

conflict with President Clinton about it is not, as they say, a balanced budget. It is the budget will fund: the House Republicans using the budget process they could not accomplish regular legislation: to re- government in their in- have been attempting a

bill passed by Congress Federal agencies to re- work if President Clinton a plan to balance the even years. He immedi- But the Environmental Agency, for example, is manager funds in the term- plan that it must uch of what it has been

the kind of question that conflict really presents: to protect wetlands and nd water? The Republi- want to gut that protec- discovered that open environmental laws are harmful, they are trying gutting in the guise of ve budget.

apt to disguise what is at : budget conflict contin- the moment of forced us Representative Ron letter to The New York izing a column of nine. epublicans truly were historic struggle to bal- idget." He ignored the it issue, such as the fact an balances the budget : hurt poor working fam- giving large benefits to : percent of Americans. native Bill Archer. I the House Ways and mittee, convinced me to s to the editor that I was writing about a provi- Republican tax-cut pro- credit for research and ition will go not to just ater companies, as I to at least 100 comp-

ion of Republican lead- ident Clinton's budget- an showed again that the not about balance but kind of government the inance. Republicans pro- Clinton plan did not proposals to end Federal did not cut back hard edicare and Medicaid. nents of the budget that they matter a lot. There ys to balance the budget defense, for instance, as of Maryland poll shown ans want to do. But the s is about domestic pro- its outcome will deter- aracter of the Federal for years to come. C

Essay
WILLIAM SAFIRE

87805

Blizzard of Lies

Americans of all political persua- sions are coming to the sad realiza- tion that our First Lady — a woman of undoubted talents who was a role model for many in her generation — is a congenital liar.

Drip by drip, like Whitewater tor- ture, the case is being made that she is compelled to mislead, and to en- snare her subordinates and friends in a web of deceit.

1. Remember the story she told about studying The Wall Street Jour- nal to explain her 10,000 percent prof- it in 1979 commodity trading? We now know that was a lie told to turn aside accusations that as the Govern- or's wife she profited corruptly, her account being run by a lawyer for state poultry interests through a dis- reputable broker.

She lied for good reason: To admit

Protecting Bill from Hillary.

otherwise would be to confess taking, and paying, taxes on, what some think amounted to a \$100,000 bribe.

2. The abuse of Presidential power known as Travelgate elicited another series of lies. She induced a White House lawyer to assert flatly to in- vestigators that Mrs. Clinton did not order the firing of White House trav- el aides, who were then harassed by the F.B.I. and Justice Department to justify patronage replacement by Mrs. Clinton's cronies.

Now we know, from a memo long concealed from investigators, that there would be "hell to pay" if the furious First Lady's desires were scorned. The career of the lawyer who transmitted Hillary's lie to au- thorities is now in jeopardy. Again, she lied, with good reason: to avoid being identified as a vindictive polit- ical power player who used the F.B.I. to ruin the lives of people standing in the way of juicy patronage.

3. In the aftermath of the apparent suicide of her former partner and closest confidant, White House Dep- uty Counsel Vincent Foster, she or- dered the overturn of an agreement to allow the Justice Department to examine the files in the dead man's office. Her closest friends and aides, under oath, have been blatantly dis- remembering this likely obstruction

of justice, and may have to pay for supporting Hillary's lie with jail terms.

Again, the lying was not irrational. Investigators believe that damning records from the Rose Law Firm, wrongfully kept in Vincent Foster's White House office, were spirited out in the dead of night and hidden from the law for two years — in Hillary's closet, in Web Hubbell's basement before his felony conviction, in the President's secretary's personal files — before some were forced out last week.

Why the White House conceal- ment? For good reason: The records show Hillary Clinton was lying when she denied actively representing a criminal enterprise known as the Madison S & L, and indicate she may have conspired with Web Hubbell's father-in-law to make a sham land deal that cost taxpayers \$3 million.

Why the belated release of some of the incriminating evidence? Not be- cause it mysteriously turned up in offices previously searched. Certain- ly not because Hillary Clinton and her new bang-tough White House counsel want to respond fully to law- ful subpoenas.

