit Insurance Corporation. In 1983 Marlin Jackson was the State Bank Commissioner.

In 1983 Jackson informed Governor Clinton of regulatory problems at Madison Bank. Jackson testified that he told the Governor about Madison Bank's problems as "a litmus test" to see if Governor Clinton would seek to influence Jackson and obtain favorable treatment for a political supporter. (Jackson was aware that McDougal had been a member of Governor Clinton's staff during Clinton's first term in office, 1979-80.) Governor Clinton passed Jackson's litmus test. Jackson testified that Governor Clinton responded:

> You do whatever you need to do to be a good . . . no, to be a great Bank Commissioner and don't worry about the political consequences. It doesn't matter who is involved. I'll take the political heat. You just do whatever you need to be a great Bank Commissioner.

The evidence collected by the Special Committee confirms that Governor Clinton never interfered with Jackson or the State Banking Commission in their regulation of Madison Bank. After his discussion with Governor Clinton, Jackson and the State Banking Commission joined with the Federal Deposit Inusurance Corporation in a cease-and-desist order against Madison Bank that curtailed the bank's ability to make out-of-territory loans and, among other things, required the bank to increase its operating capital. Governor Clinton never attempted to intercede on James McDougal's behalf. In fact, other than the one conversation described above -- which was initiated by Jackson -- Governor Clinton never discussed Madison Bank or James McDougal with Jackson.

C. LASATER & COMPANY

The Special Committee reviewed State bond underwriting contracts awarded to Lasater & Company. The Committee's inquiry focused on allegations that Lasater & Company's selection as bond underwriter for State agencies resulted from improper political pressure. The extensive evidentiary record developed by the Committee does not support the charge that Governor Clinton improperly steered state bond business to Lasater & Company. The record shows that in 1983 Governor Clinton put in place a new policy of spreading state bond business among qualified firms (his Republican predecessor had given all the business to two local firms) and that Lasater & Company was only one of the firms that benefitted from this new policy.

Witnesses from the State agencies that awarded underwriting business to Lasater & Company, from Governor Clinton's office, and from the Lasater firm uniformly testified that no political pressure was applied to include Lasater & Company in State bond underwritings. Instead, under the new policy, all Arkansas underwriting firms participated in State business regardless of their political identification. All local underwriting firms participated equally, sharing the portion of the bond issues that was not allocated to one of several large national underwriters. The Lasater firm received only a small share of State bond underwriting business, and received a share similar to that of other local firms. The participation of the Lasater firm was supported by both Democratic and Republican State officials. Thus, the allegation that

Lasater & Co.'s participation in State bond issues was due to political favoritism is not supported.

1. Clinton Administration Expands Number of Underwriters Participating in State Bond Business

Under Governor Clinton, the number of firms doing underwriting business with the State of Arkansas expanded. From 1980-82, under Republican Governor Frank White, Arkansas State bond underwriting business had been the preserve of a small number of firms. During that time, State agencies used underwriters E.F. Hutton, Stephens, Inc. and T.J. Raney almost exclusively. After 1983, the Clinton Administration promoted participation in State bond underwriting by all qualified Arkansas firms, regardless of which political candidates they supported. Betsey Wright, former Chief of Staff to Governor Clinton, added that Governor Clinton's goal was to make the State bond underwriting business "as open and available to all companies in the State as possible."

2. Lasater & Company's Participation in Bond Underwriting for AHDA/ADFA

These policies were adopted by the Arkansas Housing Development Agency, a State agency that issued bonds to provide home mortgages to Arkansas residents. In keeping with the views of Governor Clinton and the AHDA Board Members, the agency used a greater number of underwriters after 1983. Pursuant to these policies, Lasater & Company began underwriting AHDA single family bonds in 1983. That year the Lasater firm received a 13.33% share of the bond issue -- smaller than one local firm and equal to the share of two other local firms. Two of the three AHDA Subcommittee Members who voted to include Lasater & Company were appointed by Governor Frank White; the third was appointed by Governor Bill Clinton. Lasater & Company received an even smaller share of AHDA's next bond offering. All local firms, including the Lasater firm, received the same share of the bond issue -- 10%.

The Lasater firm was treated the same as other local firms. The Lasater firm always was part of a team of underwriters, including other local firms, that underwrote bond issues for AHDA and its successor agency, ADFA. The Lasater firm never served as the sole underwriter of an AHDA/ADFA bond issue. Other local firms underwrote as many state bonds as did the Lasater firm.

It has been alleged that Governor Clinton directed AHDA and ADFA to award bond underwriting business to Lasater & Company. The evidence, however, did not demonstrate that Governor Clinton pressured anyone to include the Lasater firm in bond underwritings. Members of the Governor's staff have said it did not happen, members of the AHDA Board have said it did not happen, members of the AHDA staff have said it did not happen, and employees of both Lasater & Company and a competitor have said it did not happen.

One witness recalled that a member of the staff of the Governor's Office suggested that the Lasater firm be included as an AHDA underwriter. Charles Stout, an appointee of Republican Governor Frank White who was serving out his term as Chairman of the AHDA Board in 1983, recalled receiving a telephone call from Bob Nash, an assistant to Governor Clinton for economic development matters. According to Stout, Nash "called [him] and recommended that we [AHDA] start using the Lasater firm."

No other witness recalled this incident. Nash testified that while he may have spoken with Stout regarding bond underwriting contracts, he never instructed Stout to include the Lasater firm in AHDA bond issues. Even if this telephone conversation occurred -- which is hardly clear -- it is likely that other witnesses do not recall it because it was innocuous in nature. Stout himself characterized the conversation as a suggestion from Nash, rather than a directive.

3. Lasater & Company's Bond Underwriting for the Arkansas State Police

The Committee also examined a 1985 bond issue for the Arkansas State Police shared by T.J. Raney & Sons, E.F. Hutton & Company and Lasater & Company. It has been alleged that Governor Clinton influenced the underwriter selection process to benefit Lasater. The evidence, however, does not establish that Governor Clinton or his staff pressured the Arkansas State Police to include the Lasater firm in the bond underwriting or to award the contract to the group including the Lasater firm.

On April 4, 1985, Governor Clinton signed legislation authorizing the State Police Commission to acquire a new communications system, financed by bonds. That same day, the State Police Commission began a competitive process to select the bond underwriters. The State Police solicited proposals from all interested financial firms.

