

# Memorandum

# Office of the Independent Counsel

To: All OIC Attorneys

Date: 4/22/98

From: HRC Team

Subject: HRC Order of Proof

As part of our submission today, here is a rough outline of an order of proof for a proposed trial of an indictment of Hillary Rodham Clinton and Webb Hubbell:

## Order of Proof

Irons, Steve

GJ 5-21-96; 4-9-98

- White collar crime supervisor in Little Rock field office
- Was familiar with certain S&L failures and cases in Arkansas
- He arrived shortly after the McDougal acquittal in 1990
- Continued to receive information about MGSL and other possible criminal activity by McDougal, Hale, Tucker, etc.
- Receipt of C-0004 and conversations with the USAO, which decided to hold it in abeyance until after the election - which Irons agreed with
- Information about David Hale and CMS
- SBA referral
- New Jersey SBA investigation which touched Hale
- Conversations with USAO re: obtaining search warrant at least one week before 7/20/93
- Affidavit for search warrant given to Magistrate on 7/19/93
- Obtained search warrant on 7/20/93. One of the files named in the warrant was the Master Marketing file
- Executed search warrant on 7/21/93
- Hale investigation/search warrant/indictment
- Knowledge during the summer of 1993 that Lewis and the RTC would be send additional referrals
- The 9 RTC criminal referrals
- Paula Casey's almost immediate statement that she was going to recuse because of her relationship with Tucker, etc.
- The recusal of Casey-11/93
- McKay and DOJ take over
- Interviews
- 1/11-13/94 Little Rock grand jury subpoenas - 30+
- Allegations of shredding at the RLF

- MGSL investigation/referrals
- OIC. . . .

## **I. ROSE LAW FIRM (RLF)**

Clark, Ron

GJ 11/19, 12/2-97

[12-5-95]

- Custodian of Records for the Rose Law Firm. Person who responded to all subpoenas issued by the OIC, RTC, FDIC, et. al.
- Became Chief Operating Officer in February, 1993, succeeding Bill Kennedy in that role
- MGSL v. Frost case. Most tax and securities attorneys opposed this representation. Litigation section pushed it.
- Dealt with the Webb Hubbell billing and expense fraud problems
- In about October, 1993 began gathering records in light of public allegations. Prepared 2-page fee recap document from the allocation reports.
- RLF received back the Rick Massey ASD original files from David Kendall, who apparently got them from Webb Hubbell in November, 1993
- Extensive search in 93-95 for documents of the RLF work for MGSL in 1985 and 1986. Parts of a few files were located. No billing records/memoranda found.
- Mrs. Clinton's files were destroyed in August, 1988; including the "stock offering," and "Ward option" files.
- No RLF invoices, draft bills, billing memoranda, or time sheets were located for the RLF work for MGSL. [There were a few time sheets for Tom Thrash, which Thrash held on to which were found.]
- Determined through the internal investigation that apparently Webb and Vince took original Rose Law Firm files when they left the Firm in early 1993 to go be part of the Administration, violating the "thou shalt not steal" policy
- Payment of the RLF bills to the Madison Bank & Trust in late 1981 and October 1984
- Testimony before LRGJ in December 1995. Learned then for the first time that OIC had some RLF - MGSL invoices
- RLF records for other related work, including the representation of State agencies, and work done before State agencies involving Mrs. Clinton
- Prepared 2-page "fee allocation" listing re: RLF's representation of MGSL
- Testified in late 1997 about the RLF's analysis of the RLF - MGSL representation in light of billing records becoming available.
- Will set forth the substance of the billing records. HRC was billing attorney on all 6 MGSL matters. Had 14 teleconf. or conf. with Seth Ward.
- Matter #5, I.D.C. was originally opened by Hubbell. HRC was the billing attorney on all I.D.C. invoices, however.

Massey, Rick

GJ 12-3-97

[GJ 11-7-95]

- Securities section, Rose Law Firm
- Had been a lawyer for approximately 7 months, when the initial work was done for MGSL relative to the "preferred stock offering" before the Arkansas Securities

Department (ASD)

- He and another lawyer had "pitched" the business to John Latham, but was told by Latham that McDougal made those decisions and was happy with the Mitchell Firm's representation of MGSL
- Massey did not bring in the business [There has been public testimony by Massey that he did not think he brought in the business or had a role in it. His grand jury testimony is strong.
- HRC was the billing partner
- The Securities Department work for MGSL, and the role of HRC
- The 1992 conversations with Foster and Hubbell requesting his MGSL files
- He would not back up their wanting him to say that he had brought the MGSL business into the RLF
- Did sign a Memo dated 3/26/92, which apparently was prepared by Foster. Memo talks about the work he did, but omits who brought in the MGSL business, as he would not back the version that he brought in the business.
- Testified before the Little Rock grand jury on 11/7/95, describing his work. Could not give details as to dates and what everybody did, as no billing records were available. Tried to reconstruct roles from the "fee allocation" listing prepared by Clark.
- Was informed in late-December 1995 that he would be testifying before the Senate in January 1996
- Was told early in the week of 1/2/96 that he would be testifying on 1/11/96
- Was shown a copy of the "Rose Law Firm billing records" over the weekend of 1/5/96 after they were "produced" by David Kendall on behalf of Mrs. Clinton
- After records "produced" was able to do a more accurate reconstruction

Donovan, Rick

GJ 1-6, 21-98

- Litigation section of the RLF
- Was a young associate in the Firm in 1985-1986, even junior to Massey, at a time when he did research memos for HRC. Never saw RLF-MGSL billing memos/invoices back then.
- Prepared two memos at the direction of HRC on the "wet/dry" issue, interacting with the State Alcohol Beverage Commission on behalf of his and HRC's client, MGSL
- At the direction of HRC, prepared two research memos, dated 2-17-86 and 3/4/86 regarding the utility which had been purchased by MGSL from ISC
- The first utility memo related to the matter of regulation by the Public Service Commission
- Interacted with three state agencies on this, including the PSC, Board of Health, and Arkansas Pollution Control Board
- The other memo on 3/4/86 had to do with the extension of water to Maple Creek and "another business" by MGSL. This memo came after the utility had been sold to Castle-Sewer & Water on 2/28/86
- Was in the litigation section and actively involved in the representation of the interest of the FDIC, and then the RTC, relative to Arkansas Savings & Loan Associations

- Worked with Webb Hubbell and Gary Speed on the MGSL v. Frost litigation from 1989 to 1991
- Conversations with April Breslaw, Webb Hubbell, etc.
- Testified before the Little Rock grand jury on 12/6/95. Was shown some RLF invoices to MGSL. This was the first session of the grand jury where RLF had knowledge that the OIC had the Madison bills.
- Testified at the present grand jury in early 1998, being able to reconstruct events much better because the billing records had been discovered.