One reason for the Friday-night dribble of evidence from the White House is the discovery by the F.B.I. of copies of some of those records elsewhere. When Clinton witnesses are asked about specific items in "lost" records — which investiga- tors have — the White House "finds" its copy and releases it. By conceal- ing the Madison billing records two days beyond the statute of limita- tions, Hillary evaded a civil suit by hamboozled bank regulators.

Another reason for recent revela- tions is the imminent turning of for- mer aides and partners of Hillary against her; they were willing to cover her lying when it advanced their careers, but are inclined to lis- ten to their own lawyers when faced with perjury indictments.

Therefore, ask not "Why didn't she just come clean at the beginning?" She had good reasons to lie; she is in the longtime habit of lying; and she has never been called to account for lying herself or in suborning lying in her aides and friends.

No wonder the President is fearful of holding a prime-time press confer- ence. Having been separately de- posed by the independent counsel at least twice, the President and First Lady would be well advised to retain separate defense counsel.

New York

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c. 1996 New York Times News Service

The resumption of the Senate's investigation into the Whitewater affair underscores an important reality of this new election year. The Clinton White House has saddled itself with a heavy public relations - and public confidence - problem of its own making.

The core of the problem is truth-telling. President Clinton has absorbed many blows to his character, ranging from accusations of sexual shenanigans to policy flip-flops. But none have been as damaging as the White House's three-year program of evasion and meddling regarding the Clintons' involvement with James McDougal, their partner in the Whitewater land deal and the owner of Madison Guaranty, an Arkansas savings and loan whose failure cost taxpayers \$60 million.

We do not yet know what the White House is trying to hide. Perhaps the special prosecutor will have some answers later this year. What we do know from previous hearings is that the Clintons and their helpers went to puzzling lengths to hobble legitimate investigations into Whitewater and Madison, as well as official inquiries into the late Vincent Foster's migrating files. We also know that every time Clinton confidantes like Susan Thomases and Margaret Williams insult the Congress with totally unbelievable testimony, White House credibility takes another nick.

It also seems that whenever the White House pronounces the story dead, something else pops up to challenge the First Couple's credibility. The latest example involves Hillary Clinton and the Travelgate affair. This has nothing to do with Whitewater but everything to do with honesty.

Back in April 1994, the White House portrayed Mrs. Clinton as merely an interested observer to the decision to fire the White House travel staff and replace it with an outfit run by Arkansas friends. Now comes a 1993 memorandum from David Watkins, then a senior White House aide, to Thomas McLarty, then the chief of staff, portraying Mrs. Clinton as the central architect of the mess, and an ill-tempered one at that. Watkins warned McLarty that there would be "hell to pay" if "we failed to take swift and decisive action in conformity with the First Lady's wishes."

The travel-office affair looks more like a clumsy patronage scam than a case of illegal behavior. But the memo can only reinforce the Whitewater committee's gathering suspicions about the First Lady's probity on other matters. In April 1994, for example, Mrs. Clinton insisted that an associate in the Rose Law Firm did most of the legal work for Madison. But last fall the committee heard testimony that Mrs. Clinton did more than she let on, including work on a sweetheart land deal that accelerated Madison's bankruptcy. Investigators were told that the firm's billing records - presumably detailing Mrs. Clinton's activity - had vanished. On Friday night, as the Senate hearings drew near, copies of the records miraculously appeared.

Another obvious committee target is the November 1993 meeting of Clinton's staff and private lawyers. The meeting occurred just as the White House learned about two potentially embarrassing inquiries, including a Treasury Department request for a criminal investigation into the relationship between Whitewater and Madison.

In December, the committee overcame a dubious White House claim of lawyer-client privilege and now has the notes of that meeting. These notes contain several intriguing references, including the notation "Vacuum Rose law files." The Clintons' lawyers say the phrase is innocuous, but it would take a dolt not to wonder if it has something to do with the once lost, now found billing statements.