Police Commissioner Johnny Mitchum, an appointee of Republican Governor Frank White, was a certified public accountant and the only member of the Police Commission with a background in finance. Mitchum reviewed the underwriting proposals and concluded that a proposal submitted jointly by investment firms T.J. Raney, E.F. Hutton & Company, and Lasater & Company was the most attractive for the State. An actuary hired by Mitchum concurred at the time that the Raney/Hutton/Lasater bid was the best for the State of Arkansas. After the Police Commission heard oral presentations from the four finalists, the Raney/Hutton/Lasater team was awarded the contract by a vote of 4 to 2.

The record does not establish that the Raney/Hutton/Lasater group won the bond underwriting for the Arkansas State Police as a result of special treatment, rather than submitting the best proposal. Members of the Governor's staff testified that no influence was exerted.

Lasater and his employees testified that no influence was exerted on his behalf. Finally. the State Police witnesses themselves testified that they acted unilaterally and without influence from the Governor's office.

The breakdown of the vote by the State Police Commission to award the contract to the Raney/Hutton/Lasater team demonstrates that it was not a politically motivated decision. Both Republican appointees to the Police Commission voted in favor of awarding the contract to the Lasater team; the two members who voted against the Raney/Hutton/Lasater team were both Clinton appointees.

The Majority argues that it was improper for the State Police Commission to award this contract to a group including Lasater & Company because of rumors at the time that Lasater used cocaine. In fact, it is clear that the Clinton Administration was concerned about awarding State bond business to anyone under investigation for drug offenses. The Governor and members of his staff raised the issue with law enforcement authorities, who reported that no investigations of Lasater were underway at that time.

D. THE ROSE LAW FIRM'S REPRESENTATION OF MADISON GUARANTY

1. Background

In April 1985 Madison Guaranty retained the Rose Law Firm to provide legal advice on a securities law matter, a proposed sale of preferred stock. The following year, on July 14, 1986, the firm ceased its representation of Madison Guaranty so the firm could qualify to represent federal regulatory agencies in litigation involving failed savings and loan associations. The Rose Law Firm was paid approximately $21,000 for its work in 1985 and 1986 on behalf of Madison Guaranty.

The Committee devoted considerable attention to the circumstances of the Rose Law Firm's retention by Madison Guaranty. In particular, the Committee examined allegations that James McDougal directed a portion of Madison Guaranty's legal business to Mrs. Clinton for improper reasons. The evidence, however, demonstrated that nothing improper occurred in connection with Madison Guaranty's retention of the Rose Law Firm.

The Committee also examined the substance of the work the Rose Law Firm and Mrs. Clinton performed for Madison Guaranty. The evidence demonstrated that the Rose Law Firm's work for Madison Guaranty was legitimate, well-documented, and appropriately billed. There is no credible evidence that any of the legal services provided by Mrs. Clinton and the Rose Law Firm were improper or contributed to the failure of the institution.

Finally, the Committee reviewed Mrs. Clinton's prior statements concerning the Rose Law Firm's retention by and work for Madison Guaranty. In this regard, the Committee carefully examined the documentary evidence, including the Rose Law Firm's billing records for the Madison Guaranty engagement, and took testimony from Rose Law Firm lawyers who participated in the representation. The Committee also examined the documents prepared by the Rose Law Firm for Madison Guaranty. This evidence demonstrated that Mrs. Clinton has accurately characterized her representation of Madison Guaranty as limited and insubstantial.

2. The Retention of the Rose Law Firm by Madison Guaranty

On February 25, 1996, Pillsbury, Madison & Sutro, the law firm retained by the Resolution Trust Corporation to investigate possible civil claims relating to Madison Guaranty, concluded that a "finder of fact is highly unlikely to find that there was anything untoward, let alone fraudulent or intentionally wrongful, in the circumstances of the Rose Law

Firm's retention by Madison Guaranty." The Special Committee's investigation has confirmed that conclusion.

The Special Committee devoted a great deal of attention to investigating how the Rose Law Firm came to be retained by Madison Guaranty and the role Mrs. Clinton played in the retention. Although it is impossible now, over eleven years later, to reconstruct exactly how the Rose Law Firm was retained, it appears that Rick Massey or Vincent Foster may have spoken with Mrs. Clinton about the possible retention of the firm and a prior billing problem with James McDougal. Mrs. Clinton then spoke with McDougal. She recalls that she told McDougal the Rose Law Firm would do the work if Madison Guaranty would enter into a retainer agreement which would ensure that the Rose Law Firm was paid for its work. Mrs. Clinton remembers that McDougal agreed to a $2,000 monthly retainer payment.

Mrs. Clinton did nothing improper in connection with the retainer agreement, and there is no evidence that there was any illicit motive underlying the retention. Madison Guaranty needed legal counsel after legal issues arose out of McDougal's plan to sell preferred stock. The Rose Law Firm, because of the firm's expertise in securities law, was a logical choice to provide that counsel. The Special Committee found no evidence that Madison Guaranty's retention of the Rose Law Firm was a scheme for McDougal to confer a financial benefit on the Clintons.

3. Regulation of Madison Guaranty by the Arkansas Securities Department

As discussed above, the Special Committee's investigation confirmed that Mrs. Clinton's role in the representation of Madison Guaranty in the preferred stock matter was very limited. A related issue is whether, notwithstanding the limited nature of her work on the securities matters, Mrs. Clinton sought to use her position as the Governor's wife to seek special treatment for Madison Guaranty. The Special Committee's investigation has established that there was no effort to obtain preferential treatment, and that, in fact, no preferential treatment was given. To the contrary, the Arkansas Securities Department under the direction of Beverly Bassett Schaffer performed its duties in an entirely appropriate manner and took no action that either improperly benefitted Madison Guaranty or that was in any way inconsistent with the public interest.

Mrs. Clinton had one brief telephone discussion with Schaffer at the outset of the representation. Schaffer testified that she did not attach any particular significance to her one telephone conversation with Mrs. Clinton. Nor did anyone in the Governor's office put any political pressure on Schaffer or her staff to give Madison Guaranty special treatment. The record demonstrates that Schaffer behaved exactly as an appointed regulatory official should in relying upon the expertise of her professional staff to identify applicable regulatory requirements and then insisting that all such requirements be met before her department approved Madison Guaranty's proposals. Because those requirements were never satisfied, the proposals were never approved.