Arnold, Carol

GJ 11-4-97

- Now a lawyer in Seattle, Washington
- Was in the litigation section of RLF during the BOK/MBT litigation
- Was the primary person to assist Vince Foster
- Argued the appeal before the Supreme Court on behalf of MBT
- In her recent testimony before the grand jury was shown the correspondence between Foster and Bunch, with Foster saying he couldn't understand why MBT was refusing to pay because a "girl lawyer" had argued the case.
- Had a private client who was considering some action against MGSL
- Learned that HRC was representing MGSL and then did not send the letter

Gregory, Watt

[GJ 12/95]

- RLF Securities lawyer
- Circumstances surrounding obtaining MGSL as a client
- Opposition to the representation of MGSL and other S&L's by certain attorneys in the Firm

Thrash, Tom

- RLF transactional lawyer
- Did work for MGSL between August and October, 1985 in the acquisition of the IDC property by MFC and Ward
- Attended meetings
- Drafted resolutions for MFC involving Ward
- Attended the closing
- Had copies of his time sheets

Thomas, Davis

- RLF associate
- Did some work at the RLF for MGSL in the fall of 1985, including causing an entry to be made on the billing records that he spent 3.5 hours in research in preparing a memo to Hubbell regarding various permits required to operate the Sewer & Water utility

Patton, Martha

GJ 3-17-98

- Secretary for Webb Hubbell in the 1980's

- Prepared numerous documents at the request of Hubbell for Seth Ward
- Never typed anything given to her directly by Ward
- Can identify the documents she prepared

Moody, Sandra

[GJ 12/95]

- One of the secretaries to HRC
- Prepared cover letters for invoices to be sent to MGSL during the time RLF was representing them
- On occasion signed "HRC by Sandra Moody" on the cover letters

Russell, Mary

- Rose Law Firm support person
- Memo to all attorneys in July/August 1988
- HRC's having written "D" for "destroy" by all of her MGSL records, including the "option" at a time when the Ward v. Madison lawsuit was pending

Speed, Gary

- Worked on the case with Hubbell and Donovan
- Damage calculations
- Seth Ward - fire wall?
- HRC'S role in 1985-1986. .

## II. MGSL

Latham, John

[WDCGJ 8/96]

- Attorney/Accountant
- Came to work at Madison in 1983
- Acted as president of MGSL, under the direction of the major stockholder Jim McDougal
- Jim McDougal was not in the official MGSL chain of command, but became chairman of the board of Madison Financial Corporation
- Loans directed by McDougal
- 1984 examination
- Business Plan to meet FHLBB requirements
- Utilization of the Rose Law Firm/HRC at the direction of McDougal
- Preferred Stock offering
- Limited Partnership/broker-dealer
- Other Rose representation
- Castle Grande/role of Seth Ward
- Back dating appraisals before 1986 exam
- 1986 examination
- FHLBB meeting in Dallas 7/11/86
- Latham & Jim McDougal out; new management in

Denton, Don

GJ 3-19-98

- Former federal bank examiner
- Loan officer - Union Bank - made numerous loans to McDougal, Tucker, Ward
- Involved in the initial loan to the Clintons and McDougals to make the down-payment on the Whitewater property
- Loan to McDougal, Tucker, et. al. to buy the stock in the Bank of Kingston, said stock being collateral for the Union Bank loan.
- Went to work as chief loan officer at MGSL in April, 1985
- Loans made at the direction of McDougal to family and friends
- Inflated appraisals
- IDC Property purchased from IDC by MFC/Ward
- ISC utility purchased in the name of Ward
- Renamed Castle Grande within 30 days
- Ward commissions arrangement
- Resales
- News of 1986 exam
- Backdating appraisals
- The examination itself
- Conversations with Ward re: Hubbell representing him
- 4/7/86 conversation with HRC re: cross-loans
- 5/1/86 option agreement drafted by HRC
- Conversation with R.D. Randolph at the Lorraine Heights property regarding the Governor's interest
- McDougal out in mid-July 1986
- Denton tendered his resignation, ultimately leaving sometime in 1987
- Ward got him a job at the airport, as Ward was on the Airport Commission
- HRC represented the Airport Commission
- Worked at the Airport Commission
- Cooperated with the government
- Terminated by the Airport Commission

Strayhorn, Sue

- Went to work at Madison in early 1985 as McDougal's executive assistant
- Knowledge about various transactions
- At 825 Trial testified as to the various message slips to McDougal, including messages from Governor Clinton, Tucker, Hale, etc.
- Knowledge of the various land projects of MFC, including Maple Creek and Castle Grande
- The acquisition, holding, and sale of the IDC/Castle Grande assets
- Has detailed knowledge about the Sewer & Water Utility
- The 1986 exam
- New Management

- Various lawsuits in the wake of the new management and ultimately the FDIC/RTC coming in
- She was the coordinator of the various legal actions, and she herself gave a number of depositions
- Ward v. MGSL
- MGSL v. Frost
- Objected to Hubbell/RLF having Borod & Hugging Report

Crocheron, Bonnie

GJ 10-22-97

- Employed by Madison in 1983
- A "bank operations" person with a lot of experience
- The MGSL records were a mess
- Record keeping, including cashier's checks
- The \$27,600 cashier's check to Bill Clinton
- Henry Floyd and remote storage
- Preparations for the 1986 exam
- RTC visits in 92 and 93

Young, Greg

- MGSL employee
- Financial condition of MGSL/reports to state/federal regulators.

Ward, Seth [?]

[1st LRGJ 1- -96]

- Unindicted coconspirator
- Father-in-law of Webb Hubbell
- Military veteran and successful businessman
- Denton had been one of the primary loan officers he dealt with over the years
- Was brought to MGSL in April or May 1985 to assist in locating properties which MGSL could invest in
- At McDougal's direction, sought an easement from the people who owned the IDC property, in order for McDougal to develop the property then owned by the International Paper Company south of the IDC property
- Negotiated with the owners of the IDC property
- At closing, property north of 145th Street was purchased in his name [Ward has testified that this was a legitimate business investment by him and that he was not a straw man; other proof disputes this]
- Various memos between Ward and McDougal relating to the "commission arrangement"
- Some of these were backdated; one brought into MGSL on 7-14-86.
- Cross-loans
- Option agreement
- Interactions with Webb Hubbell and HRC at the RLF
- 14 entries on the billing records re: HRC-Seth Ward [Ward has testified that he doesn't

remember ever talking with HRC about any of this; this does not appear to be correct.]  
• Airplane transaction involving Wade and the WWDC's remaining lots

Floyd, Henry

GJ 8-6-97

- MGSL messenger
- Took documents on a regular basis to and from the various Madison projects, including Maple Creek Farms and Castle Grande
- Took documents to Tucker's law firm and the Rose Law Firm on behalf of MGSL
- On two occasions took envelopes, which appeared to contain documents, to the Governor's office at the Capitol, at times when Jim McDougal was still in the institution
- Was the primary person who took documents to and from the storage unit in West Little Rock
- Had transmission trouble in November, 1988; took his car to Johnny's transmission shop; never reclaimed the car; various original MGSL records discovered in the car in July, 1997.

Moles, Rae Ann Simmons

[GJ 10/95]

- MGSL employee 1982-1984
- Assisted Susan McDougal in various bank operations
- Executive Secretary to Jim McDougal when MGSL moved to South Main Street
- Has testified she overheard the "jogging incident" conversation between Bill Clinton and Jim McDougal, wherein McDougal agreed to hire Hillary and the Rose Law Firm
- Left MGSL in December, 1984

Hawkins, Sarah

- Federal examiner who conducted the 1984 exam, which resulted in a supervisory agreement
- Loans and compliance issues at MGSL
- McDougal out; her role in management of MGSL after McDougal's demise
- various things she learned about which were irregular - contemporaneously and/or later
- Her transmission of a criminal referral to the U.S. Attorney's office on or about 3/1/87, which attached the Borod & Hugging report

### III. BANK OF KINGSTON (MBT)

Bunch, Gary

GJ 1-20-98

- President/Custodian of Records, Madison Bank & Trust
- Bank formed in 1911 was owned by his family
- Sold in 1980 to the McDougals, Smiths, Tucker, et. al.
- Giroir, RLF, filed application with AR Bank Commissioner
- Lawsuit between the Bank of Huntsville and MBT, regarding non-competition agreement
- Vince Foster of the Rose Law Firm represented MBT
- First bill-\$13,000+-paid in December 1981.