The fact is that on Whitewater, Madison and the Foster suicide, critical parts of the paper trail are missing. Last summer, White House lawyers showered the committee with 35,000 pages of remaining documents. This

material, they argue, proves that the Clintons were passive investors in Whitewater and clears them of charges that they improperly benefited from their ties to McDougal and, in return, used their influence to prop up his savings and loan. As 1995 drew to a close, the White House also brandished a report prepared for the Treasury Department that reached the same conclusion.

On close inspection, the documents and the report are inconclusive. They do not, for example, delve deeply into Mrs. Clinton's legal work, nor do they answer important questions about the Clintons' tax deductions in connection with Whitewater. As for Madison, the report recommends no further legal action to recover Madison's paltry remaining assets but emphasizes that this does not exonerate anyone in Madison's failure.

A confused public therefore enters the campaign year not much better informed than it was last year. That represents a significant political advantage for the Republicans, an advantage created by Mr. and Mrs. Clinton's obfuscations.

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New Whitewater Data Point To Bigger Role For Hillary Clinton

By Ellen Joan Pollock and Glenn R. Simpson

Staff Reporters of The Wall Street Journal

As the Whitewater mess gets even messier, the Clintons seem to have accomplished something new in the annals of political scandals. Without any evidence so far of an underlying crime, White House officials, and especially first lady Hillary Clinton, have carried spin control -- which has all the earmarks of a coverup -- to absurdly secretive and misleading levels. Now, they seem to have spun themselves out of control.

They have done so with documents that were requested long ago by federal investigators, belatedly discovered and turned over only last week; with notes taken by a White House lawyer released to Senate Whitewater investigators only after a protracted fight; and with other instances of footdragging. What seems to emerge is a picture of a first lady involved in minute details of White House operations, willing to go to extraordinary lengths to prevent personal embarrassment.

What is most surprising is that Mrs. Clinton, a veteran lawyer and seasoned political strategist, and her emissaries have provided a sheaf of incomplete disclosures and misleading answers to questions about her role in representing a failed Little Rock, Ark., thrift and in the decision to fire seven employees of the White House travel office. A report of an interview with the first lady by Federal Deposit Insurance Corp. investigators in the White House's treaty room in November 1994, shows she answered questions about her involvement with Madison Guaranty Savings & Loan cryptically and incompletely.

The report, obtained by this newspaper, shows Mrs. Clinton was especially opaque when answering queries about an Arkansas real-estate transaction called Castle Grande, which was bankrolled by Madison. Just-disclosed billing records from the Rose Law Firm, where she was once a partner, conflict with her statements.

If her goal was to minimize her involvement with a defunct thrift, she has failed. The disclosures have unleashed the kinds of questions she clearly abhors. More significantly, they open her up to suggestions that she violated the law by being vague and evasive. "I think we now reach some very critical questions as to whether or not there has been contempt or conduct that borders on contempt, obstruction and false statements that have been made," said Sen. Alfonse D'Amato, the New York Republican who heads the Whitewater investigating committee.

Records subpoenaed two years ago and discovered last week on the White House's third floor show that Rose lawyers, including Mrs. Clinton, represented Madison in the Castle Grande matter, which contributed to the ultimate collapse of the thrift. Federal prosecutors are investigating whether Castle Grande was part of a conspiracy to defraud Madison.

But simply doing legal work on the deal doesn't necessarily implicate her in the alleged conspiracy, lawyers familiar with the situation say. "If a lawyer like Hillary Clinton, or anyone else, does work for a client that is corrupt but the work itself is innocent, has that lawyer done anything wrong? The answer quite clearly is no," says Steve Gillers, an ethics professor at New York University law school. He notes, however, that while "merely working for a bank that may be in violation of bank regulations isn't something a lawyer has to be ashamed of, doing so while knowing about the violation is problematic, especially if your work is advancing their ability to violate the rules."

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ABC NEWS NIGHTLINE #3817 Air Date: January 9, 1996

Hillary Clinton Under Fire

ANNOUNCER: January 9, 1996.