The Special Committee found that ultimately it was Schaffer who recommended in 1987that Madison Guaranty be closed by the federal regulators. The federal regulators did not close Madison Guaranty until 1989. This delay was the result of the failure of the federal authorities to act on Schaffer's December 1987 recommendation and was in no way caused by Schaffer or other Arkansas officials. Although the Special Committee did not investigate the effect this delay had on the losses associated with Madison Guaranty, it is likely that those losses would have been reduced if the federal authorities had heeded Schaffer's recommendation and closed the institution in 1987.

4. The IDC Real Estate Transactions

In the late summer and fall of 1985, the Rose Law Firm provided some legal services to Madison Guaranty in connection with the purchase of a large tract of land south of Little Rock from the Industrial Development Corporation or "IDC." The work done by the Rose Law Firm, and especially Mrs. Clinton, on IDC matters was the subject of considerable attention by the Special Committee. The focus of that attention has been on whether Mrs. Clinton or other Rose Law Firm lawyers had any involvement in aspects of the IDC transaction that may have been unlawful. In particular, the Committee reviewed the initial purchase of a portion of the IDC property by Seth Ward, a transactions that has been characterized as a sham, "straw man" purchase (although Ward vehemently denies that charge), and the subsequent resales of parcels of that property to Madison Guaranty insiders. The Special Committee's investigation confirmed the conclusion of Pillsbury Madison & Sutro that the evidence does not support the assertion that the Rose Law Firm or Mrs. Clinton was aware of any unlawful conduct involving the IDC property.

Although the Rose Law Firm did not do any legal work on the aspects of the IDC transaction that raised bank regulatory issues, the firm did provide legal services to Madison Guaranty on other matters relating to the development of the IDC property, and the Rose Law Firm provided that service. The bulk of that work, which was supervised by Mrs. Clinton, involved analysis of issues relating to utility regulations and laws regulating the sale of alcoholic beverages. The evidence collected by the Special Committee indicates that Madison Guaranty needed legal counsel on these two relatively routine legal issues that related to the development of the IDC property. Mrs. Clinton, recalls that she "conducted research and explored possible issues pertaining to [the brewery and utility matters], both on my own and in partnership with Mr. Donovan [the Rose Law Firm associate who assisted her]." The Rose Law Firm billing records confirm Mrs. Clinton's recollection of her involvement in these matters.

Another matter relating to the IDC transaction that was reviewed by the Special Committee involved Mrs. Clinton's prior public statements that she did not work on the "Castle Grande" matter for Madison Guaranty. The Committee's review demonstrated that confusion has arisen as to whether the entire property purchased from IDC was known as "Castle Grande" at the time Mrs. Clinton performed the legal work described above. The documents and testimony provided to the Special Committee clearly indicate that within the Rose Law Firm, the work was known as the IDC matter. Although with the passage of time the entire property has sometimes been referred to as Castle Grande, the evidence collected by the Special Committee established that during the relevant time period -- in 1985 and 1986 when the Rose Law Firm was providing legal services to Madison Guaranty -- only the portion of the IDC property south of 145th Street was called Castle Grande. That was the name James McDougal gave to the residential development he started on that portion of the IDC property. John Latham testified that the residential area which was named Castle Grande was "really a small part of" the IDC property. The projects Mrs. Clinton worked on were related to the other, commercial, portions of the IDC tract, and did not involve the Castle Grande residential development. Thus Mrs. Clinton's prior statement that she did not work on Castle Grande is consistent with the evidence obtained by the Special Committee.

E. DAVID HALE

David Hale is the only witness who has claimed that Governor Clinton participated in discussions of financial transactions concerning Madison Guaranty and Capital Management Services, Inc. Hale, a twice convicted felon and an admitted liar and perjurer, has claimed that on three occasions in late 1985 and early 1986 Governor Clinton spoke with him about an illegal $300,000 loan Hale was considering making to Susan McDougal. President Clinton has denied ever speaking with Hale about a loan to Susan McDougal. No document or witness brought before the Special Committee has corroborated Hale's assertion in any way.

The jurors in the Tucker/McDougal trial, at which Hale and President Clinton both testified, made clear after the trial that they rejected Hale's unsubstantiated claim about Governor Clinton. One juror, Colin Capp, stated that the jurors considered Hale "an unmitigated liar ... [who] perjured himself. ... David Hale invoked the President's name for one reason: to save his butt. We all thought that way." Another juror, Earnest Williams, agreed, adding, "I didn't believe a thing Hale said."

In stark contrast, the jurors stated after the trial that they believed President Clinton when he denied having spoken with Hale about the loan to Susan McDougal. Sandra Wood, the jury foreperson, told the press, "The President's credibility was never an issue. I just felt like he was telling us to the best of his knowledge what he knew." Juror Tracy Pleasants added, "I just felt as though he [President Clinton] was telling the truth, and I wasn't so sure about David Hale."

Even Ray Jahn, the lead prosecutor who presented Hale's plea-bargained testimony at the trial on behalf of the Office of the Independent Counsel, backed away from Hale's unsupported assertion about Governor Clinton. In his closing argument, Jahn told the jury that no one, including Hale, had alleged wrongdoing by Governor Clinton. The lead prosecutor told the jury what anyone who had taken the trouble to review the actual testimony (rather than the hype) already knew -- that there was no evidence presented at the trial, including Hale's testimony, that anyone pressured Hale to make the loan to Susan McDougal or her company, Master Marketing.

The Special Committee has in its record an abundance of evidence, including 1,600 pages of official transcripts reporting nine days of Hale's testimony at the Tucker/McDougal trial, that sheds considerable light on Hale's veracity. Consistent with the view expressed by the jurors in the Tucker/McDougal trial, the evidence in the Committee's record compels the conclusion that Hale's unsupported allegation regarding Governor Clinton is false.

SUMMARY OF CONCLUSIONS: FOSTER PAPER MATTERS

The Special Committee conducted an exhaustive investigation into the handling of documents in the office of Vincent Foster following his death. The investigation focused on the brief entry of Foster's office by three senior White House officials on the night of Foster's death for the purpose of looking for a suicide note, on the review of the contents of Foster's office conducted two days later by White House Counsel Bernard Nussbaum in the presence of law enforcement officials, and on the subsequent disposition of those contents, including personal and financial papers belonging to President and Mrs. Clinton.