- Failure to pay the May 1982 bill until October 1984
- Sep and Nov 1984 MBT minutes regarding payment of the "old bill"
- Bill paid after demand letter from Foster, dated October 9, 1984
- Loans to insiders and friends including HRC, WWDC, JGT, etc.
- The 1982 FDIC exam and the moving of loans

Pockrus, Teresa

- Former bank examiner person, who was employed by MBT
- FDIC exam, 1982
- Loan activities with insiders

Howard, Blenda

- Employee of MBT
- At one point was listed as a corporate officer of WWDC
- Handled the receipt of the \$27,600 check payable to Bill Clinton from MGSL to pay off the WWDC loan.

#### IV. BUSINESS PARTNERS - WWDC

James, Charles

GJ 10-16-96

- Accountant
- Familiar with the loans to the Clintons and the McDougal's initially to buy the Whitewater property in Marion County
- The incorporation and issuance of stock for the WWDC
- Loans and loan renewals, and the contributions of both the McDougals and Clintons to WWDC
- Payments on the loans and income from lot sales

Wade, Chris

- Real estate sales in Marion County; his office at Flippin
- Various land transactions with McDougal
- The acquisition of the 230-acres in Marion County on the White River, which became known as Whitewater Estates
- His role relative to lot sales and development and interactions with the McDougals and Clintons
- The model home in the name of HRC
- Received a nominee loan in 1983 from MGSL [the proceeds of which retired an alleged MGSL loan to Bill Clinton]
- The airplane deal with Seth Ward

- Payoff of the loan at the bank in Flippin in 1992, after his conversation with Jim Blair

## V. PRINCIPALS IN INVESTIGATIONS

Hale, David

[GJ 8/95]

- The interrelated MGSL - CMS loans
- The Castle Sewer & Water transactions
- The Castle Heights Shopping Center matter
- The Master Marketing loan
- Meeting with Bill Clinton and Jim McDougal
- Susan McDougal's role
- Telcall from HRC on 2-28-86; she was trying to locate Jim McDougal.
- Activities during the criminal investigations and lawsuits in the mid- to late-1980's
- The renewed investigation in 1993
- His visit to McDougal and other actions and reactions during the 1990's

Jim Guy Tucker

GJ 3-18-98

- Long time friend of Jim McDougal's
- Long time involvement in politics in Arkansas, generally thought to be adverse to Bill Clinton; but at times they had a detente
- Various projects he invested in and got joint loans on with Jim McDougal and Steve Smith in the late 1970's and early 1980's
- His cable business and loans from MGSL and Hale
- Acquisition/lawsuit involving the Madison Bank & Trust-Foster, Rodham
- The FDIC exam at MBT and his having to move his loans [in a manner similar to the WWDC loan being moved to MGSL in the name of Bill Clinton]
- The Mitchell Firm's extensive legal work for MGSL involving various matters [For example, the "sale of stock" was matter #9].
- His knowledge of the IDC property, which name changed to Castle Grande
- He considered everything east of the Pine Bluff Highway to be "Castle Grande"
- His purchase of the 34-acres from MFC, and the \$260,000 loan in late-October, 1985
- The incorporation of Castle Sewer & Water on 12/31/85 for R. D. Randolph at the request of Jim McDougal
- His dealings with Jim McDougal regarding C.S.&W
- The events leading up to the closing
- The closing on 2/28/86. Ward transfer of ISC stock to CS&W.
- The plans for the development of the Sewer & Water utility, including extending it to Maple Creek, and the property to be developed on the International Paper property south of Castle Grande
- The 1986 exam of MGSL
- Meetings leading up the MGSL Board meeting with the regulators in Dallas
- His statement in one of these meetings re: the McDougals pillaging the institution
- The "improper" nature of Beverly Bassett having sent the FHLBB letter to the Madison

Board to the Governor's office on 7-2-86

- The RLF's role in representing clients before Arkansas state agencies, and the "concern" that Tucker and his clients had: examples-1) MetLife - SunLife dispute before the Arkansas Insurance Commissioner; JGT represented MetLife, and Hubbell and Mickey Kantor represented SunLife. 2) RLF represented the Public Service Commission adverse to Tucker's client, the Arkansas Power & Light (AP&L)
- Was very busy during the March-May 1986 time frame with major litigation
- Can testify that Webb Hubbell was on the opposite side of him in out-of-town depositions in late April 1986 and was actually in an all day trial in Little Rock on 5/1/86, the date of the Ward-MFC option agreement
- Any money going into HRC's pocket would be going into the Governor's pocket
- 1987 legislation vetoed by Clinton and R. D. Randolph's visit to the Governor's office
- Ward v. Madison lawsuit - handled by his firm
- 1990 campaign for Lt. Governor, while Clinton was running for Governor
- His activities as Lt. Governor under Clinton
- His resigning from his law firm in October, 1991, when Clinton announced for President
- His having to run the state with very little help from Clinton during the campaign, and Clinton's dishonesty. See contemporaneous journal entry.
- Clinton's mention of the "political family" in the 1992 campaign. Tucker said the only other time he has ever heard this term "political family" used was when David Hale testified at the 825 trial that Jim McDougal had used this phrase.
- Conversation with Clinton in late-1993 wherein WJC wanted JGT to remind trooper Perry (who was involved in "womanizing" allegations) of all WJC had done for him. . .
- May, 1994 conversation with Clinton, relative to possible RTC civil suit
- Actions and reactions of others during the investigations in the 1990's

Randolph, R.D.

GJ 9-17-96

- Long time friend of Jim McDougal
- Assisted McDougal in doing clearing and road work on various McDougal projects
- His role in the Castle Sewer & Water transaction
- His visit to the IP property with Denton and his knowledge of the Clinton's involvement therein
- His being sent as an emissary to shut McDougal up during the 1992 campaign
- Other actions and reactions regarding his testimony and the testimony of others in the 1990's
- R.D.'s being upset over BC's vetoing legislation in 1987, and reminding BC about the \$33,000 [raised at the MGSL fundraiser for Clinton in April, 1985]