Pres. **BILL CLINTON**: I've said it before and I will say it again. If everybody in this country had the character that my wife has, it would be a better place to live.

TED KOPPEL: *[voice-over]* With new charges of a coverup by the First Lady the floodgates have opened, and not just in the tabloids. Yesterday's *Washington Post*, quote: "Clearly, the First Lady has some explaining to do," and *The New York Times*, quote: "The core of the problem is truth telling." Columnist William Safire, quote: "Our First Lady is a congenital liar." And *Newsweek* magazine's cover, quote: "Saint or Sinner?"

Tonight, Hillary Clinton, under fire.

ANNOUNCER: This is ABC News Nightline. Reporting from Washington, Ted Koppel.

TED KOPPEL: Neither Whitewater nor the so-called "Travelgate" issue has ever gained much traction in the public mind. Both have been largely regarded as important only to the hypercritical media and certainly overly partisan Republicans in Congress and that may still be largely true. But a poll conducted for Nightline this evening shows Hillary Clinton losing significant public support and her credibility on Whitewater and her perceived involvement in the firing of staffers in the the White House Travel Office seem to be directly related.

[voice-over] When respondents were asked back in August of 1994, whether they approved of Mrs. Clinton's handling of her position as the First Lady, 60 percent approved, 37 percent disapproved. Her approval rate tonight is down to 46 percent; disapproval, up to 42 percent. Back in early 1994, 51 percent of those polled thought that Mrs. Clinton was telling the truth about Whitewater, 35 percent thought she was not. Tonight, those numbers are reversed — 33 percent believe the First Lady, 50 percent do not.

Fewer people are familiar with "Travelgate" issue, but of those who know what it's about, 30 percent believe Mrs. Clinton's version of what happened, 44 percent do not.

[on camera] The numbers may not be surprising if only because the First Lady's critics have been relentless these last several days.

As Nightline Correspondent Chris Bury reports, it is not consistent with the image the White House has been trying to project.

HILLARY CLINTON: And I love the — you know, all of the detail of the bed and the dresser and the lamp, and —

CHRIS BURY, ABC NEWS: *[voice-over]* In the last year or so, Hillary Rodham Clinton, humbled by the

health care fiasco, has turned her attention to ginger bread homes, traditional First Lady functions and her long-standing role as globe trotting advocate for children and women.

But now, on the eve of a publicity campaign for her new book on children, Mrs. Clinton finds Washington eager to change the subject.

PETER JENNINGS, ABC NEWS: —the First Lady caught in a spotlight she did not choose

DAN RATHER, CBS NEWS: Congressional Republicans are taking aim at her on two scores.

TOM BROKAW, NBC News: How much trouble is Mrs. Clinton really in?

CHRIS BURY: *[voice-over]* Last week's stunning discoveries of long lost documents at the White House have raised real questions about Mrs. Clinton's credibility.

[on camera] Unlike previous flaps concerning the First Lady's role in business dealings long ago, the newly discovered documents deal directly with Hillary Clinton's actions and words at the White House. Mrs. Clinton's credibility is on the line because her version of key events does not necessarily square with the written record.

[voice-over] To begin, the scandal that erupted in 1993, over the White House Travel Office which handles logistics for the press on presidential trips. In May of '93, the White House ordered an FBI investigation and financial audit that led to the firing of seven veteran employees.

[May 1993]

DEE DEE MYERS, former White House Press Secretary: Within the Travel Office we found sort of gross mismanagement, if you will.

CHRIS BURY: Suffice it to say, the travel flap became a colossal blunder for the White House — five of the seven fired Travel Office were reinstated, one retired, the other cleared of criminal charges. The White House was accused of cronyism and improperly using the FBI. And now the candor of Hillary Clinton, concerning her own involvement, is being challenged.

[HILLARY CLINTON ON THE RECORD]

[voice-over] In April, 1994, White House Counsel Neal Eggleston *[sp?]* told a General Accounting Office investigation, quote: "Mrs. Clinton does not know the origin of the decision to remove the White House Travel Office employees...she had no role in the decision...did not direct that any action be taken by anyone with regard to the Travel Office." And as recently as last week, Hillary Clinton told *Newsweek on Air* she did not instigate the Travel Office firings.

