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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Counsel Office

Series/Staff Member: Paul Oetken

Subseries:

OA/ID Number: 40301

FolderID:

Folder Title:

Kennedy, William [1]

Stack:

S

Row:

114

Section:

2

Shelf:

5

Position:

1



U. S. Department of Justice

Washington, D.C. 20530

COPY

HMG:JBrown:acz
157-16-14648

July 10, 1998

Telephone: (202) 616-4174

William F. Coffield, Esq.
Sharp & Lankford
1785 Massachusetts Ave., N.W.
Washington, D.C. 20036-2117

**Re: Request for Reimbursement of Private Counsel Expenses for
William H Kennedy in Connection with the Independent
Counsel's Investigation**

Dear Mr. Coffield:

I am writing with respect to the request of Mr. William H. Kennedy, III, for reimbursement of private counsel fees in connection with the above-referenced matter.

Reimbursement of private counsel fees and costs may be available to federal employees subpoenaed in connection with federal criminal proceedings if the employee is not a target or subject of the investigation. In addition, the information provided to the Department of Justice must demonstrate that the individual was called to testify about actions taken within the scope of his or her employment and that reimbursement would be in the interest of the United States.

Before the Department of Justice can determine whether to provide such reimbursement, Mr. Kennedy must submit a copy of any subpoena addressed to him by the Office of the Independent Counsel as well as information, including a summary of his testimony, sufficient to establish scope of employment and to allow us to determine whether reimbursement would be in the interest of the United States. See 28 C.F.R. § 50.15(a)(1). Once the provisions of our Regulations are satisfied, the Department of Justice will be able to reach a decision on whether the requested reimbursement will be authorized. Please send the requested information to me at the following address:

Jesselyn A. Brown, Esq.
U.S. Department of Justice
Torts Branch, Civil Division
P.O. Box 7146
Washington, D.C. 20044

If you have any questions, you may contact me at the number above.

Very truly yours,

Jesselyn A. Brown
Trial Attorney, Torts Branch
Civil Division

✓ cc: Honorable Charles F.C. Ruff
Counsel to the President
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20502

THE WHITE HOUSE

WASHINGTON

March 17, 1997

Andrea McCarthy
Torts Branch - Civil Division
U.S. Department of Justice
P.O. Box 7146
Washington, D.C. 20044

Re: Investigations by Congress into the Travel Office
and related matters

Dear Ms. McCarthy:

I am writing in response to your letter of February 20, 1997 to William F. Coffield concerning the request of William H. Kennedy, III to the Department of Justice for reimbursement of fees and expenses incurred in connection with the Senate Judiciary Committee's investigation. You indicated in your letter to Mr. Coffield that Mr. Kennedy had not specifically requested reimbursement for fees and expenses in connection with the Senate proceedings in his prior request on October 9, 1996 for reimbursement in connection with the House of Representative proceedings. In the enclosed letter from Mr. Coffield, dated March 13, 1997, such a request is made.

As reflected in the testimony enclosed with Mr. Kennedy's October 9, 1996 letter, Mr. Kennedy served as Associate Counsel to the President. In that capacity, he was asked to testify before the Senate Judiciary Committee in connection with the F.B.I. files matter.

Mr. Kennedy's testimony before the Senate Judiciary Committee related to conduct performed by Mr. Kennedy in the course of his official duties. I have no reason to believe that his conduct was not performed in good faith. Accordingly, it is in the interest of the United States to reimburse Mr. Kennedy for his legal fees and expenses, and I recommend that reimbursement be authorized.

Sincerely,

Charles F.C. Ruff
Counsel to the President

cc: William F. Coffield, Esq.

LAW OFFICES
SHARP & LANKFORD
1785 MASSACHUSETTS AVENUE, N.W
WASHINGTON, D. C. 20036-2117

JAMES E. SHARP
V. THOMAS LANKFORD, JR.
WILLIAM F. COFFIELD
JOHN CONRAD HANKS*
*ADMITTED IN MD ONLY

TELEPHONE
(202) 745-1700
TELECOPIER: (202) 745-2505
TELEX: 697 4605 SGLDC

March 13, 1997

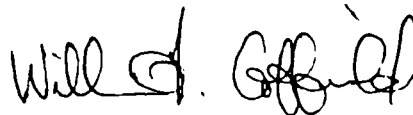
Wendy S. White, Esq.
Associate Counsel to the President
Old Executive Office Building
Room 136
Washington, DC 20500

Dear Ms. White:

This firm represents William H. Kennedy, III, in connection with all proceedings before the House Committee on Government Reform and Oversight and the Senate Committees investigating the Travel Office firings and the FBI inquiry. Mr. Kennedy has been required to provide documents and testimony in conjunction with several matters, all relating to conduct performed within the scope of his employment as Associate Counsel to the President.

Mr. Kennedy is seeking reimbursement for his legal fees incurred to date and payment of his fees in the future. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Will F. Coffield", written in a cursive style.

William F. Coffield

THE WHITE HOUSE

WASHINGTON

March 17, 1997

Rob. Weiner

Andrea McCarthy
Torts Branch - Civil Division
U.S. Department of Justice
P.O. Box 7146
Washington, D.C. 20044

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Sincerely,

Charles F.C. Ruff

Charles F.C. Ruff
Counsel to the President

cc: William F. Coffield, Esq.

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March 13, 1997

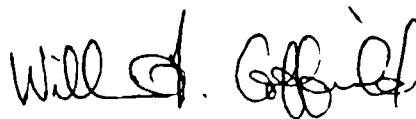
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Sincerely,


William F. Coffield

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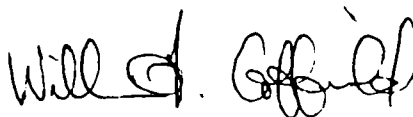
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Sincerely,

A handwritten signature in black ink, appearing to read "Will F. Coffield", written in a cursive style.