McDougal, Susan

- Has refused to answer questions before Little Rock grand jury; in civil contempt of the grand jury
- Has relevant information regarding the Clintons and their relationships to MGSL, WWDC, and CMS; based on documents, testimony of others, and from public statements

made by her in the print and electronic media over the years

- Wife of Jim McDougal from the mid-70's until 1990
- McDougal real estate investments and developments beginning in the mid-70's
- Joint purchasers, borrowers and obligers on the Whitewater property/related loans
- McDougals 50% owners, and Clintons 50% of the WWDC
- Re-payment of loans of WWDC, on which the Clintons and McDougals were jointly liable
- Clintons made no payments after 1982
- Loan payments made as directed by the McDougals; benefited the Clintons
- BOK/MBT- acquisition, loans, FDIC exam, etc.
- Acquisition of MGSL
- MGSL's subsidiary, MFC, and the other business entities of the McDougals and how they affected the Clintons
- The \$27,600 loan to Bill Clinton in November, 1982; her signing the McDougal Trustee Account check in July 1983, which apparently paid off the balance of the Clinton loan; she apparently writing the words, "payoff Clinton" on the check.
- The acquisition of the IDC property and the development of Castle Grande
- She received sales commissions on all of these sales, as did Seth Ward
- The Seth Ward cross-loans and option agreement
- The sales to Jim Guy Tucker and Castle Sewer & Water
- Seth Ward's role as a "straw man."
- The plan to purchase the IP property south of Castle Grande
- WWDC-IPRC contract/down payment on this land
- The McDougal/Hale/Clinton meeting
- The Master Marketing loan
- Her actions during and after FHLBB exam.
- Interactions with the Clintons, etc.
- The development of Lorraine Heights and her various phone conversations with Bill Clinton [see numerous message slips]
- Actions during intervening years, including criminal investigations, lawsuits, etc.
- Her statements during the 1992 campaign, including her knowledge of Bill Clinton having requested Jim McDougal to hire Hillary [as per her statement in the *Washington Post* on or about 3/10/92]
- The role of HRC and/or Hubbell and the RLF in representing MFC, MGSL, and Ward
- Conversations in 1993 about the criminal investigations, including hers and Jim's meeting with Sam Heuer after the funeral of Jim's mother on 9/27/93; including statements that if they were going to be charged that the Clintons would have a problem
- Other actions and reactions regarding the various investigations in the 1990's
- Aid and comfort given to her directly and indirectly by other persons in keeping her from cooperating with the government

McDougal, Jim - [Could he be considered in anyway a co-conspirator until the time of his cooperation? If so, could statements made by him to other persons be utilized as statements in

furtherance of a coverup?]

- Began cooperating with the government in August, 1996
- Testified before the Little Rock grand jury, April 1-2, 1997
- Died in prison 3/8/98

#### **VI. MITCHELL, WILLIAMS, SELIG & TUCKER LAW FIRM [Mitchell Firm]**

Speed, Breck

- Young associate in Mitchell, Tucker law firm in 1986
- Work on Castle Sewer & Water
- Letter and Affidavit to Seth Ward prior to closing just before and just after 2/28/86 sale.
- 1986 Exam
- Preparations for the MGSL Board meeting in Dallas with the FHLBB

Taylor, Marcy

GJ 2-6-98

- Associate in Mitchell-Tucker law firm in 1986
- Work on the Castle Heights Shopping Center matter
- Billed for reviewing memo to Mrs. Clinton on the liquor issues
- Her memos to JGT and letters to Hale and McDougal

Selig, John

GJ 7-18-96

- Former Arkansas Securities Commissioner
- Very experienced Securities Attorney
- Represented MGSL on a number of regulatory matters
- Opened "sale of stock" file in February 1985, but ended up doing no work on this [work was done instead by HRC and RLF]
- Opened "broker/dealer" file at Mitchell Firm in March 1985 [did no work on this as RLF did it instead]
- 1986 exam and interactions with Madison officials
- Preparations to meet with the regulators in Dallas
- McDougal and Latham out
- Bringing in a new CPA firm and Gerrish & McCreary from Memphis
- Ward v. MGSL

Bartley, Sherry

GJ 8-19-97

- Mitchell Law Firm partner
- Represented MGSL in the Ward v. MGSL litigation in 1987 - 1988, and thereafter
- The commissions, cross-loans, and option agreement
- Ward's prevailing in the trial
- McDougal not a witness
- Removal to federal court

## VII. STATE AGENCIES

### 1. Arkansas Securities Department (ASD)

Thalheimer, Lee

GJ 7-15-97

- Securities Commissioner from 1980 until early-January 1985
- Appointed by Frank White, but served two years under Governor Clinton
- MGSL always had "net worth" problems
- Letters from his department to MGSL regarding their failure to meet "net worth" requirements
- Replaced by Beverly Bassett

Bassett-Schaeffer, Beverly

[GJ 11/95]

- Sister of Woody Bassett, longtime friend of Bill Clinton
- Worked as a clerk in the Attorney General's office when Bill Clinton was Attorney General
- Associate in the Mitchell Law Firm in the early-1980's
- While at Mitchell, did work for MGSL, primarily doing memos to JGT on Maple Creek, Campobello, etc.
- Appointed Arkansas Securities Commissioner/Savings & Loan Supervisor by Governor Clinton in January 1985
- Talked to HRC regarding the RLF proposal to the ASD on behalf of MGSL
- The in-house deliberations and her "Dear Hillary" letter agreeing with "your" interpretation, etc.
- Other preferred stock/limited partnership/broker-dealer issues
- The poor financial condition of MGSL
- December 1985 Guaranty S&L, Harrison, Arkansas, takeover. Lawsuit brought by owners of S&L against federal and state regulators. Vince Foster represented the FSLIC. Bassett was represented by Arkansas AG.
- Approval of the sale of ISC stock from Seth Ward to Castle Sewer & Water on 2/28/86
- State regulators role regulating state chartered S&L's and interaction with federal regulators
- 1986 exam of Madison
- 6/19/86 FHLBB letter to Madison Board of Directors, copied to her
- Her 7/2/86 handwritten memo to Sam Bratton, attaching copy of the FHLBB letter to the MGSL Board; noting, "because of Jim's close relationship with Bill . . . while all serious, items 5 & 6 effectively put MG out of business."
- Attendance at the 7/11/86 FHLBB-MGSL meeting in Dallas
- McDougal & Latham out
- Ultimate takeover of MGSL by the FDIC/RTC in February 1989
- Conversation with Webb Hubbell - and her reaction to being subpoenaed as a witness at the MGSL v. Frost lawsuit - told Webb, "The Governor's wife is the one who presented the audit results to me . . ."

- 1992 campaign efforts, and her written statements to the campaign
- Statement issued by the campaign on 3/8/92, without her being shown or approving the statement
- Efforts in the 1990's regarding her knowledge and testimony

Handley, Charles

[GJ 10/95]

- Career ASD employee
- One of the deputy commissioners
- MGSL net worth problems
- Meeting/memo of 4/3/85 with Davis Fitzhugh of MGSL, saying that he did not believe that an S&L could issue preferred stock
- Ultimate approval and time frame given to accomplish - December 31, 1985
- Other S&L issues regarding MGSL

Brady, Bill

- Then legal advisor at the ASD
- Disagreed with Beverly Bassett's interpretation and agreement with the RLF on MGSL's proposal

Jones, Nancy

[GJ 10/95]

- A deputy ASD commissioner
- State law on not advising anyone of possible FHLBB action
- Her disagreement with Beverly Bassett advising the Governor's office

## **2. Alcohol Beverage Commission (ABC)**

Bennett, Don

GJ 10-7-97

- Legal counsel for the ABC
- Wet/dry issue
- Name is mentioned in the Donovan memo

## **3. Public Service Commission (PSC)**

Slayton, David

GJ 10-8-97

- Custodian of Records
- Administrative law judge/legal counsel
- PSC regulation of water and sewer utilities
- State view of matters set forth in the Donovan-HRC memos
- PSC - AP&L litigation involving the Grand Gulf Nuclear Plant
- Meetings at the Rose Law Firm, which represented the PSC

- Procedure for the PSC contracting with outside counsel, such as the RLF
- Role of HRC

#### **4. Arkansas Board of Health**

- Custodian of Records

#### **5. Arkansas Pollution Control Board**

- Custodian of Records

### **VIII. FHLBB/FSLIC**

Black, Bill

- Ex FHLBB
- Expert Witness
- Federal Regulations exams
- MGSL fraudulent practices-Castle Grande, etc.