Although some voiced the opinion that the White House exercised questionable political judgment, particularly with regard to method used during the July 22, 1993 search of Foster's office in the presence of law enforcement officials, the evidence did not establish any unethical or unlawful conduct by any White House official.

A. The Night of July 20, 1993

The evidence showed that Nussbaum, Margaret Williams and Patsy Thomasson entered Foster's office on the night of Foster's death to look for a suicide note and to grieve for their friend and colleague. All three testified that they were in Foster's office only briefly, that they reviewed no documents, and that they removed nothing.

Officer Henry O'Neill testified that he observed Williams remove materials from Foster's office on the night of July 20, 1993. O'Neill's testimony, however, was confused and inconsistent as to what it was he remembered Williams carrying. Williams, by contrast, was quite clear in her testimony that she did not remove anything from Foster's office that night. Williams' testimony was corroborated by the results of two polygraph examinations, including one conducted by the Office of the Independent Counsel.

B. The Review of the Contents of Foster's Office

The unanimous opinion of the law enforcement witnesses who appeared before the Committee was that neither the Park Police nor the Justice Department had the authority to enter or review documents in Foster's office. Deputy Attorney General Philip Heymann testified that the Justice Department could not have obtained a search warrant or a subpoena for items in Foster's office because no crime had been committed. Consistent with their limited authority, the Park Police never expressed a desire to review all of the documents in Foster's office. To the contrary, their focus was much narrower -- the Park Police sought to examine Foster's office only for a suicide note or other personal documents capable of shedding light on Foster's state of mind.

The Committee heard divergent testimony about whether Nussbaum and Heymann reached an agreement on July 21, 1993 concerning the procedures for the review of the documents in Foster's office. Department of Justice officials testified that Nussbaum agreed on July 21 that they, too, would be permitted to review Foster's documents. Nussbaum and other White House lawyers testified that there was no such agreement.

The Majority has concluded that Nussbaum reneged on an agreement with Heymann under instructions from Mrs. Clinton passed through Williams and Susan Thomases. The Majority bases its conclusion on telephone records indicating that certain telephone calls were made on the morning of July 22.

The Majority's conclusion is inconsistent with the testimony the Committee received. Nussbaum, Williams and Thomases all testified that they did not speak with Mrs. Clinton about the review of Foster's office, and Nussbaum and Thomases testified that Thomases did not act as an intermediary between Mrs. Clinton and Nussbaum.

Most important, the Department of Justice attorneys told the Committee that although they thought Nussbaum's decision not to allow them to review the materials in Foster's office was a mistake politically -- because Nussbaum's decision could create an appearance of a lack of impartiality -- they made clear that Nussbaum's actions constituted no violation of any law or ethics rule. Indeed, Heymann testified that Nussbaum went "beyond what could be legally required of the White House Counsel" by permitting law enforcement officials to be present during the search.

Nussbaum went through the documents in Foster's office in the presence of investigators from the Park Police and career attorneys from the Justice Department. Nussbaum described the documents as he went through them, and he put to one side all of the documents the law enforcement officials expressed an interest in seeing. The White House promptly made all of these documents available to law enforcement for copying and review. No Park Police or Justice Department official ever asked permission to review any of the Clintons' personal financial files in Foster's office. As one of the senior Justice Department officials present during the search testified, "things like tax returns and personal financial information of the Clintons ... didn't have much to do with a suicide investigation."

C. The Disposition of the Clintons' Personal Files in Foster's Office

Following the review of documents in Foster's office on July 22, 1993, Nussbaum decided to give the Clintons' personal files to their personal attorneys, Williams & Connolly. Neither the Justice Department attorneys nor the Park Police investigators present during the document review objected to Nussbaum's stated intention to send the Clintons' personal files to their private attorneys.

Nussbaum asked Williams to deliver certain personal documents of the Clintons' from Foster's office to the Clintons' personal attorneys. Williams testified that later that afternoon, having attended to other matters in the meantime, she decided not to deliver the files to the Clintons' lawyer that day. Rather than leave the files in Foster's office or in her own office, Williams decided to put them in the White House residence.

Bob Barnett, the Clintons' personal lawyer at Williams & Connolly, retrieved the personal files on July 27, 1993. Barnett does not recall seeing or speaking with Mrs. Clinton that day. He was certain that Mrs. Clinton was not present while he reviewed the contents of the box.

There is no evidence that any of the personal files were removed or tampered with before they were transferred to Williams & Connolly. Nor is there any credible evidence that any document that was in Foster's office at the time of Foster's death has been withheld from the Committee.

D. The Discovery of Foster's Torn-Up Note

White House officials discovered a torn-up note in Foster's briefcase on July 26, 1993. The White House provided the note to law enforcement officials as soon as they were able to notify Mrs. Foster and the President. Law enforcement officials testified that their investigations were not affected by the timing of the discovery and production of the note.

ROSE LAW FIRM BILLING RECORDS

In January 1996, Carolyn Huber had some furniture removed from her White House East Wing office. She used the occasion to review the contents of a box of photographs and other materials to be catalogued that had been under a table, and discovered the Rose Law Firm billing records. Ms. Huber believed that these records had been requested by investigating authorities, and she immediately called David Kendall, the personal attorney for President and Mrs. Clinton. Later that afternoon, Kendall, Huber, Special Counsel to the President Jane Sherburne and Huber's personal attorney reviewed the documents together. At the end of this review, the lawyers concluded that the billing records were called for by various requests for documents from government agencies. They copied the documents that night and produced to them the next day to the Independent Counsel, the Special Committee, the House Banking Committee, and the FDIC.

The documents found by Huber are copies of Rose Law Firm billing records for the firm's representation of Madison Guaranty in the mid-1980's. While these records provide more detail than was previously available, they do not contradict what Mrs. Clinton and Rose Law Firm lawyers have said about the representation of Madison Guaranty. The Rose Law Firm was not Madison Guaranty's regular outside counsel, and it handled only certain discrete assignments for the institution. Within the firm, Mrs. Clinton's work for Madison Guaranty was limited in time and scope. Work performed for Madison Guaranty comprised only a small fraction of the firm's total billings and of Mrs. Clinton's total billings.