William F. Coffield

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JAMES E. SHARP
 V. THOMAS LANKFORD, JR.
 WILLIAM F. COFFIELD
 JOHN CONRAD HANKS
 *ADMITTED IN MD ONLY

After speaking w/ Andrea—
 told him to send
 new letter w/ specific

TELEPHONE
 (202) 745-1700
 TELECOPIER: (202) 745-2505
 TELEX: 697 4605 SGLOC

Telecopier Transmittal Sheet

TO: Wendy White
 FROM: J.C. Hanks
 DATE: 3/6/97
 NO. OF PAGES: (Including this cover page) 3
 RE: DOT reimbursement

request for reimbursement
 for Anate

testimony

3/2/97

P/s. call with clarification.
 Thanks
 J.C.

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HMG:JLE:AWMcCarthy:acz
157-16-16181

Washington, D.C. 20530

February 27, 1997

Telephone: (202) 616-4088

William F. Coffield, Esq.
Sharp & Lankford
1785 Massachusetts Ave., N.W.
Washington, D.C. 20036-2117

Re: Representation of William H. Kennedy, III,
in Connection with the House Committee on
Government Reform and Oversight's Investigation
of the White House Travel Office Matter

Dear Mr. Coffield:

We are in receipt of your letter dated February 20, 1997, enclosing your firm's billing statements for your representation of William H. Kennedy, III, in connection with the above captioned matter.

This office has completed its review of these billing statements. However, before reimbursement can be made, we require further clarification of certain matters appearing on the billing statements.

Your letter of February 20th states that there are "discrepancies between the total hours on the original monthly statements and the summaries." However, there were no differences between the fees and costs on the original billing statements mailed to Mr. Kennedy and the billing statement summaries which your firm submitted to comply with the Department of Justice's billing guidelines. Also, the total number of hours listed in the descriptions of services on the billing statement summaries do not agree with the total number of attorney hours for which your firm is seeking reimbursement.

We ask that you review these billing statements and summaries and advise us of the fees and costs for which your firm is seeking reimbursement.

Also, your letter states that the monthly disbursements include postage, telephone and fax. The retention agreement, at page 3, section 4, states that "[w]hile the Department will pay normal overhead expenses actually incurred (e.g., postage, telephone tolls, travel, transcripts), the retained attorney must

itemize these charges." We ask that you break these monthly disbursements down to show the actual costs being billed.

At this time, reimbursement of your firm's invoices has been authorized only with respect to those services and costs incurred in the representation of Mr. Kennedy in connection with the House Committee on Government Reform and Oversight's investigation of the White House Travel Office matter. The Department of Justice is therefore unable to reimburse your firm for any time spent in connection with the Independent Counsel's investigation or the Senate Judiciary Committee's investigation.

In the description of services for the month of August, 1996, it was noted that time had been spent on a "Grand Jury memo." Please review this time and the costs associated with it and advise us if they are connected with the House Committee investigation or not.

The description of services for the month of September, 1996, appear to relate solely to the Senate Judiciary Committee's investigation. Please review these services and the costs associated with it and advise us if they are connected with the House Committee investigation or not. }

Please direct your response to my attention at P.O. Box 7146, Washington, D.C. 20044. Upon receipt of your response, a final determination regarding reimbursement of these invoices will be made.

If you have any questions, please contact me at the number above.

Very truly yours,


Andrea W. McCarthy
Trial Attorney, Torts Branch
Civil Division



U.S. Department of Justice
Civil Division

file: Counsel fees
cc: Wendy
Thank you! KW

Deputy Assistant Attorney General

Washington, D.C. 20530

December 12, 1996

The Honorable John M. Quinn
Counsel to the President
The White House
Washington, D.C. 20500

Dear Mr. Quinn:

This letter is in response to your correspondence of July 5, 1996, August 13, 1996, and October 9, 1996, regarding the requests for reimbursement of private counsel fees and costs of Lisa Caputo, Catherine Cornelius, Mark D. Gearan, Carolyn Huber, William H. Kennedy, Thomas F. McLarty, Dee Dee Myers, Roy M. Neel, Ricki Seidman, Clifford Sloan and Kathleen Whalen in connection with the House Committee on Government Reform and Oversight's investigation of the White House Travel Office matter.

From the facts presently available, it appears that providing representation to the above named individuals in the House Committee investigation is in the interest of the United States. Representation of them by attorneys employed by the Department of Justice however, was barred by the House Committee. Therefore, in accordance with the provisions of 28 C.F.R. §§ 50.15, 50.16 and Civil Division Directive 2120A, reimbursement of private counsel fees and costs is authorized. Reimbursement for private counsel fees is limited to a maximum of \$99.00 per hour.

The Torts Branch will be contacting each of the attorneys for these individuals concerning their reimbursement.

Sincerely,

Eva M. Plaza

EVA M. PLAZA
Deputy Assistant Attorney General

THE WHITE HOUSE
WASHINGTON

October 9, 1996

Helene M. Goldberg
Director, Torts Branch
U.S. Department of Justice
1425 New York Avenue, N.W. Room 8122
Washington, D.C. 20530

Re: Investigations by Congress and the
Independent Counsel into the Travel
Office and Related Matters

Dear Ms. Goldberg:

I am writing pursuant to Frank W. Hunger's letter to me of May 22, 1996, concerning the payment or reimbursement of fees and expenses incurred by current and former White House officials in conjunction with the House Committee on Government Reform and Oversight's investigation of the Travel Office matter.¹ In addition, I am forwarding for consideration a request for reimbursement for fees and expenses incurred by a current White House staff member, Lorraine Voles, in connection with the investigation by the Independent Counsel into the Travel Office matter. We understand that this request will be considered separately by the Department.