Clark, Jim

- Federal examiner for the 1986 MGSL examination
- Order of exam
- Main Street Properties
- Castle Grande
- Maple Creek Farms
- Inflated appraisals and other questionable transactions
- Cross-loans
- Option agreement
- Examiners were misled
- Report to the FHLBB and subsequent actions

Ford, Darlene

- Another federal examiner
- Her role in requesting documentation on various transactions
- The cross-loans and option agreement
- Report and exam, including her notes

FHLBB Supervisor from Dallas

- The 1984 exam and supervisory agreement
- The 1986 exam
- The 6/19/86 letter from FHLBB to MGSL Board of Directors
- Interaction and relationship with State regulators
- The 7/11/86 meeting in Dallas



- Subsequent actions
- The ultimate conservatorship regarding MGSL
- The effect of non-recapitalization of FSLIC by Congress and the effect it had on taking action regarding S&L's

## **IX. BOROD & HUGGING**

Gerrish, Jeff

- Initial contacts and actions as outside counsel looking into activities at MGSL
- Possible civil actions
- Possible criminal activity
- Interviews with various people, including Jim, Susan, Denton, Latham, David Hale, etc.
- Interactions with JGT
- What about the RLF?
- Ward v. MGSL
- MGSL v. Frost
- Other legal actions
- Evaluative memo
- The Borod & Hugging Report - March, 1987
- Removal of the Gerrish and McCreary law firm from the Frost litigation and being replaced by the RLF

Castle, Guthrie

- Associated with B&H/Gerrish & McCreary
- Involved in the Madison v. Frost litigation; and perhaps other litigation

## **X. 1987 - 1990 - CRIMINAL**

Aaron, Gary - FBI

- Case agent for criminal investigation
- Subpoenas
- US v. McDougal & Henleys indictment
- Trial and acquittal (seek to show additional knowledge of what was public and what was known by various people in Little Rock during this time frame)

## **XI. MGSL v. FROST**

Breslaw, April

- FDIC Legal Division role
- Hiring RLF for handling matters in Arkansas on behalf of the federal agencies

- Replacement of Gerrish & McCreary with RLF
- Representations by, misrepresentations made, and failures to disclose in conversations with Hubbell, and perhaps others
- After the case assigned to RLF, interactions with RLF/Webb when questions were raised by others within her agency
- The case itself and Hubbell's role
- Prior representation of MGSL by RLF, including the work done thereon
- Seth Ward

Clerk, US District Court

- Selected pleadings which bear on the Hubbell-Ward-Rose Law Firm issues

RLF Records Custodian

- Activity shown on the RLF invoices to the RTC, including the reading of the Borod & Hugging report by Hubbell, the attendance of RLF attorneys at the McDougal trial, Hubbell's conferences with Heuer, etc.

FBI Lab Witness

- Hubbell's prints on RLF copy of Borod & Hugging Report

## **XII. 1992 CAMPAIGN**

Lynch, Loretta

[GJ 2-1-96]

- San Francisco Attorney
- Worked in Presidential campaign in early 1992 to summer of 1992 in Little Rock
- Inquiries generated as a result of Jeff Gerth's visit to the ASD on 2/11/86
- Her efforts to learn the facts about WWDC, including meetings with Kennedy, conversations with Lyons, etc.
- Her efforts to learn of HRC's work representing MGSL in 1985 and 1986; including conversations with Webb Hubbell and Vince Foster; and questions posed to HRC via Susan Thomases, and perhaps Diane Blair; her contemporaneous memos and notes
- Massey would not back up the story that he was the one who brought the business of MGSL to the RLF
- Hubbell kept changing stories
- Other issues impacting HRC and WJC during 92 campaign
- Lynch, Thomases meetings with Gerth to try to get him to hold off on his article
- Activities on Saturday evening, 3/7/92, when the Gerth story hit the wire
- She received documents from Webb Hubbell in the RLF parking lot that night
- Statements generated by the campaign for Heuer, Bassett, etc.
- HRC's 2-page campaign statement
- Lynch, Blair meeting with Jim McDougal and Sam Heuer at Heuer's office on 3/11/92.
- Blair's memo, including WWDC and the "jogging" incident
- Campaign's release of some information that was not completely accurate

- Betsy Wright's role

Thomases, Susan [?]

[GJ 2/96]

- Her conversations with Webb Hubbell re: HRC's work for MGSL; and her contemporaneous notes
- Her 92 campaign role.
- Her role in the 1993 Vince Foster documents matter
- She and Webb visited HRC at White House on about 7/26/93

Wright, Betsy

[GJ 2/96]

- Chief of Staff for Governor Clinton in the 1980's
- Would have discussed the 7/2/86 handwritten memo from Beverly Bassett, attaching the FHLBB letter to MGSL with Governor Clinton
- Everybody knew that MGSL was in trouble and that McDougal was on his way out
- Her 7/14/86 handwritten memo to Governor Clinton to the effect, "Whitewater stock - Jim McDougal's company - do you still have - if so I'm worried."
- The 1986 Governor's race
- The 1987 exploratory efforts regarding Bill Clinton running for President in 1988
- The decision in July 1987 not to run in 1988
- Deputy chairperson of the 1992 Clinton Presidential campaign
- Her role in the 1992 campaign as the Secretary of Defense, running the defense department and war room
- Gerth inquiries and her actions
- Various campaign memos
- Weeks before the 1992 election, received a telephone call from a person in California. Caller relayed substance of recent conversation at a Kansas City cocktail party, where he heard that a referral about an S&L officer that would implicate the Clinton's had been sent to the federal prosecutor in Arkansas
- Wright discussed what she described as this "very cryptic rumor" with Mrs. Clinton during that time period [see White House/Treasury Contacts memorandum, p. 42, footnote 23].

Blair, Diane

GJ 7-18-96

- Worked in the 1992 campaign
- FAX from Webb regarding Vince and HRC working on HRC's statement

Court Reporter - LRGJ

- Testimony of Hubbell about the campaign and taking records out of the firm (Dec 95 Tr.)

### XIII. TRANSITION

Heuer, Sam

GJ 4-1, 5-20, 10-8-97

- Representation of Jim McDougal in 1989-1990

- 1990 letter to Webb Hubbell, wanting to talk to Seth Ward; and advising Hubbell that Ward had possible criminal exposure
- The Borod & Hugging report
- Other contacts during that first representation
- Heuer's lunch meeting with HRC shortly after the McDougal 1990 trial
- Heuer's conversations with Hubbell regarding McDougal's 1990 trial
- 1992 meeting with Blair, Lynch and McDougal - 3/11/92
- Threatening letter from Blair to him shortly thereafter regarding Jim McDougal, giving the position of the Clintons
- The "closing" of the sale of the Clintons' stock in Whitewater to Jim McDougal in December 1992
- The role of Jim Blair in the closing
- The role of Vince Foster in the closing
- The "\$1,000" amount allegedly paid by McDougal to the Clintons; the money having come from Jim Blair to Heuer's escrow account
- Contacts from McDougal in September 1993, after Hale had visited him in Arkadelphia
- Heuer contacts with the Little Rock US Attorney's office
- Heuer conversations with Jim Blair relating all of this
- His further conversations to and from Jim Blair
- The lapse of his representation of McDougal
- His calling McDougal on the morning after the 825 indictment saying he wanted to get back in the case
- Actions and inactions, and outside influences during his representation of Jim McDougal
- The role of David Kendall and his law firm in assisting Heuer. . .