The Special Committee sought to establish the chain of custody of the Rose Law Firm billing records prior to their discovery by Huber in January 1996. It is not possible on the existing record to ascertain when and by what means the billing records were brought into the White House, or in whose custody they remained once they were there. Huber testified that she first encountered the billing records during the first or second week of August 1995. She first saw them in the "Book Room," a room on the third floor of the White House residence used at that time to store gifts, photographs, newspaper and magazine articles, and other items to be catalogued. Huber testified that the documents had not been on the table in the Book Room when she last had occasion to be in that room, a week or two before. Huber retrieved four or five boxes of materials to be catalogued from the Book Room that day. She testified that the documents remained undisturbed in a box on the floor of her office from August 1995 to January 4, 1996, when the table was removed from her the office and she examined the contents of the box.

It appears that the billing records were in Foster's possession Foster in February 1992. Webster Hubbell testified that during the Presidential campaign early in 1992, an issue arose regarding contacts Mrs. Clinton may have had with the Arkansas Securities Department on behalf of Madison Guaranty. Either Hubbell or Foster requested that the billing records be printed by the Rose Law Firm accounting department.

The testimony and the FBI fingerprint analysis of the records leave open the possibility that Foster brought the billing records to the White House. If so, they may have passed out of his possession before his death.

Contrary to the Majority's insinuations, Kendall issued a statement on January 5, 1996 making clear that Mrs. Clinton did not put the billing records in the Book Room: "the First Lady was not aware until today that these records were located in the White House." On January 26,

1996. Mrs. Clinton herself told the press, "I do not know how the billing records came to be found where they were found, but I am pleased that they were found, because they confirm what I have been saying."

THE D'AMATO REPORT

Senator D'Amato's report amounts to nothing more than a $1.8 million taxpayer subsidized press release for the Bob Dole for President campaign.

- 139 witnesses, 10,000 pages of hearing testimony, 59 days of hearings -- all at a cost of $1.8 million to American taxpayers -- and Senator Alfonse D'Amato, Bob Dole's presidential campaign chairman, could not produce a single legitimate finding of wrongful or unethical conduct by the President and First Lady.

  - The "findings" made by the D'Amato Report rely on little more than rank innuendo and discard key facts when they do not support the Republicans' preordained conclusions.

  - As early as November 1995, the First Lady volunteered to answer the Republicans' questions. But they didn't have the political guts to ask that she do so. Instead, they sent her a few questions on Thursday night, June 13 -- the day before the Committee expired -- and then over the weekend widely leaked their conclusions about her conduct without waiting for the answers that she provided by 10 a.m. on Monday, June 17, Senator D'Amato's stated deadline.

- The D'Amato hearings have amounted to a year's worth of opposition research for the Dole for President campaign -- a $1.8 million contribution to the Dole campaign from American taxpayers.

- The American people will not be fooled by the D'Amato report. They understand that while politically motivated partisan opponents of the President were holding 59 days of hearings on a 20 year old losing investment they held only one day of hearings on their own plan to gut medicare.

Senator D'Amato, unable to find any wrongdoing during the 59 days of hearings, has resorted to making unsubstantiated charges of perjury and obstruction of justice in an attempt to grab media attention.

- The Senate Democrats listened to the same testimony and were presented with the same documentary evidence, but concluded that there was no unethical or illegal conduct.

- For Senator D'Amato, if a witness cannot recall some stale detail, he or she is being disingenuous; if witnesses have conflicting testimony, one of them is lying; if witnesses have consistent statements, there must be a conspiracy.

- Senator D'Amato's leaked intention to "refer" certain White House officials for investigation by the Independent Counsel for perjury constitutes the worst kind of political grandstanding in a desperate effort to generate headlines.

- Senator D'Amato's "referral" is a purely theatrical gesture -- nothing more than a letter with no particular legal standing that simply asks the Independent Counsel to do what he already is doing.

- We assume the Independent Counsel is just that -- independent. We also assume that the Independent Counsel recognizes Senator D'Amato's reckless request for what it is -- the end product of a politically poisoned process.

Time and time again, Senator D'Amato claimed publicly that he had proof of illegal or unethical conduct by the Clinton Administration. However, each time, once all the facts were out, Senator D'Amato allegations evaporated into dry holes.

- The Independent Counsel's fingerprint analysis was good news for the White House: for a year the Whitewater hearings showcased a conspiracy theory under which White House staffers removed the billing records from Vincent Foster's office on the night he died. The fingerprint analysis completely undermines the Republican theory.

    - The fingerprint analysis repeats again the pattern of Senator D'Amato's partisan hearings: Whenever hard facts were permitted to replace rank innuendo, the Republican Whitewater charges disappeared.

    - The billing records confirm what the President and First Lady have said all along about the nature and amount of Mrs. Clinton's work at the Rose Law Firm.

- The Republicans drilled one dry hole after another over the past year in a constant effort to maintain press interest in hearings that failed to produce a single legitimate finding of wrongdoing by the President or the First Lady.

    - o The "mystery phone call" on the night of Vincent Foster's death that Senator D'Amato cast with national security implications and which turned out be nothing more than a defunct trunk line -- dry hole.

- o The so-called "Helen Dickey" phone call that played off the craziest of the right wing's pet conspiracy theories but turned out be a call that never occurred -- dry hole.

- o The much ballyhooed testimony of Richard Massey that Senator D'Amato alleged would undermine the sworn statements of the First Lady, but which proved absolutely consistent on every key point -- dry hole.

- o Senator D'Amato's star witness, David Hale, a convicted felon and confessed perjurer, who simply refused to appear before the Committee once his credibility was blown at the Little Rock trial -- dry hole.

- The D'Amato pattern of dry holes became a familiar one: (1) Senator D'Amato would make public allegations in advance of any investigation; (2) The facts would disprove Senator D'Amato's unsubstantiated allegations; and (3) Senator D'Amato would fail to correct the record.

The White House has cooperated with every request of Senator D'Amato's Committee.

- The White House and the Clintons provided over 35,000 pages of documents to the Committee.

- The White House made available for questioning over 40 former and current White House officials -- many of whom appeared on numerous occasions and testified without any preconditions.