The information provided below has been developed essentially based upon the letters sent to the White House requesting reimbursement; White House records describing the responsibilities and job titles of the witnesses; and deposition transcripts that are now publicly available. We have enclosed those transcripts where we believe it might be helpful in understanding the role of the witness in the Travel Office matter.

¹ Since Mr. Hunger's letter of May 22, 1996, the "Travel Office Matter" has grown to include investigations by Congress into requests by the White House Office of Personnel Security for FBI files related to former White House employees.

Enclosed are requests for reimbursement submitted on behalf of the following officials:

1. Catherine Cornelius. Ms. Cornelius served as Special Assistant to the Assistant to the President for Management and Administration, David Watkins. She was assigned by Mr. Watkins to work in the Travel Office in the spring of 1993. A copy of her deposition is enclosed.
2. Mark D. Gearan. Mr. Gearan served as White House Deputy Chief of Staff, reporting to Mack McLarty. Mr. Gearan participated in the planning stages of the Management Review conducted by Mr. McLarty of the Travel Office matter. In June 1993 he was appointed White House Communications Director. In this capacity, he was involved in the public release of the Management Review. A copy of his deposition is enclosed.
3. William H. Kennedy. Mr. Kennedy served as an Associate Counsel to the President. In that capacity, he was involved in the Travel Office matter and was deposed by the House Committee on Government Reform and Oversight. His responsibilities in the Counsel's Office also included responsibility for the Office of Personnel Security. In connection with these responsibilities, he was deposed by the House Committee about matters relating to the F.B.I. files issue. Copies of these two depositions are enclosed.
4. Roy M. Neel. Mr. Neel served as White House Deputy Chief of Staff, reporting to Mack McLarty, during the period of time when Mr. McLarty was conducting the Management Review. A copy of his deposition testimony is enclosed.
5. George E. Saunders. Mr. Saunders is a personal security consultant at the White House. In that capacity, he was asked to testify about the F.B.I. files matter. A copy of his deposition is enclosed.
6. Hugh T. Taggart, Jr. Mr. Taggart is a Records Management Analyst for the White House. In this capacity, Mr. Taggart was interviewed by the Senate Judiciary Committee in connection with the F.B.I. files matter. He was interviewed regarding production of documents to the House Committee on Government Reform and Oversight and, in particular, the production of the Billy Dale background investigation file.

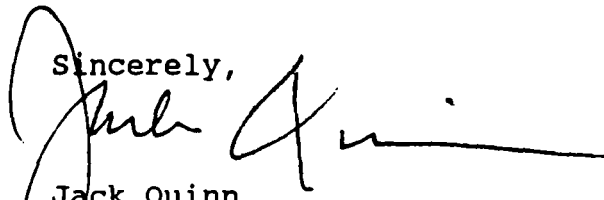
Each of these officials has described in the enclosed correspondence the requests that have been made and the responses required by the Congressional Committee or Independent Counsel. In each case, the Committee and/or the Independent Counsel has requested documents and testimony from these individuals about conduct performed in the course of their official duties. I have

no reason to believe that the conduct of any of the above individuals was not performed in good faith.

I recommend that each of these requests be approved and that reimbursement be provided. I believe that reimbursement is in the interest of the United States since these individuals should be not be compelled to pay private counsel, out of their own resources, to represent them in connection with activities performed as part of their government service.

I have advised these individuals that you will communicate directly with them, or their counsel, in responding to their requests.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Quinn", written over the typed name.

Jack Quinn
Counsel to the President

cc: White House Officials Identified Above

LAW OFFICES
SHARP & LANKFORD
1785 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D. C. 20036-2117

JAMES E. SHARP
V. THOMAS LANKFORD, JR.
PAUL L. KNIGHT
WILLIAM F. COFFIELD
JOHN CONRAD HANKS*
*ADMITTED IN MD ONLY

TELEPHONE
(202) 745-1700
TELECOPIER: (202) 745-2505
TELEX: 697 4605 SGLDC

August 10, 1996

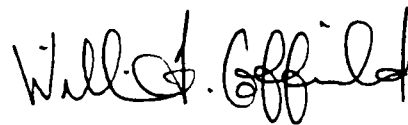
Wendy S. White, Esq.
Associate Counsel to the President
The White House
Washington, DC 20500

Dear Ms. White:

This firm represents William H. Kennedy, III, in connection with proceedings before the House Committee on Government Reform and Oversight. Mr. Kennedy has been required to provide documents and testimony in conjunction with several matters taken up by the Committee, all relating to conduct performed within the scope of his employment as Associate Counsel to the President. I have enclosed several of the requests Mr. Kennedy has received from the Committee.

Mr. Kennedy is seeking reimbursement for his legal fees incurred to date and payment of his fees in the future. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "William F. Coffield", with a stylized, cursive script.

William F. Coffield

WILLIAM F. CLINGER, JR., PENNSYLVANIA
CHAIRMAN

BENJAMIN A. GILMAN, NEW YORK
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ROBERT L. EHRICH, JR., MARYLAND

ONE HUNDRED FOURTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

July 22, 1996

CARDISS COLLINS, ILLINOIS
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ELEANOR HOLMES NORTON, DC
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CENE GREEN, TEXAS
CARRIE P. MECK, FLORIDA
CHAKA FATTAH, PENNSYLVANIA
BILL K. BREWSTER, OKLAHOMA
TIM HOLDEN, PENNSYLVANIA

BERNARD SANDERS, VERMONT
INDEPENDENT

MAJORITY—(202) 225-6074
MINORITY—(202) 225-6061

VIA FACSIMILE: 202-745-2505

William F. Coffield
Sharp & Lankford
1785 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: William H. Kennedy, III

Dear Mr. Coffield:

Under the authority of Article I of the Constitution of the United States and Rules X and XI of the Rules of the House of Representatives, the Committee on Government Reform and Oversight has been conducting an investigation into the White House Travel Office matter and the release by the Federal Bureau of Investigation (FBI) of sensitive background files. Under Committee Rule 19, the Government Reform and Oversight Committee has been granted the authority to issue interrogatories.