[Newsweek on Air]

HILLARY CLINTON: The decisions about who should do what and when it should be done, those were all made by other people.

THE CONTRADICTIONS

CHRIS BURY: *[voice-over]* The apparent contradiction comes in several newly released 1993 memos, by former White House administrator, David Watkins, a longtime

Clinton friend, who himself was reprimanded for his role in the Travel Office scandal.

In one draft, Watkins wrote that the late, White House counsel, "Vince Foster regularly informed me that the First Lady was concerned and desired action — the action desired was the firing of the Travel Office Staff."

Mrs. Clinton does not remember it that way:

[*Newsweek On Air*]

HILLARY CLINTON: I was among the many people who were concerned about reports of financial mismanagement in the Travel Office, and I did express concerns, because I thought that needed to be looked into. It was looked into, indeed there was financial mismanagement and changes were made that led to the Travel Office being cleaned up.

CHRIS BURY: [voice-over] The Republican chairman of the House Committee investigating the Travel scandal says someone isn't telling the truth.

Rep. WILLIAM CLINGER, (R), Reform and Oversight Committee: Somebody is being — is dissembling here. I think that's the — the kindest way to put it.

CHRIS BURY: [interviewing] Do you see a clear contradiction between Watkins' version of events and Mrs. Clinton's version?

Rep. WILLIAM CLINGER: I do.

CHRIS BURY: [voice-over] In an earlier memo, this one to himself, Watkins writes about a May 14th telephone call with Mrs. Clinton. Here, Watkins is quoting Mrs. Clinton from that phone call: "We need those people out, we need our people in."

The White House Version

CHRIS BURY: [voice-over] To White House lawyer, Mark Fabiani, the memo is merely one recollection from one aide.

MARK FABIANI, Special Counsel to the President: Again, that is Mr. Watkins' version of events. Mr. McClarty, who was Mr. Watkins' boss, has said that the First Lady didn't order him to fire anybody. But the First Lady was concerned and we've said that from the beginning.

The Republican Version

CHRIS BURY: [voice-over] Republican investigators insist they have more than just the word of one ex-employee against the credibility of Mrs. Clinton.

CHRIS BURY: [interviewing] Does this come down to a matter of the word of the First Lady versus the word of an aide?

Rep. WILLIAM CLINGER: Of several aides, I think. Because it is not just Mr. Watkins alone, that would — where we have some suggestion that there was — that the First Lady was involved and that she was really the one driving the decision to get rid of these people.

CHRIS BURY: Perhaps even more problematic for the White House is another memo, from a presidential aide chosen to help review the Travel Office scandal. That document strongly suggests that some in the White House considered hiding the First Lady's involvement

from the very beginning.

[voice-over] The May 27th, 1993 memo from Special Assistant to the President, Todd Stern [sp?] says, quote: "You risk hugely compounding the problem, getting caught in the half truths. You run the risk of turning this into a coverup."

And later —

"We need to think seriously about whether or not it won't be better to come clean, even to the point of conceding that HRC, Mrs. Clinton, had some interest."

[interviewing] You consider that evidence of a coverup?

Rep. WILLIAM CLINGER: I think certainly Mr. Stern viewed it that way and I think I could concur with Mr. Stern.

CHRIS BURY: Why?

Rep. WILLIAM CLINGER: Because I think that there was an attempt here to shield or obscure the role of the first lady.

MARK FABIANI: I would say that this is an example of Republican distorting the facts. This is something he wrote to himself as a way to guide his work. I think Mr. Stern would tell you today that the work he did was entirely consistent with the notes that you just read, because, in fact, the First Lady's interest was fully disclosed in the White House's own internal review.

CHRIS BURY: The First Lady's public relations problem has been compounded by the White House insistence that these memos were just discovered last week. That explanation angered the Whitewater independent counsel, who had requested the records months before and it cast a long shadow of doubt when the White House came up with a second set of long lost documents.