#### **XIV. JAN-JUL 93**

Lewis, Jean

GJ 10-21-97

- In the Tulsa office at the time of the Gerth article; MGSL was already on a list of S&L's to be revisited
- Directed by her local supervisor and someone in Washington to go to Little Rock to determine if Whitewater had caused MGSL a loss
- Visited warehouse and other places in Little Rock in April, 1992, which led to Criminal Referral C-0004
- C-0004 sent directly to the Little Rock U. S. Attorney and Little Rock FBI on 9/1/92
- During the April 1992 visit, it was apparent that there were possible other criminal violations at MGSL. Instructed to "diary up" the further look at MGSL for May 1, 1993
- Nothing heard regarding C-0004
- She and another agent visited Little Rock, Sheridan, Benton, and Yellville May 31-June 4, 1993; and she began preparing additional criminal referrals during the summer of 1993
- Advised the U.S. Attorney's office and the FBI that other referrals were in the progress of being written
- These were in progress on July 20, 1993, the date of Vince Foster's death

- On 9/24/93, she and her supervisors in Kansas City signed off on the nine additional criminal referrals
- These were sent to Washington, rather than directly to Little Rock as normally would be the case done
- Substance of the referrals, including CR-0196 [which names the Bill Clinton Gubernatorial Campaign as a suspect, the April 1985 fundraiser, and the representation of MGSL before the ASD by HRC]

Roelle, Bill

- Career federal regulator
- Briefed on the new RTC referrals in late September 1993
- He briefed the people higher than him in the chain of command
- Shortly thereafter, the White House was advised about these referrals

## **XV. VF DEATH**

Braun, Cheryl

- Park Police investigator
- What happened at the Park
- What happened at Lisa Foster's house - Webb
- Actions and reactions by Webb Hubbell et. al.

Rolla, John

- Park Police investigator
- What happened at the Park
- What happened at Lisa Foster's house - Webb
- Promises to seal the office . . .

## **XVI. VF DOCUMENTS**

Kennedy, Gail

- Statements regarding the office of Vince Foster; Hubbell and others

O'Neill, Officer

- Secret Service Uniformed Officer
- Says he saw Maggie Williams coming out of the office with documents on the night of July 20

Abbott, Officer

- Secret Service Uniformed Officer
- Says he saw Craig Livingstone walking out with binders/a box on the morning of 7/21/93, it appearing that he was coming from the floor where Foster's office was

#### Telephone Toll Record Custodian

- The series of calls on the night of 7/20/93 involving HRC (in Little Rock), Maggie Williams (WDC), and Susan Thomases (NYC)

#### Margolis, David

- Career DOJ official
- At the White House on 7/21/93 to set up the procedure for "searching" Vince Foster's office
- Had an agreement with the White House Counsel, Bernie Nussbaum
- On 7/22/93, the agreement was reneged on, and he and other law enforcement officials were not allowed to actually see all of the documents which Bernie went through in Foster's office

#### Adams,

- DOJ official
- Testimony similar to Margolis

#### Heymann, Phil

- Deputy Attorney General of the United States
- Previously headed the Criminal Division of DOJ during the Carter Administration
- Informed of the change in the agreement on 7/22/93
- Asked Bernie what he was trying to hide
- Very upset over the matter

#### Castleton, Thomas

- White House Intern/employee
- Carried box/boxes at the direction of Maggie Williams, HRC's Chief of Staff, from Foster's office to the third floor of the residence, placing them in a closet
- Williams told him that they were going to be turned over to the Clinton's lawyers, but the Clintons had to look at them first [Williams has denied saying that to Castleton]

#### Custodian of Records - White House

- Various log entries regarding the movements of persons at the White House during the 7/20-7/27 time frame, including Webb Hubbell, Susan Thomases, Bob Barnett (Williams & Connolly)

### **XVII. OTHER - LATE 1993 TO EARLY 1994**

#### Altman, Roger

- Deputy Secretary of Treasury

- Friend of the Clintons
- Acting head of the RTC
- Memo wherein he recorded Maggie Williams having told him in early January, 1994 that "HRC is paralyzed" over the thought that an Independent Counsel would be going back over their last 20 years in Arkansas
- His stating he would recuse; efforts to keep him from recusing; his statements to Congress; and his ultimate recusal

**Mackay, Dan**

- Career DOJ prosecutor
- Took over Hale, MGSL, RTC referral, when USAO recused on 11/3/93
- Caused issuance of approximately 35 LRGJ subpoenas on 1/11/94
- Document subpoenas to RLF and Massey; served and later withdrawn on 1/13/94

## XVIII. OTHER AUG-DEC 93

Kennedy, Bill

- RLF Securities Section
- Chief Operating Officer of RLF to 2/93
- Opposed RLF representing FDIC/RTC interest in MGSL v. Frost
- At request of HRC, did WWDC reconstruction
- Associate WH Counsel, 2/93 - 11/94
- 11/5/93 meeting with DEK et. al.
- "Vacuum Rose Files . . . "

## XIX. RLF CONFLICTS (First Investigations)

Smith, Jack GJ 2-5-98

- FDIC Legal Division
- Involved in review of possible conflicts of interest by the Rose Law Firm and their representation of the government's interest in Madison v. Frost
- Began this in October, 1993 after media inquiries
- He and Downing interviewed Webb Hubbell, associate Attorney General, at the Department of Justice on 1/11/94
- Memorandum of interview of Webb
- Has recently testified that based on what came to light later, Webb lied to him
- Participated in preparing the report which was issued on behalf of the FDIC in mid-February, 1994

Downing, John GJ 1-22-98

- Interviewed Hubbell on 1/11/94 with Smith
- Testimony similar to Smith's

#### RTC-OCOS Official

- RTC review of the RLF conflicts
- preparation of report issued in mid-February, 1994

#### Custodian of Records

- White House/DOJ
- Copy of the FDIC/RTC conflicts report FAX'd from Webb Hubbell at DOJ to the White House

#### Ickes, Harold [?]

- Long time friend of the Clintons
- Came to the White House in January 1994 to head the Whitewater damage control efforts
- At least daily meetings
- In the wake of the FDIC/RTC reports about possible Rose Law Firm conflicts, and in light of the extension of possible civil liability claims by the RTC, had a discussion with the President on 2/26 or 2/27/94
- Directed Neil Eggelston in the White House Counsel's office to prepare a memo, which Eggelston sent to him on 2/28/94
- By memo date 3/1/94, sent Eggelston's memo, which attached pertinent portions of the FDIC and RTC reports, to HRC. One of these reports had excerpts of the 1/11/94 interview with Hubbell, wherein Hubbell did not truthfully disclose the prior work of RLF for MGSL in 1985 and 1986.

#### Eggelston, Neil

- Whitewater damage control issues and memos received, including one or more which used the word "Castle Grande" in referring to the property south of Little Rock
- Prepared on short notice his 2/28/94 memo to Ickes regarding the Rose Law Firm, Mrs. Clinton, etc.; mentioning possible civil and criminal liability

#### Custodian of Records (or other appropriate witness)

- Washington Post and other news articles beginning on or about 3/1/94 regarding the Rose Law Firm, HRC, Hubbell, Ward, MGSL, etc.