On June 18, 1996, your client, Mr. William Kennedy, testified before the Committee on his involvement in the supervision of the White House Office of Personnel Security. At that time he cited the Privacy Act, 5 U.S.C. 552a (1994), as a testimonial bar, preventing his response to a pertinent question posed to him by a Member of the Committee. Following requests by Members of the Committee, I agreed to consult with proper authorities to determine whether a witness before a congressional committee can avoid answering otherwise legitimate questions because he is legally precluded by the Privacy Act.

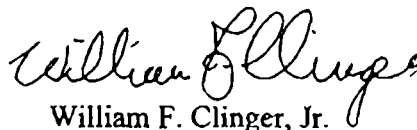
The House Parliamentarian has informed me that his office is not in a position to rule on the use of a Federal statute as a bar to responding to a legitimate congressional inquiry. I have, therefore, sought a legal opinion from the American Law Division of the Congressional Research Service (CRS) which is attached for your review. As you will read, senior CRS attorney Morton Rosenberg has concluded that for numerous reasons, the Privacy Act does not act as a defense in these circumstances. I agree with Mr. Rosenberg's analysis and therefore direct that your client respond under oath to the attached written questions, which will be included in the Committee's record. Our need for the Committee to recall your client for a sworn deposition will depend upon

William F. Coffield
July 22, 1996
Page Two

the degree of candor with which your client responds to these questions.

Please instruct your client to respond to these questions, under oath, and return them to me no later than 5:00 p.m. on Friday, August 2, 1996. Your cooperation in this matter is appreciated.

Sincerely,

A handwritten signature in cursive script, reading "William F. Clinger, Jr.", written in dark ink.

William F. Clinger, Jr.
Chairman

Attachment

cc: Hon. Cardiss Collins

CHAIRMAN
 BENJAMIN A. GILMAN, NEW YORK
 DAN BURTON, INDIANA
 J. DANNIS RUSTERT, ILLINOIS
 CONSTANCE A. MORELLA, MARYLAND
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ONE HUNDRED FOURTH CONGRESS

Congress of the United States House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

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 BILL K. BREWSTER, OKLAHOMA
 TIM HOLDEN, PENNSYLVANIA

BERNARD SANDERS, VERMONT
 INDEPENDENT

MAJORITY—(202) 225-5074
 MINORITY—(202) 225-5051

July 9, 1996

Mr. William Kennedy
 c/o William F. Coffield
 Sharp & Lankford
 1785 Massachusetts Avenue, NW
 Washington, DC 20036

SECURITY OF FBI BACKGROUND FILES

Hearing held on June 26, 1996

The testimony given by you before the subcommittee appears in the attached pages. Please furnish any information which was requested during the hearing and return, **within ten (10) working days**, for the use of the members of this committee. If it is not returned on time, we will assume there are no changes and will proceed with the printing of the publication.

Changes may be made in your testimony to correct errors in transcribing. **Only grammatical and typographical errors may be corrected, no other changes will be permitted.** Please mark your corrections in red ink by using standard editing symbols and initial each completed page.

Note: Stenographic minutes are unrevised and unedited and are not for quotation or duplication. Copies of the transcript are not to be distributed for other than editing purposes.

Thank you for your cooperation and please return your edits no later than **July 25, 1996** to:

Ms. Judy McCoy
 Government Reform and Oversight Committee
 2157 Rayburn HOB
 Washington, DC 20515

CERTIFICATION

I certify that the corrections made and initialed by me reflect the changes I wish to make in my oral testimony.

(signature)

WILLIAM F. CLINGER, JR., PENNSYLVANIA
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House of Representatives

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BERNARD SANDERS, VERMONT
INDEPENDENT

MAJORITY—(202) 225-6074
MINORITY—(202) 225-6061

June 21, 1996

VIA FACSIMILE: 202-745-2505

William F. Coffield
Sharp & Lankford
1785 Massachusetts Avenue, Suite 200
Washington, D.C. 20036

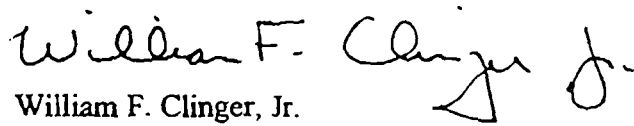
Re: William Kennedy

Dear Mr. Coffield:

This letter is to confirm that the Committee on Government Reform and Oversight requested the attendance of Mr. William Kennedy at a full Committee hearing on Wednesday, June 26, 1996 at 10:00 a.m. The hearing will be held in room 2154 Rayburn Office Building. As my staff discussed with you, the Committee would like to question Mr. Kennedy more fully regarding the handling of Federal Bureau of Investigation background files at the White House from 1993 through this year. It is my hope that Mr. Kennedy will appear voluntarily and prevent the need for a Committee subpoena.

Thank you for your cooperation with this matter. If you have any questions regarding this hearing, please contact me or my staff at 202-225-5074.