TED KOPPEL: And those documents pertain to the Whitewater affair and raise new questions about the First Lady's credibility. That, in part two of Chris Bury's report. [Commercial break]

TED KOPPEL: [transmission difficulty] in March of 1994, we polled on Whitewater —

[voice-over] — and at that time, only 40 percent said that Whitewater was an important issue, 56 percent said it was not. A significant turnaround this evening — 49 percent of those polled, now believe that Whitewater is important, while 45 percent say it is not.

[on camera] That may be because of the discoveries of the past few days. Here is part two of Chris Bury's report.

Sen. ALFONSE D'AMATO, (R), Chairman, Senate Whitewater Committee: Well, I think you could call this maybe the second miraculous discovery within the past 24 hours.

CHRIS BURY: [voice-over] Senator D'Amato, the Clintons' nemesis could not contain his sarcasm at last week's White House discovery of the long missing billing records of Mrs. Clinton's work for the Rose Law Firm.

Sen. ALFONSE D'AMATO: These documents raise,

again, very fundamental questions in terms of why and how they were withheld.

CHRIS BURY: [voice-over] The White House maintained the records were found late last week by Hillary Clinton's secretary for correspondence. How could they so suddenly turn up, more than two years after they were subpoenaed by the independent counsel?

MARK FABIANI: We're being perfectly frank with you. We don't know yet, but we're making everyone available to the independent counsel, we are making every bit of information available and through that means we think we can get to the bottom of this. But the bottom line is if people wanted to hide these documents they never would have been found, they never would have been produced.

CHRIS BURY: [voice-over] The records in question were known to be in the Clintons' custody during the 1992 campaign and investigators for the Senate Banking Committee are deeply suspicious the White House could not find them before now.

ROBERT GIUFFRÀ, Whitewater Committee Counsel: If those documents were knowingly hidden at the White House for the last two years, that might be obstruction of justice which could be a very serious matter.

MARK FABIANI: This is a typical agent of Sen. D'Amato, who is one of the nation's best political henchmen. They throw out charges, they make allegations, they have no evidence to back them up. They have no indication whatsoever, nor is there any evidence whatsoever that these documents were hidden.

CHRIS BURY: The Rose Law Firm billing records are important because, once again, they concern Hillary Clinton's credibility. The question is how forthcoming has the First Lady been concerning her legal work for a failing savings and loan during the 1980s?

[Hillary Clinton on the Record]

CHRIS BURY: [voice-over] Hillary Clinton has always tried to minimize her role. That certainly was the case in April, 1994, during a full dress press conference.

[April 1994]

HILLARY CLINTON: The young attorney—the young bank officer did all the work. It was not an area that I practiced in, it was not an area that I really know anything, to speak of, about.

[The Contradictions]

CHRIS BURY: [voice-over] The newly released records raise serious questions. If the young attorney, Rick Massey did all the work, then why do the records show Hillary Clinton held at least 28 conferences with Massey? And, if it was not an area Mrs. Clinton knew anything about, why did she hold 16 conferences with Jim McDougal, who headed Madison Savings and Loan?

[The Republican Version]

ROBERT GIUFFRÀ: We now know that Mrs. Clinton worked at least 60 hours on Madison matters. And in her sworn affidavit, interrogatories, excuse me, she said that she only had done a minimal amount of work. The

records contradict directly what Mrs. Clinton has said about the extent of her work.

CHRIS BURY: [voice-over] Mrs. Clinton is sticking to her guns. This week's *Newsweek* quotes her as saying: "Over those 15 months I did about an hour a week worth of work. There is no way that I think of an hour a week over 15 months as being a significant amount of work."

[The White House Version]

CHRIS BURY: [voice-over] The White House has used the records to make its own case:

MARK FABIANI: These billing records support what we've said all along. And that's why you have Republicans now shifting yet again and not arguing about the substance of the billing records now, but arguing about how they were found and how they were produced.