- There is absolutely no evidence of documents or evidence being destroyed or withheld.

- At the insistence of Senator D'Amato, the White House spent over $125,000 searching for e-mail. The search found nothing.

Hold on file

Vogue / Oct 98

view overheard

LOOK WHO'S COMING FOR DINNER

What happens when the invite to dinner at the White House arrives? Marina Rust RSVPs with pleasure.

a telephone call last June.

"Is it all right if I wear black?" asks Amanda. "I have this black Valentino but feel I should wear American."

"American's good."

"I'm thinking Blass. In a color. Washington is the South, isn't it?"

"Blass. Color. Absolutely."

"Is red too . . . Nancy?"

"I wouldn't worry."

"I wouldn't want to be incorrect. . . ."

"Again, I wouldn't worry."

New York, two weeks earlier. I'd bought the gray silk-faille ball dress at a sample sale, without benefit of try-on. It had hung, unaltered, in my closet for two years.

Dimitra, my alterations whiz, is incredulous. "You need it *when*?"

"Wednesday."

"No. Not enough time."

"It's for dinner at the White House."

"What time Wednesday?"

It's a big deal, dinner at the White House. According to Miss Manners, it's the one invitation for which it's acceptable to dump another. But gracefully, I'm sure.

"Stay at the Hay-Adams," I advise Amanda. "It will be humid, so book a blow-dry."

"You wore de la Renta, right?"

"Right."

"What did Hillary wear?"

"A yellow pantsuit."

"A what?"

"Like I said. No need to worry."

Amanda calls the day after her event. She went with the Valentino.

"The first thing they need to change is that airport-security machine. It's at least ten years old. And that evening-bag check. What if you had a tampon in there?" She was equally distressed by the other guests' attire. "Sequins, cocktail dresses, stockings. . . . Belle France? What were these women thinking?"

I had my surprises, too. Everyone knows that female guests to the White House are escorted by military personnel. This is what Chuck Robb was doing when he met LBJ's daughter. Anyway. Expecting a handsome naval officer, I got a pretty one instead.

"Very p.c.," ventures Amanda.

"Not really. The man behind me asked if he could have one, too. He was told no."

"I had a divine Marine—male—escort me to the ladies' room."

"Me, too! Why is it they think we need help getting there?"

"It's probably to prevent guests from snooping around . . . as in 'Excuse me! I was just looking for the bathroom!' "

"All I can say is, if female naval officers can wear long skirts, why can't the First Lady?"

The envelope announcing table number 37 tipped us off.

"How many people were at your evening?"

"We were told it was going to be small. Five hundred?"

There was no receiving line. Therefore, no handshaking photo. Amanda felt cheated and went to get a drink. "I couldn't believe the garbage cans by the bar—gray plastic. So . . . *standard*." The reception rooms were crowded. An ebullient Italian jostled her, spilling red wine on the carpet. She quickly fled. "I couldn't see calling for seltzer and paper towels."

Our event was similar. Ian and I milled through the reception rooms. The Blue Room was yellow. In the Green Room, we saw a lot of people we knew from New York. It was growing hard to conceal our disappointment.

"Look at the bright side," says Amanda. "At least you know you can pass a Secret Service check."

Dinner was under an enormous tent on the South Lawn. We arrived early at the table. Then we saw it. There we were, in love's early bloom . . . separated by strangers. The final straw. A wicked urge came over us.

"You didn't," hisses Amanda.

"We did."

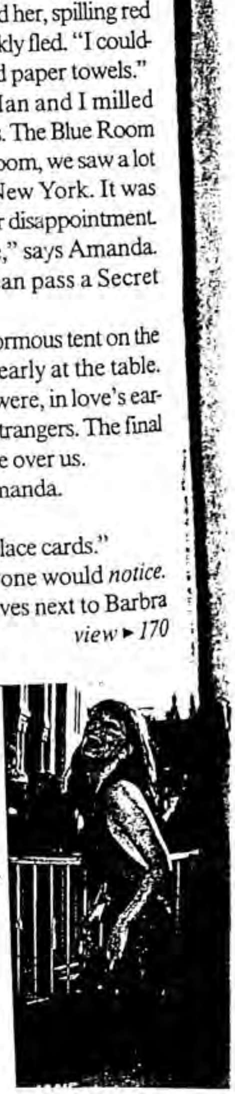
"You . . . switched . . . place cards."

"Well, it's not like anyone would *notice*. It's not like we put ourselves next to Barbra Streisand or anything."

view ▸ 170

celeb closet case Jane Leeves

Kristina Zimbalist asks *Frasier*'s humorous housemate: What were you wearing when . . .



You auditioned for *Frasier*?
A blue dress covered in sparkles and my hair back in a bow, which is so not me. But they bought it.

***Frasier* won the Emmy?**
A red Halston gown made of tiny sequins. At one point, the two teeny straps decided to snap. I found myself in the

On the show, I basically have no style. My character is, after all, a health-care worker and can't quite get it together. The colors are a little off, or she'll dress too girlie, but it fits in with who she is.

You began playing Daphne?
Big, floral-print dresses that remind you of seed-packet advertisements, or ... puffy shirt. I looked dumpy

It was England at Christmas: an antique-fabric dress with buttons down the back and a scoop neck. I just loved it.

You auditioned for your *Seinfeld* episode?
I had to put on my best virgin outfit: a little flowered dress and a cardy. Not an ounce of flesh was showing.

You were seventeen?

(continued from page 164)

What followed were prefilled plates and solemn speeches. The band played "If I Were a Rich Man," and they ran out of red wine.

Amanda's dinner was much the same, although she behaved decently.

"It was like a disease benefit at the Waldorf," she decides. "Except for the wine."

Amanda wonders if we are being anachronistic, moaning about our dashed expectations. "Spoiled, yes. But anachronistic?"

Last year, during a television appearance, Kennedy social secretary Letitia Baldrige spoke of the trend. "We've become terribly informal. . . . You look at the White House today and people come late for dinner. It says 'black tie,' and women come in cocktail dresses. They don't come in ball gowns like they're supposed to."

"Well, what's the difference?" asked Tom Snyder. "These are little things."

"The panorama is beautiful when everyone is properly dressed."

If not there, then where? I contacted Baldrige via her Web site, www.letitia.com.