Sincerely,


William F. Clinger, Jr.
Chairman

cc: Hon. Cardiss Collins

WILLIAM F. CLINGER, JR., PENNSYLVANIA
CHAIRMAN

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MAJORITY—(202) 225-6074
MINORITY—(202) 225-6051

June 21, 1996

VIA FACSIMILE: 202-745-2505

William F. Coffield
Sharp & Lankford
1785 Massachusetts Avenue, Suite 200
Washington, D.C. 20036

Re: William Kennedy

Dear Mr. Coffield:

This letter is to confirm that the Committee on Government Reform and Oversight requested the attendance of Mr. William Kennedy at a full Committee hearing on Wednesday, June 26, 1996 at 10:00 a.m. The hearing will be held in room 2154 Rayburn Office Building. As my staff discussed with you, the Committee would like to question Mr. Kennedy more fully regarding the handling of Federal Bureau of Investigation background files at the White House from 1993 through this year. It is my hope that Mr. Kennedy will appear voluntarily and prevent the need for a Committee subpoena.

Thank you for your cooperation with this matter. If you have any questions regarding this hearing, please contact me or my staff at 202-225-5074.

Sincerely,

William F. Clinger Jr.
William F. Clinger, Jr.
Chairman

cc: Hon. Cardiss Collins

WILLIAM F. CLINGER, JR., PENNSYLVANIA
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COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

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June 11, 1996

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Via Facsimile

William F. Coffield, Esquire
Sharp & Lankford
1785 Massachusetts Avenue, N.W.
Washington, D.C. 20036-2117

Re: William H. Kennedy, III

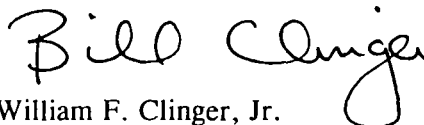
Dear Mr. Coffield:

As you are aware, the Committee on Government Reform and Oversight is conducting an investigation with respect to the White House Travel Office matter. This investigation is being conducted pursuant to the Committee's authority under Rules X and XI of the House of Representatives. House Resolution 369 passed by the House of Representatives on March 7, 1996, grants the Committee special authorities to conduct staff depositions and submit interrogatories.

Based upon newly discovered evidence and recent White House production of documents, we are requesting a follow-up deposition of your client between the dates of June 21, 1996 and June 29, 1996. Please contact my staff by 5 p.m. Friday, June 14, 1996 to schedule the deposition. We will also be questioning your client on the subject areas ruled upon by the Chairman following your initial deposition. The Committee is trying to complete these depositions in an expeditious manner and is working within a limited timeframe. Accordingly absent a conflict which cannot be changed, we would expect you to work within this schedule. The minority counsel is accorded full participation in these depositions.

Your cooperation in this matter is greatly appreciated. If you have any questions, please call Barbara Olson or Barbara Comstock at (202) 225-5074.

Sincerely,



William F. Clinger, Jr.
Chairman

cc: Representative Cardiss Collins

WILLIAM F. CLINGER, JR., PENNSYLVANIA
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June 6, 1996

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MAJORITY—(205) 225-2074
MINORITY—(205) 225-2051

Mr. Jack Quinn
White House Counsel
The White House
Washington, D.C. 20500

Dear Mr. Quinn:

In light of the recent disclosures regarding the request for Billy Dale's FBI records, I am requesting the following information to be received by Monday, June 10, 1996 at 10a.m.:

1. All calendars and phone records, message slips or phone logs reflecting contacts with, between or among and/or calls to or from any of the following individuals between December 1, 1993 and January 10, 1994:

Bernard Nussbaum, Bill Kennedy, Craig Livingstone, Mack McLarty, David Watkins, Webb Hubbell, Ricki Seidman, John Podesta, Bruce Lindsey, Mark Gearan, Bob Barnett, David Kendall, Cliff Sloan, Neil Eggleston, Harry Thomason, Todd Stern, Harold Ickes, George Stephanopoulos, Mike Berman, James Lyons, Susan Thomases, Betsey Wright and Skip Rutherford.

2. All calendars and phone records, message slips or phone logs reflecting any contact with any employee of the FBI between December 1, 1993 and January 10, 1994.

I appreciate your prompt response to these requests.

Sincerely,

Bill Clinger
William F. Clinger, Jr.
Chairman

cc: Rep. Cardiss Collins

THE WHITE HOUSE
WASHINGTON

June 6, 1996

TO: CERTAIN CURRENT AND FORMER WHITE HOUSE OFFICIALS

FROM: JANE C. SHERBURNE 
SPECIAL COUNSEL TO THE PRESIDENT

WENDY S. WHITE
ASSOCIATE COUNSEL TO THE PRESIDENT

RE: REQUEST FOR TELEPHONE RECORDS AND CALENDARS FROM
HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

We received the attached request for "calendars and phone records, message slips or phone logs" from the Committee on Government Reform and Oversight. Also attached is a letter to Chairman Clinger explaining our understanding of his request. Please advise us whether you have any responsive material in your possession that would constitute a White House record.

We will work with the Office of Records Management to identify responsive documents.

The Committee has asked that we respond by 10:00 a.m. on Monday, June 10, 1996. We have advised the Committee that we are doubtful we will be able to meet this deadline, but that we will respond promptly. Consequently, we ask for your response by Monday June 10, 1996, if possible.

If you have any questions, please call Jane Sherburne (456-5116) or Wendy White (456-7361).

WILLIAM F. CLINGER, JR., PENNSYLVANIA
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Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

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May 2, 1996

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BERNARD SANDERS, VERMONT
INDEPENDENT

MAJORITY—(202) 225-5074
MINORITY—(202) 225-6051

William F. Coffield
Sharp & Lankford
1785 Massachusetts Avenue, NW
Washington, DC 20036

Re: William Kennedy

Dear Mr. Coffield:

On February 7, 1996, the Committee on Government Reform and Oversight issued a personal subpoena to your client compelling the production of documents in the White House Travel Office matter by February 26, 1996.