## XX. WEBB RESIGNATION

#### Jones, Jerry

GJ 11-18-97

- Litigation partner in the Rose Law Firm
- Refused at first to believe that Hubbell could have engaged in fraudulent billing and expense practices
- With Ron Clark, questioned Hubbell on several occasions in 1993 and early 1994, and



- was lied to by Hubbell
- Conversation with Jim Blair shortly before Webb resigned

BalEDGE, Les

GJ 11-18-97

- Rose Law Firm
- The Webb Hubbell controversy within the Firm
- Advised Jim Blair about same
- FAX'd Jim Blair a copy of a Little Rock grand jury subpoena to the Rose Law Firm
- Acted as one of the outside counsel to Tyson, where Blair was the in-house counsel

Bird, Allen

GJ 11-18-97

- A senior partner in the Rose Law Firm
- Opened the Rose Law Firm office in Washington, DC in late 1993
- Wrote a letter to Mrs. Clinton on 3/3/94 warning the Clintons not to get too far out in front on the Hubbell issue, which was appearing in the press, as it was a serious matter

McLarty, Mac

GJ 4-17-97

- Long time friend of Bill Clinton
- Initial Chief of Staff to President Clinton
- Interactions with Jim Blair and Mickey Kantor regarding Webb Hubbell and his situation during March 1994. This was during a period of intense publicity about RLF, Hubbell, Ward, HRC, and MGSL
- The pre-meeting of 3/13/94 at the White House.
- The meeting of 3/13/94 at the White House with HRC and WJC
- His statement to HRC at the end of the meeting to the effect, "we're going to try to be supportive of Webb," which she thanked him for.
- His subsequent efforts to get people to "hire" Webb

Bowles, Erskine

GJ 4-15-97

- Deputy Chief of Staff to McLarty
- Later Chief of Staff to President Clinton
- His efforts to have people "hire" Webb

Various Persons or Representatives of Entities who "hired" Webb during 1994

- Each was contacted directly or indirectly by persons close to the Clintons i.e. McLarty, Jordan, etc.

## XXI. SUBSEQUENT STATEMENTS

Custodian - Video tape

- HRC's 4/22/94 press conference (wearing pink). Among the subjects she discussed were the cattle futures deal, how the MGSL business came to RLF (through the young associate, Massey), etc.

#### OIC Custodian/Representative

- Little Rock grand jury subpoena issued to HRC and WJC in May, 1994 for the production of records in June 1994 before the Little Rock grand jury. These would have included any records in her possession concerning work done by her and her firm for MGSL in 1985 and 1986.

#### McKenna, Pat

GJ 3-19-98

- Special Agent, FDIC OIG
- Very experienced criminal investigator
- In late February 1994, Congress was not satisfied with the reports of the FDIC Legal Division and the RTC - OCOS concerning RLF conflicts. The FDIC OIG investigation began at that point and lasted initially until their report in early August 1995.
- Headed the MGSL portion of the investigation. A co-worker headed another phase of the investigation
- August 1994 letter transmitting questions in writing to David Kendall for HRC
- 9/94 affidavit of HRC
- Efforts to interview HRC
- Interview of HRC at the White House for one hour on 11/10/94
- Memorandum of interview/notes
- Her statements regarding MGSL/Castle Grande/etc.
- Showed her one RLF invoice to MGSL - the narrative bill dated January 31, 1986. She said her name must have been on there because she was the billing attorney. Said she did not recall any work that she might have done.
- Interviewed Webb Hubbell for approximately 9 hours on 3/20/95 and helped prepare the memorandum of interview

#### Hepburn, Karen

GJ 3-19-98

- Special Agent, FDIC office of Inspector General
- Headed the First American and other phases of the FDIC OIG investigation into possible Rose Law Firm conflicts
- Interacted with the MGSL phase a lot
- Was the primary agent who interacted with David Kendall setting up the interview of HRC at the White House
- Along with McKenna, interviewed HRC on 11/10/94. She took the notes while McKenna asked the MGSL questions of HRC.
- Memorandum of interview
- Interviewed Webb Hubbell for approximately 9 hours on 3/20/95 and helped prepare the memorandum of interview

#### Clemente, Jim

- Special Agent, FBI

- Came from New York to the Fiske investigation in the spring of 1994
- Case agent on the Hubbell fraud case involving his expense and billing practices for the 89-92 time frame
- Became very familiar with the interworkings of the RLF, and interacted with Ron Clark and others at the firm
- Became very familiar with the Record keeping at the firm and the manner and mean in which bills are prepared: time is recorded on time sheets, inputted into the computer system, transmitted to the billing attorney in the form of draft bills or billing memoranda, then a final bill transmitted to the client
- Participated in the debriefings and interviews of Hubbell after his guilty plea on 12/6/94 and his agreement to cooperate with the government
- Participated in preparing the memoranda of interviews of Hubbell, and can testify concerning statements contained therein
- On 2/1/95, Hubbell produced the original Rose Law Firm file from the Madison Bank and Trust/Bank of Kingston litigation. This was a correspondence file, and contained no transmittal letters or invoices of any kind to the Madison Bank and Trust. Hubbell said that Vince Foster had given him this file during the transition to take and keep with him in storage
- Worked on investigation into HRC relationship with MGSL-interviewed Latham, Massey, etc. in Feb/Mar 95.

#### Rankin, John

- IRS agent
- Stationed in Nashville in 94-95
- Came to Little Rock to head up the IRS portion of the Hubbell billing and expense practice investigation
- participated in numerous interviews of Hubbell in early 1995, and can testify as to various statements made by Hubbell during those interviews

#### Washington Court Reporter

- Transcript of the OIC's interview of HRC at the White House on 4/22/95. Subjects covered at that interview included the April 1985 MGSL fundraiser, the retention of the RLF by MGSL and her role in same, her work for MGSL, the return of the retainer to MGSL on 7/14/86, and certain 1990 campaign finance issues. This deposition was taken with the understanding that it would be read to the grand jury in Little Rock.
- WJC was also interviewed on that date at the White House on the same subjects

#### Court Reporter and/or Currie Brankstone [Gill]

- On 5/23/95, the transcript of HRC's 4/22/95 interview at the White House was read in full to the Little Rock grand jury

Court Reporter and/or John Bryck

- On 5/23/95, John Bryck participated in the reading of WJC's 4/22/95 transcript to the Little Rock grand jury.

Gibson, Fred

GJ 2-19-98

- RTC lawyer
- Very good summary witness
- Very sharp on all of the transactions, especially the ones at Castle Grande involving Seth Ward
- Participated in the RTC, and then FDIC supplemental investigations of RLF conflicts
- Can testify as to the cross-loans, commissions, option agreement, and other aspects of the transactions at Castle Grande; during the initial investigation, the true facts were not revealed to his agency.