"Have you heard of women wearing pants?" I ask.

"I'm putting on my stuffy etiquette hat and saying pants are inappropriate for a formal evening at the White House."

Aha.

"These are grungy times," concludes Baldrige.

I report back to Amanda. "Not only are pants 'inappropriate attire,' they're an 'odd choice' for hot weather."

Amanda's turned stuffy herself. "Don't we have better things to think about?"

"*You're* the one who was afraid of wearing red. Which, by the way, Letitia said was fine."

"Think about it," says Amanda. "Isn't our wanting to wear a ball dress today akin to longing for the days of white gloves 30 years ago? Aren't we being a *tad* anachronistic?"

"They still *wore* white gloves 30 years ago. Besides, Letitia's not anachronistic. She has a Web site."

"Let's hope Letitia doesn't find out about your place-card switch."

Gloomy, I call my friend David. David was one of those handsome naval officers in the Reagan White House. I ask if he's heard the shocking news.

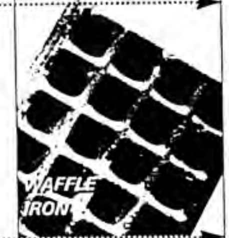
"Oh, they've had female escorts for decades," he says. "It's been completely equal opportunity. Even in the Reagan years."

The lamb was delicious. As is the crow. □

vogue's view ▸ 174

tracing a trend: the lab of luxury

While traditionalists stick with cashmere, sable, and shahtoosh, the sci-fi set is wiring up a full spectrum of futuristic fabrics and exclusive techno materials (more Intel-toolbox than atelier). From the haute couture runways to London's streets, fabric innovation is fashion's latest fixation. Here's a user's manual for the season's high-tech twists. Buyer beware: Overzealous dry cleaners might pull the plug on these high-voltage items. —NATHAN COOPER

DESIGNER	ITEM	TECHNOLOGY	SPIN-OFFS
 Jil Sander	 "GLAZED" ALPACA COAT	SANDER HQ SAYS TOP SECRET: PRESSED ALPACA WOOL COATED AND TREATED IN "A VERY SPECIAL WAY"	 GLAZED KRISPY KREME DOUGHNUT
 Dolce & Gabbana	 MIRROR FABRICS	MERCURY RISING: CLEAR STRETCH PLASTIC COATED IN A LAB WITH LIQUID SILVER, HEAT-SEALED, AND LINED WITH SILK	 SOLAR [illegible] FOR
 Patek Philippe	 NEW SPORT WATCH	QUASI-RUBBER 20-MATERIAL COMPOUND STRAP DEVELOPED WITH SWISS MILITARY KNOW-HOW. MORE THAN A YEAR IN THE MAKING	 MILITARY TANK TREADS
 Prada	 SLIP DRESS WITH PERMA-CREASES	"FELTRO PLISSÉ" MACHINE-PRESSED WOOL BONDED WITH POLYESTER AND HEAT-SEALED TO GET THAT FRESH-OUT-OF-THE-SUITCASE LOOK	 WAFFLE IRON
 Vexed Generation	 STAIN-RESISTANT "VEXED" DENIM	TRADEMARKED WATER-, TEAR-, AND STAIN-RESISTANT DENIM WOVEN WITH TEFLON FIBERS FOR ULTIMATE STREET TOUGHNESS AND SLICK STYLE	 FRYING PAN
 Atelier Versace	 METALLIC SHELL	CYBER SHANTUNG: CASHMERE AND WOOL BLEND HANDWOVEN AND SPUN WITH ALUMINUM FIBERS	 COKE CAN

Amy Weiss
11/04/98 03:31:01 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: FYI: Circulation of 20 Biggest US Papers

Thought you'd find this of interest.

Circulation of 20 Biggest US Papers

By The Associated Press
Monday, November 2, 1998; 7:11 p.m. EST

Average weekday circulation of the nation's 20 biggest newspapers for the six months that ended Sept. 30, with percent change from the same period last year, as compiled by the Audit Bureau of Circulations.

1. The Wall Street Journal, 1.74 million, down 1.9 percent

2. USA Today, 1.65 million, up 1.5 percent

3. Los Angeles Times, 1.068 million, up 1.7 percent

4. The New York Times, 1.067 million, down 0.8 percent

5. The Washington Post, 759,122, down 1.8 percent

6. Daily News of New York, 723,143, up 0.3 percent

7. Chicago Tribune, 652,199, down 0.2 percent (1)

8. Newsday of New York's Long Island, 572,444, up 0.6 percent

9. Houston Chronicle, 550,763, up 0.3 percent

10. The Dallas Morning News, 504,357, down 0.4 percent (2)

11. Chicago Sun-Times, 485,666, up 0.3 percent

12. San Francisco Chronicle, 475,324, down 1.8 percent

13. The Boston Globe, 470,825, down 1.3 percent

14. New York Post, 437,467, up 0.3 percent

15. The Arizona Republic, 435,330, down 0.1 percent

16. The Philadelphia Inquirer, 428,895, up 0.2 percent

17. The Star-Ledger of Newark, N.J., 407,026, up 0.3 percent

18. The Plain Dealer of Cleveland, 382,933, down 0.2 percent

19. Detroit Free Press, 378,256, down 2.0 percent

20. The San Diego Union-Tribune, 378,111, up 0.7 percent

(1) Average weekday circulation is based on Chicago Tribune's own calculations. The ABC report breaks the Tribune's circulation into two separate periods: Monday-Tuesday and Wednesday-Friday.

(2) Average weekday circulation is based on Associated Press calculations of two separate periods listed in ABC report for Dallas Morning News: Monday-Thursday and Friday.

Back to the top

Message Sent To: ______________________________

Jennifer H. Smith
11/18/98 06:05:04 PM

Record Type: Record

To: citadel @ alliance.com @ inet

cc:
Subject: First Lady Hillary Rodham Clinton

(This message is for Mark Sennet. Please pass this along to him.)

Dear Mark:

I am writing to apologize for the delay in responding to your request of August 3rd for Mrs. Clinton's help with your PSA and movie about Dorothy Moran. Mrs. Clinton has been traveling quite a bit lately, so we have not had a chance to address many of the requests we've received lately. I will hold on to your request to share with her when she has a little more time. Sorry about the inconvenience.