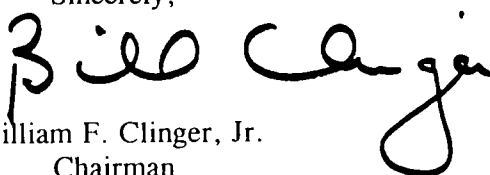
On February 15, 1996, the White House sent some present and former White House employees a memo requesting that the Counsel's office handle production of responsive documents. In this memo, the White House Counsel's office requested that past and present White House employees "forward any White House records you believe may be responsive [to the personal subpoenas] to the Counsel's Office and we will determine whether they should be produced to the Committee."

As you know, your client is responsible for responding to a personal subpoena, not the White House. While we have initiated steps to compel production of all documents from the Office of White House Counsel, the Committee requests a signed response from Mr. Kennedy by May 8, 1996, indicating that he has produced all records that were in his possession as of February 7, 1996 and that he has completed production of all documents pursuant to the February 7, 1996 subpoena.

I have scheduled a meeting of the Committee on Government Reform and Oversight for the morning of May 9, 1996, to resolve outstanding subpoena issues. At that time, I will request a Committee vote to compel the production of any outstanding records.

Thank you for your prompt attention to this matter.

Sincerely,


William F. Clinger, Jr.
Chairman

WILLIAM F. OLINGER, JR., PENNSYLVANIA
CHAIRMAN

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ONE HUNDRED FOURTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

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BERNARD BANDERS, VERMONT
INDEPENDENT

MAJORITY--(202) 225-6074
MINORITY--(202) 225-6061

April 30, 1996

William F. Coffield, Esquire
Sharp & Langford
1785 Massachusetts Avenue, Northwest
Washington, D.C. 20036

Dear Mr. Coffield:

As you are aware, the Committee on Government Reform and Oversight is investigating the White House Travel Office matter pursuant to its authority under House Rules X and XI of the United States House of Representatives. Your client, William Kennedy, was deposed on April 9, 1996, pursuant to the authority granted under House Resolution 369 and its implementing Committee Rule 19.

Pursuant to this grant of authority, Committee Chief Investigative Counsel questioned Mr. Kennedy about his February 26, 1996 document production in response to the Committee's February 7, 1996 subpoena directed to him. In that letter, Mr. Castellitto described a group of documents not produced to this Committee which were provided to Mr. Kennedy as "courtesy copies" from the White House Counsel's Office. You raised several objections to this line of questioning based on the premise that the question asked about matters that were shared between Mr. Kennedy and his counsel and was thus within the attorney-client privilege.

You further stated that the mere fact that the documents were sent by the White House to counsel for Mr. Kennedy was privileged. You explained that any information concerning the receipt of documents sent to Mr. Kennedy's attorney and then shared with Mr. Kennedy was not to be disclosed under a claim of this privilege.

Mr. Coffield
April 30, 1996
Page 2

At a later point in the deposition, you raised another attorney-client privilege objection and instructed Mr. Kennedy not to respond to a series of questions concerning a page of Mr. Kennedy's handwritten notes that somehow were provided to Mr. Kennedy for review in connection with the Billy R. Dale trial.

Although you stated on the record that you never had seen these documents, you invoked ~~an attorney-client privilege objection to prevent Mr. Kennedy from discussing any of the circumstances under which the Justice Department received information as to the contents of Mr. Kennedy's notes.~~ These notes discussed a petty cash log that was maintained by Mr. Dale in the White House Travel Office.

After several objections, Mr. Kennedy also refused to ~~disclose the circumstances under which he received a copy of these notes during the October, 1995, time period.~~ You explained to counsel that your objection went to everything having to do with Mr. Kennedy's review of his own notes in response to the Justice Department's October, 1995 request.

Mr. Kennedy also refused to respond to questions about these documents in the context of their production to the Committee pursuant to the Committee's February 7, 1996 subpoena.

The attorney-client privilege is a common law judicially mandated privilege that generally protects disclosure of communications between a client and his lawyer relating to the lawyer's rendering of legal advice as long as that advice is made with the expectation of confidentiality. Even at common law, this rather narrow privilege does not extend to all discussions that may occur between an attorney and his client.

When an attorney acts as an advisor to his client, such communications must be predominately legal in order to retain the privilege of non-disclosure. See Zenith Radio Corp. v. Radio Corp. of America, 121 F. Supp. 792, 794 (D. Del. 1954); SCM Corp. v. Xerox Corp., 70 F.R.D. 508, 517 (D. Conn. 1976). Moreover, at common law the attorney-client privilege is an extremely restricted privilege that may be waived by any voluntary disclosure of the privileged information whether by the client or by his attorney with the client's consent. See Permain Corp. v. United States, 665 F.2d 1285, 1299 (D.C. Cir. 1981).

Based upon my review of the transcript, I do not believe it is necessary for me to rule on whether or not this Committee will accept common law attorney-client privilege claims at this time. Majority Counsel agreed to allow Mr. Kennedy to answer all of the

Mr. Coffield
April 30, 1996
Page 3

questions posed excluding communications between Mr. Kennedy and his attorney that specifically relate to legal advice as long as those communications never were shared in any part with any third party. Any communication of the allegedly privileged information to Mr. Stuart Goldberg or any lawyers with the White House Counsel's Office would completely waive the privilege.

Therefore, I hold that your attorney-client privilege claims as presented in the record are overbroad. All objections based upon assertions of this privilege are overruled to the extent stated above. Mr. Kennedy is directed to answer all questions concerning his knowledge of the receipt of documents from the White House as well as any communications to which he has knowledge concerning the Justice Department's review of his handwritten notes. I will allow Committee counsel to inquire into Mr. Kennedy's knowledge of his review of any documents provided by the White House and all communications concerning the Justice Department's delivery and transcription of Mr. Kennedy's handwritten notes.