Husouk, Eric

GJ 2-4-98

- Special Agent, RTC OIG
- Headed investigative efforts by the RTC OIG from early March 1994 until the issuance of the report on or about July 28, 1995.
- Testified recently at the grand jury about the number of man-hours, number of interviews, etc., involved in this extensive investigation
- Report issued, which did not fully set forth the involvement of the RLF with MGSL in 1985 - 1986, because it had not been revealed to them during the various interviews and requests for documents
- On January 1, 1996, the RTC dissolved, and Husouk became an FDIC employee
- After the billing records were "found" at the White House, the FDIC OIG reopened its investigation, assigning Husouk to be one of the primary persons involved in the supplemental investigation.
- The 9/96 Supplemental Report. Set forth the FDIC's new conclusions based on what they had learned in the wake of the billing records having been found; the role of HRC and RLF being much more significant than previously represented

Black, Pat

GJ 2-19-98

- Attorney with the RTC, and now the FDIC
- Was heavily involved in the RTC/OIG investigation, original RTC report, and the FDIC Supp. Report
- Testified before Congress on 8/10/95, setting forth what her agency learned, including what they had learned about the involvement of HRC in the representation of MGSL
- Democrats on the Committee hailed this as a vindication of HRC
- After the billings records were produced in January 1996, participated in the reopened FDIC investigation
- Testified recently at the grand jury that her testimony at the 8/10/95 hearing was not correct. Based on the billing records and leads from there they learned much more about the involvement of HRC and the RLF in representing MGSL in 1985 and 1986

#### Custodian

- Transcript and/or videos of Hubbell's testimony before the House in August of 1995
- Transcript and/or videos of Hubbell's testimony before the Senate on 12/1/95
- Questioned extensively about the work that HRC and the RLF did for MGSL in 1985-1986
- Also questioned about the 1992 campaign and his role in reconstructing same

#### Court Reporter-Little Rock grand jury Tommy Foreman

- Webb Hubbell's 12/19/95 testimony
- The bulk of the testimony went to the work of HRC at the RLF, especially as it pertained to MGSL and Seth Ward
- The fee allocation chart of Clark was used, as well as some of the recently discovered invoices from RLF to MGSL
- Also covered certain RLF invoices to Tyson where Hubbell was the billing partner, but time was penciled in for HRC; apparently in HRC's handwriting

## XXII. 1996 RLF BILLING RECORDS

#### Huber, Carolyn

[GJ 1-16-96]

- Long time friend of the Clintons
- Was administrator at the Governor's Mansion
- Godmother/babysitter for Chelsea Clinton
- Later, Administrator at the Rose Law Firm before the Clintons moved to Washington
- Received a call from Mrs. Clinton on the night of 3/7/92 to get certain records at the RLF and take them to the campaign so they could respond to the Gerth story which was on the wire
- Has worked at the White House since the Clintons arrived in Washington
- Found what turned out to be the RLF billing records in the "book room" on the third floor of the White House in August, 1995
- They had not been there the previous time she had been in that room, which was about a week before
- Did not recognize what they were and had someone place them in a box and take them to her office in the East Wing of the White House
- In early January 1996, happened to be going through the box and discovered and realized what it was
- Called David Kendall, counsel to the Clintons
- Kendall, Jane Sherburne, and her personal lawyer came, and the records were copied and produced
- Testified before the Little Rock grand jury in mid-January, 1996, and later in the Washington grand jury.
- Described as very loyal to the Clintons

Farlow, James

- Secret Service's Technical Security Division
- Encountered Mrs. Clinton on the third floor of the White House residence in about July 1995. Farlow was escorting two construction workers at the time. He believes the date was July 9, 10, or 11, 1995.
- Mrs. Clinton was carrying a cardboard box when he saw her in a doorway that connects a hall to the service elevator and the stairs to the second floor. The doorway is across the main corridor from Mrs. Clinton's office. In the box that Mrs. Clinton was carrying, he saw documents that looked like the billing records. He said the documents were placed in the box length-wise, and one end was sticking out of the box. The documents were the same length and thickness of the billing records produced to the OIC. He did not see what was printed on the documents.

Parker, David Ross

- Encountered HRC at the top of the stairs on the third floor. HRC was carrying a cardboard box. He cannot recall what was in the box. An escort and another worker were with him.

Fowble, William

- Saw HRC carrying a cardboard box on the third floor of the residence. He believes this occurred on July 8 or 9, 1995. He was in the attic and saw HRC from above.

Washington DC grand jury Court Reporter

- HRC's testimony before the Washington grand jury on 1/26/96
- Questions did not go to the substance of the work she had done for MGSL in 1985 and 1986, but rather how the records had been created, where they had been in the intervening years, etc.
- Admitted that these records were responsive to the subpoenas issued by the Little Rock grand jury calling for production of those records in June, 1994.
- Identified a two-page statement as one which she prepared during the 1992 campaign. This statement told the Massey "old bill" story, and mentioned only the ASD work. It did give the total amount of the work, which indicated she must have had access to or had been briefed in 1992 about the billing records

Court Reporter for the RTC Deposition of HRC in February of 1996

FBI Laboratory Witness

- Fingerprint analysis of the RLF billing records "found" at the White House - among those prints discovered on the billing records were 4 of Vince Foster and 2 of HRC's. One Vince Foster print on page that has only the 4-7-86 HRC-Denton entry.

Several witnesses from the RLF, who have previously testified and/or given statements about the keeping of the billing records, there having been taken out of storage in February/March 1992, and not returned

### WHITE HOUSE

Sherburne, Jane

- Possible witness regarding conversations with HRC and/or her notes of conversations with HRC [which was the subject of the Little Rock grand jury litigation]
- Whitewater Action item list, including "monitor Hubbell cooperation."

Nemetz, Mariam

- Possible witness regarding conversations with HRC and/or her notes of conversations with HRC [which was the subject of the Little Rock grand jury litigation]

Peterson, Shelli

- White House documents custodian.

### **XXIII. VF BRIEFCASE IN ATTIC 7/97**

Foster, Laura

- Daughter of the late Vince Foster
- Found her dad's briefcase in the attic of their home in Little Rock in July 1997
- Took it downstairs and turned it over to her mother

Foster-Moody, Lisa

- Widow of Vince Foster
- Now married to U.S. District Judge James Moody, who was appointed by President Clinton
- The briefcase delivered to her by her daughter in July, 1997 was one she had given to Vince as a graduation present from law school.
- When she realized what was contained in the briefcase, she notified her attorney Jim Hamilton in Washington
- Copied a portion of the documents in the briefcase, and sent the copies to Washington
- When she got tired of copying, she sent the originals of the rest of the documents to Washington
- Ultimately turned over the briefcase and the documents and copies she had to the FBI in Little Rock

Jerry Bastin

- Retired FBI agent
- Investigator for the OIC
- Went to the Foster residence to obtain the briefcase and documents

- Later interviewed Lisa and Laura
- Looked through and was there when pictures were taken of the attic

#### FBI Lab Witness

- Foster fingerprints found on certain documents in the briefcase

### XXIV. SUMMARY

#### Summary Agent Witnesses

- Comparison of the RLF billing records produced by Kendall in January 1996, with the copy of the RLF billing records discovered in Foster's briefcase in July 1997 in the attic
- Foster's handwriting in red on the White House set
- The "old bill" which had been "paid" was in the Foster briefcase, but not in the set produced by Kendall from the White House
- The original Rick Massey memo dated 3/26/92
- The PSC billing memorandum, containing HRC's name on six entries
- Two versions of her two-page statement written during the 92 campaign
- A chronology, apparently prepared by Foster in 1992, which indicated that the "old bill" had been paid in October 1984 [this rebutted the story a portion of the story she was telling during the campaign until later]

#### Kenmille, Chris

- FBI Financial Analyst
- MGSL Financial Condition-Reconstruction & Summary.

#### Custodian of Records - FCI Cumberland, MD

- Recording telephone calls from prison
- "legal calls" made on special phones
- Hubbell's acknowledgment forms
- Taped conversations

#### Fallon, Pat

- FBI OIC - Washington, DC
- Copied Hubbell prison calls
- Caused transcripts to be prepared
- Hubbell - Suzy calls re: RLF suit v. Webb, counterclaim, HRC
- Hubbell - Marsha calls re: Webb's loyalty, HRC . . .
- 3-25-96 calls (5 conversations).