Sincerely yours,
Jen Smith
Press Coordinator
First Lady's Office

marsha

CITADEL
ENTERTAINMENT, LLC

VIA FACSIMILE

August 3, 1998

Apologize + follow up

Melanne Verveer
Chief of Staff for the First Lady
THE WHITE HOUSE
1600 Pennsylvania Avenue
Washington D.C.

RE: DOROTHY'S JOURNEY

Dear Melanne,

Per Mrs. Clinton's conversation with Congressman Jim Moran, this is to let Mrs. Clinton know that we are all very excited about her willingness to participate in DOROTHY'S JOURNEY, a television movie that we are developing about the Morans and their struggle to care for Dorothy, their daughter who fought cancer and won.

While Congressman Moran generally discussed the movie with Mrs. Clinton, and her involvement in a Public Service Announcement (PSA), he forgot to ask Mrs. Clinton if she would appear in the movie itself, in one or two scenes that would reflect her actual visits to Dorothy in the hospital. Mrs. Clinton's participation in these scenes would greatly increase the probability of DOROTHY'S JOURNEY getting made and most certainly help draw attention to this incredible story of hope.

To further make this story an event for television, we are in discussions with Ted Danson and Mary Steenburgen to star in the movie.

For your information, I am a veteran television producer of high quality network movies, including Ellen Hart Pena's movie titled "Dying to be Perfect: The Ellen Hart Pena Story," which I know the Clinton's viewed and enjoyed very much. My company, Mark Sennet Productions, and my development and production partner, Citadel Entertainment, a division of Alliance Communications, have produced a number of critically acclaimed movies such as RASPUTIN, SWITCHED AT BIRTH, CITIZEN X, and last month's HBO World War II movie WHEN TRUMPETS FADE.

I realize that Mrs. Clinton's schedule is incredibly hectic, but we would like to have her in a couple of scenes in the movie and deliver the PSA, and I can assure you that it will not require a tremendous amount of her time. It would be an incredible honor to have Mrs. Clinton in DOROTHY'S JOURNEY and I hope this meets with her approval. I look forward to hearing from you.

Sincerely,

Mark Sennet
Executive Producer
Mark Sennet Productions

cc: Congressman Jim and Mary Moran

www.stargazette.com
The first Gannett newspaper
Friday, June 4, 1999
Elmira, New York
New York Edition
50 cents

HOW ABOUT PUTING AN END TO THIS QUESTION?

So Hillary Clinton says she's been to Elmira? Hmm ...

By G. JEFFREY AARON
Star-Gazette
jaaron@stargazette.com

Did she or didn't she? Inquiring minds want to know if first lady Hillary Clinton really visited Elmira, and if so, where, when and why.

Curiosity was bred by a statement the first lady made Wednesday during a luncheon in Manhattan with state-level Democrats.

CLINTON

"There are a number of people here from Elmira," said Mrs. Clinton, a potential Democratic candidate for Daniel Patrick Moynihan's U.S. Senate seat. "I've been to Elmira and I'm pleased to see that Elmira has come here today."

It was the second time in 11 days the first lady and Elmira have been linked. She came under fire May 23 on ABC's "This Week" news analysis show. Program regular George Will questioned whether Mrs. Clinton knew where Elmira was. Rep. Rick Lazio, R-N.Y., said the first lady needed an exploratory committee to find the city. Co-host Sam Donaldson said GOP candidates in N.Y. would certainly know where Elmira is.

But some local politicos are still scratching their heads over the lingering question: If the wife of the 41st president came to Elmira, how did we miss her?

"I've lived here all my life, but have no knowledge at all about her comings and goings," said Jim McGann, a lifelong Elmiran and the former head of the Elmira City Democratic Committee. "I'm not going to assume she was lying because she's a very honorable lady, but she was probably mistaken."

McGann added: "All it means is that we Democrats have got to get her here."

It's true she visited Seneca Falls last July to take part in a ceremony commemorating the first known women's rights convention. She also visited a

See CLINTON/8A

Inside

DIAL-A-VOTE

Have you seen Hillary in Elmira?

YES
607/733-2657
NO
607/737-6255

Call until 7 p.m. today. Result Saturday

The Star-Gazette Dial-A-Vote is not a scientific poll. Its purpose is to give all readers a chance to express their opinions.

Clinton: Has she been to Elmira?

Continued from Page 1A

Native-American burial ground in Victor, N.Y.

It's also true she spent a day in Ithaca on her way to Seneca Falls, giving a speech at Cornell University and visiting local tourist attractions.

And the July 27, 1998, edition of Time magazine says she made an unscheduled stop for a chocolate-and-vanilla ice cream cone at a roadside stand in tiny Weedsport, N.Y., during her Seneca Falls jaunt.

But Elmira? If Mrs. Clinton did visit, perhaps she flew into the Elmira-Corning Regional Airport in Big Flats. A spokesperson for the airport's security department, however, had no recollection of that happening.

A spokeswoman from the first lady's press office could not provide the exact date of the Elmira visit, but said if Mrs. Clinton said she visited, then she probably did.

Keith Osborne, chairman of the Chemung County Democratic Committee, attended the Manhattan luncheon Wednesday with local Democrats Carl T. Hayden and Jim Hare. He took a different view that could shed some light on the mystery.

"The problem is that everyone is assuming it was when she was the first lady, a governor's wife or the wife of a presidential candidate," Osborne said.

"She never said it was yesterday," he said, adding that she might have visited before she became well-known.

Osborne said he has asked the state Democratic Committee to look into the matter.

Ask Hillary to visit

Hillary Rodham Clinton has said that if she runs for senator in New York, she plans to visit upstate families.

If Clinton came to visit your family, what would you talk to her about?

Where would you take her to show her the sights of the Twin Tiers?

The Star-Gazette wants to know. Write Hillary Clinton a letter, and tell her why she should visit you. Send the letter to the Star-Gazette, and we may publish it at a future date.

Regardless of whether we publish your letter, though, we promise to forward it to Clinton at the White House.

Address your letters to Scott Burgess, Star-Gazette, 201 Baldwin St., P.O. Box 285, Elmira, N.Y. 14902 or email it to sburgess@stargazette.com. Please include daytime and evening phone numbers.

Marcia Berry
fyi
Patsy Smullin