Please contact Barbara Bracher or Kristi Remington at Committee offices to arrange for a mutually convenient time for Mr. Kennedy to complete his deposition. I appreciate your prompt attention to this matter.

Sincerely,


William F. Clinger, Jr.

cc: The Honorable Cardiss Collins

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C.

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In the matter of: :

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WHITE HOUSE TRAVEL : DEPOSITION OF

: WILLIAM HOLDEN KENNEDY, III

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Tuesday, April 9, 1996

Washington, D.C.

The deposition in the above matter was held in Room 2203, Rayburn House Office Building, commencing at 10:15 a.m.

Appearances:

Staff Present for the Government Reform and Oversight Committee: Barbara Bracher, Chief Investigative Counsel; Laurie Taylor, Investigator; Barbara Comstock, Investigative Counsel; Donald Goldberg, Assistant to Counsel, Minority; and Daniel Hernandez, Minority Professional Staff.

For WILLIAM HOLDEN KENNEDY, III:

WILLIAM F. COFFIELD, ESQ.

JOHN CONRAD HANKS, ESQ.

Sharp & Lankford

1785 Massachusetts Avenue, N.W.

Washington, D.C. 20036

Ms. Bracher. Good morning. We are on the record this morning for the deposition of William H. Kennedy, which will be administered under oath.

And if I can identify the people in the room, Mr. Kennedy is here with two of his counsel, Mr. Bill Coffield and J.C. Hanks. Majority counsel is here, myself, Barbara Bracher; as well as Laurie Taylor and Barbara Comstock. Minority counsel is here, Don Goldberg and Dan Hernandez.

Before you are sworn in, Mr. Kennedy, I would like to provide you some background information concerning this investigation and your appearance here.

As you know, pursuant to its authority under Rules 10 and 11 of the House of Representatives, the Government Reform and Oversight Committee is investigating the White House Travel Office matter. This matter refers to all events that lead up to the May 19, 1993, firings of the White House Travel Office employees and includes all information which was provided about the White House Travel Office and any employees of the White House Travel Office at any time from January 1, 1993, to the present. Our investigation also encompasses the activities of Harry Thomason, Darnell Martens and Penny Sample at the White House, as well as all allegations of wrongdoing concerning the Travel Office employees.

The committee investigation is reviewing all actions which were taken by the FBI and the Department of Justice, both prior to and after the firings, which would include the actions by any field office personnel and any White House involvement in coordination or attendance of interviews.

The investigation includes but is not limited to the investigation and prosecution of Mr. Billy Ray Dale and all investigations and subsequent reviews of the Travel Office firings by any agency, which include but aren't limited to the White House management review, the FBI Weldon Kennedy/I.C. Smith review, the FBI-OPR review, the Department of Justice-OPR review, the IRS internal review, the IG review, the GAO review and as well as the proposed House of Representatives resolution of inquiry which was considered and voted on in the House Judiciary Committee in July of 1993.

We are reviewing all actions relating to or describing the criminal investigations into the White House Travel Office matter, which include any subsequent actions or activities of any kind as a result of the above-mentioned events by the White House, the Treasury Department, the IRS, the GSA, the GAO, the FBI, the independent counsel, which include Mr. Fiske, as well as Mr. Starr, and the Department of Justice up to the date of this request, unless it's otherwise limited.

Do you understand that your answers would include all this information?

Mr. Kennedy. Would you repeat that?

Ms. Bracher. Do you understand that your answers would include --

Mr. Kennedy. No. All what information? I'm teasing, Barbara. I'm testing you. The answer is yes.

Ms. Bracher. Okay. The committee has been granted specific authorization to conduct this deposition pursuant to House Resolution 369, which was passed by the House of Representatives on March 7, 1996 and pursuant to committee Rule 19, which has been provided to you previously. Both Majority counsel and Minority counsel will be afforded an equal opportunity to pose questions to each witness.

Have you received committee Rule 19 before this date?

Mr. Coffield. I believe that you received committee rule 19 from Paul.

Ms. Bracher. Mr. Castellitto.

Mr. Kennedy. Possibly, but go ahead.

Ms. Bracher. Would you like us to provide you with another copy at this time? Castellitto.

Mr. Kennedy. Might as well.

Mr. Coffield. We might as well take a look at it. We might as well take a look at it real quickly.

Ms. Bracher. I will continue on and we will provide you with a copy of that to look over before we begin.

Committee counsel will proceed with equal rounds of questioning, each lasting up to one hour, until both counsel have completed their questioning. The only exception to this rule is if a member of this committee is present and wishes to pose questions to you, Mr. Kennedy. If so, the member will be afforded an immediate opportunity to pose their questions, and committee counsel will then resume questioning when the members have completed all their questioning.

You are here today voluntarily and not by subpoena; is that correct? Castellitto.

Mr. Kennedy. That's right.

Ms. Bracher. You understand this deposition is under oath. You will be allowed to confer with your attorney. If you do not understand a question, please tell me. I will try to rephrase that question.

However, I ask that all objections which are raised by your attorney be stated for the record with the reason for the objection clearly explained. At that point, committee Majority counsel will confer with Minority counsel and determine whether to accept the objection as a proper objection in this deposition. If Majority or Minority counsel does not believe the objection to be proper, we will hold it for later and confer with the chairman. The chairman ultimately may present his views on the objection and offer a ruling concerning that objection.

You will be given a five-day time frame in which you and your attorney may review your deposition, once it's been transcribed, to correct any technical problems that you perceive occurred in the transcription and to clarify any matters.

Do you understand that? Castellitto.

Mr. Kennedy. I do.

Ms. Bracher. At that time, you will be asked to signed the deposition, or your attorney to sign the deposition in your stead.