CHRIS BURY: The newly released billing records do, in fact, raise questions not only about the hours Hillary Clinton put in, but the kind of work she did. Investigators are focusing on Mrs. Clinton possible role in an Arkansas land deal called Castle Grande.

[TV AD] **ANNOUNCER:** At Castle Grande Estates, you can enjoy the prestige of owning a fine piece of land.

CHRIS BURY: [voice-over] Federal Bank Regulators have described Castle Grande as a, quote: "Fictitious transaction, designed to keep alive the failing Madison Savings and Loan."

In sworn statements to the Resolution Trust Corporation, Hillary Clinton was specifically asked about the deal. Her reply: "I don't believe I knew anything about any of these real estate parcels and projects." But the billing records list more than a dozen conversations with Seth Ward, the major player in the Castle Grande deal.

ROBERT GIUFFRÀ: Her fingerprints are all over the transaction, which, as I said before, bank regulators have said was a fraud.

CHRIS BURY: [voice-over] Hillary Clinton's defenders say the billing records don't suggest any contradiction with her sworn testimony, because those records don't mention Castle Grande by name.

MARK FABIANI: You look at the billing records, that matter is listed as IDC, and she wasn't asked about IDC, and had she been asked about it and had she recalled it, the answer would have been different.

CHRIS BURY: [voice-over] All of this is red meat to a scandal hungry press corps on the eve of a presidential campaign. Monday, *New York Times* columnist, William Safire, called Mrs. Clinton a "...congenital liar...". Today, her husband's spokesman called that an "...outrageous personal attack" and added, "The President, if he were not the President, would have delivered a more forceful response on the bridge of Mr. Safire's nose."

Mr. Clinton himself was more restrained.

Pres. BILL CLINTON: I just would like to ask the American people to take a deep breath, relax and

listen to the First Lady's answers. I've said before and I will say it again: if everybody in this country had the character that my wife has, we would be a better place to live.

CHRIS BURY: The President would like to cast Mrs. Clinton as the victim of a vicious Republican strategy to tear away at her character, but the very records the White House keeps finding and the new questions they raise, makes sustaining that position practically a full time job.

This is Chris Bury for Nightline, in Washington.

TED KOPPEL: And when we come back we will be joined live by David Kendall, the President and Mrs. Clinton's attorney on Whitewater.

[Commercial break]

TED KOPPEL: Joining us live now here in Washington, David Kendall. He has been personal attorney for the Clintons on all matters relating to Whitewater. At the very least, Mr. Kendall, I think you will agree that the First Lady has a growing perception problem. How do you fix that?

DAVID KENDALL, Clinton Whitewater Attorney: Well, I don't know, Ted, that there is very much we can do about the polls. I think all we can really do is continue to cooperate with the various investigations as we have done in unprecedented fashion, get as much information out there as possible and let the polls take care of themselves. I think the American people will finally decide exactly what significance the so-called Whitewater matter really has.

TED KOPPEL: Now much do you think the public is placing and should be placing on the— on the memoranda that are now turning up from some of these White House aides?

DAVID KENDALL: Ted, I don't really know. I'm not a pollster. I think that what this proves is that we are cooperating and trying to get the relevant documents out there.

TED KOPPEL: Well, let's talk about the relevance of the relevant documents. The— the memoranda, parts of which we heard described by Chris Bury this evening, to what degree do they concern you when Mr. Watkins memorandum, and Mr. Stern's memorandum make it seem as though the First Lady quite clearly was actively involved and aggressively involved in the— in the "Travelgate"?

DAVID KENDALL: Well, I think they've got to be placed in the proper context. The Travel Office matter involved serious problems of financial mismanagement.

TED KOPPEL: Has anyone been indicted? Has anyone been convicted?

DAVID KENDALL: One person was indicted and, after a jury trial, was acquitted, but financial mismanagement and financial misconduct are two different things. It was clearly established by a big six accounting firm that there was financial mismanagement. Now, that was a problem that the Clintons had inherited. This was not their Travel Office. They would have been criticized harshly if they

hadn't dealt with it. They tried to deal with it. Mrs. Clinton and several others was concerned that the Travel Office problems be fixed and they have been fixed.

TED KOPPEL: When you read what, I believe Mr. Watkins had to say, and I'm just sort of taking it a little bit out of context here, but Mrs. Clinton is alleged to have told him on the phone, "We need to get these people out and our people in." How do you read that?

DAVID KENDALL: Well, I think— that is not her recollection. I think what she expressed was her concern that this problem be addressed. This was not her problem, she didn't have all of the information, but she wanted the people with authority to take care of the problem, and I think they did.

TED KOPPEL: When you talk about her recollection as it conflicts with the — the memoranda that— that Mr. Watkins and Mr. Stern wrote to their various files, you, as a good attorney, know that is one of the reasons that people write contemporaneous memoranda, so that later on they will not have to rely on their memories. Did the First Lady write any memoranda, or—

DAVID KENDALL: Well, Mr.—

TED KOPPEL: —is she in this regard just relying on her memory?

DAVID KENDALL: —Mr. Watkins memo was hardly contemporaneous, it was several months later and Mr. Stern's memo in no way contradicts the First Lady's recollections.

TED KOPPEL: One of Mr. Stern's memo, and one of Mr. Watkins' memo were in fact written within in days of one another. One was written in late May, the other was written in early June.

DAVID KENDALL: Well, Mr. Stern's memo was written at the outset of his investigation. He believed it was important to do a thorough investigation and I think he did.

TED KOPPEL: When it comes to the files now, the records on Whitewater, why is it that when the— when the First Lady was being deposed by the RTC, that she had no recollection of— what is the name of it? Castle—

DAVID KENDALL: Castle Grande Estates.

TED KOPPEL: Castle Grande Estates, yes.

DAVID KENDALL: As the ads showed. Well, she didn't work on Castle Grande Estates. What the billing records show and I am frankly glad that they have been located and that we have been able to provide them, because they really do support what we have said: her work on that matter was very limited. There is no conflict at all with what she told the RTC. The question was about Castle Grande, the work she did for her law firm was on six matters. One of those was the so-called IBC land purchase. That—

TED KOPPEL: Of— of which Castle Grande was a portion.

DAVID KENDALL: Was one portion along with several other portions. She didn't know which one was Castle Grande however.

TED KOPPEL: Let me— let me just ask you this: Yeah, but when — when the RTC sends an interrogatory like

this, I am assuming that she is sitting down with people like you, her attorneys, would you not when you saw that name on the list have said, "Shall we take a look at what each of these things is, so that we know for sure whether or not it is not involved in something that you have worked on?"

DAVID KENDALL: Well, her— we certainly did that and her responses were quite detailed and covered over 75 pages. This happened, I think it should be said, over 10 years ago. We provided a detailed response to all of the questions that we could.

TED KOPPEL: Those, and we are beginning to run out of time— you're right, the— the responses were about matters that occurred 10 years ago, but the— the documents relating to her billing were made available to you, you got those documents again, two and a half years ago.

DAVID KENDALL: Well, we didn't get those documents. We— we'd gotten the documents that we produced, quite recently. We turned them over within 24 hours of their discovery.

TED KOPPEL: But I mean, you were able to look at those documents in order to figure out what had happened and when, and what she had been doing. In other words, those — one would think — might have refreshed the First Lady's memory.

DAVID KENDALL: Well, we certainly reviewed the available documents, Ted, and none of those documents, nor do any of the billing records show that she did any work on Castle Grande. Now her responses were perfectly accurate and she has tried to provide accurate information about this, if I may say, very old matter.

TED KOPPEL: Mr. Kendall, you are good to come in on such a cold, wintry night, and I assume we will have a chance to talk about this at great length at some time in the future. Thanks very much indeed.

DAVID KENDALL: Thank you.

TED KOPPEL: I will be back in a moment.

[Commercial break]

TED KOPPEL: That's our report for tonight. Good night.

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