You are accompanied by your counsel this morning. I ask that you be sworn in at this time.

Mr. Coffield. Can we go over one matter before he is sworn?

Ms. Bracher. Certainly.

Mr. Coffield. You are -- you all find yourselves in a pecking order that is unenviable from the standpoint of Bill personally. He has been through a lot of this.

Ms. Bracher. I understand.

Mr. Coffield. I am sure you all understand that. And he is tired of it. It's affecting his personal life. It's affecting everything he has to do. I just want to make clear that he is tired of this, and there are a number of questions that have been addressed to him before and he is here voluntarily and he does want to do this and he does want to provide you with this information.

But he may appear to be a little tired of it at some point. I just want to make clear that that's not a reflection on his willingness to participate in this and to provide you with the answers that you are seeking.

Ms. Bracher. Thank you.

Would you please be sworn.

Mr. Goldberg. Ms. Bracher, before he is sworn, I just want to make my record.

Ms. Bracher. You want to make your record before the oath?

Mr. Goldberg. Yes. Minority staff does not necessarily concur in the scope as described by Majority staff.

Mr. Kennedy. Neither does the witness.

Ms. Bracher. I am glad there's not a vote.

If you will take the oath now, please

WHEREUPON,

WILLIAM HOLDEN KENNEDY, III,

a witness in the above-entitled matter, was called as a witness, and having been first duly sworn or affirmed to tell the truth, the whole truth, and nothing but the truth, was examined and did testify as follows:

EXAMINATION BY MS. BRACHER:

Q One of the things I want to advise you is that we have reviewed not only the reports mentioned above that were produced as a result of these interviews, but we have also reviewed the interviews that you have provided to the various investigators. We have, in reviewing these interviews, discovered what some might perceive as discrepancies between the interviews involving others involved in the Travel Office matter. We will be asking you about those interviews.

The purpose is to clarify for the record what your statement is now, now that you are under oath, so that we will have an accurate picture of events as they actually occurred, as well as your perception of those events.

The object is not to try to create a situation where a false or misleading statement is exposed, but we hope to the extent that this is the case, that you realize that any statements that were false or misleading, for whatever reason at the time, will be acknowledged today and that you will tell us exactly what occurred, to the best of your current recollection, for record under the oath.

A If you present any such questions to me like that, I expect you to produce the written transcript, the 302s, what have you. I expect you to identify precisely the words that you think may be misleading or may be discrepancies.

Q As I said above, these interviews were not necessarily with you personally, but involve many witnesses. The discrepancies may be just a matter of perception of the different witnesses. We are asking you for your perception.

A I understand. But for whatever reason you think there's a discrepancy to anything and you refer to something in writing, I want you to produce at the time you ask your question whatever you base the discrepancy upon.

Q That will be done.

A Thank you.

Q Do you understand?

A Yes.

Q Thank you.

Okay. Perhaps we could just start with your -- just a brief resume prior to you joining the administration in February of '93.

A What you would you like to know?

Q Just from law school, just a brief review of the different positions you have held in and out of the Rose Law Firm.

A Well, I joined the Rose Law Firm right after law school. I left the Rose Law Firm and went to Washington. I stayed here for 2 years. I worked for the Senate. I returned to Little Rock. I was with the Rose Law Firm until 1993 at which time I joined the administration.

Q Did you work on the campaign?

A I did not.

Q Okay. When you were at the Senate working for Senator McClellan, what -- did you serve on a committee or in his personal office?

A I served on his personal office as a summer intern several summers. When I was here full-time, I worked on the committee.

Q And which committee was that?

A Appropriations.

Q Okay. And I take it you are an attorney?

A You take it correctly.

Q Okay. And what States -- what bars do you belong to?

A Arkansas.

Q Okay. When you came to Washington in February of '93, can you just describe how you came to join the administration?

A I was asked to join the administration.

Q By whom?

A By Vince Foster.

Q And can you tell me in what position you joined the administration?

A Associate Counsel to the President.

Q Did you have contact with Vince Foster while he was in the White House and you were at the Rose Law Firm, prior to joining the administration?

A Did I have contact? I probably assisted him with some transition-type stuff, but that would be it.

Q Do you recall what type of transition materials you would have assisted him with?

A Not specifically, no.

Ms. Bracher. Okay. I would like to stop right now so that you can review rule 19, which is the committee rule.

Mr. Goldberg. All the committee rules available.

Ms. Bracher. Also, the book that we have just given to counsel for Mr. Kennedy includes House Resolution 369, as well as the other committee rules.

Mr. Kennedy. Let my counsel review it. You keep on going.

Ms. Bracher. Okay.

Mr. Coffield. As long as we are still on background stuff, go ahead.

RPTS COLCHICO

DCMN JACKUBOSKY

BY MS. BRACHER:

Q Okay. Did you have contact with Web Hubbell during the period while you were at the Rose Law Firm before you joined the administration?

A Similar type things, transition stuff.

Q And do you recall what type of transition matters?

A Not specifically. I mean, they were winding up their law practice and moving up here, and I assisted them in doing that.

Q Did you ever have any discussions concerning documents that might be at the Rose Law Firm?

A Absolutely not.

Q Okay. When you started at --

Mr. Coffield. I just want to make sure that we are -- this is all going to be related to the Travel Office, correct?

Ms. Bracher. Is there an objection to that question?

Mr. Coffield. Well, I am just -- I don't know, has there ever been -- is there a concern that there were some documents related to the Travel Office at the Rose Law Firm?

Ms. Bracher. There is a concern about documents in general that relate to the two individuals that I have talked with, and it is related to the Travel Office. If you have an objection --

The Witness. Object.

Ms. Bracher. I certainly will entertain your objection and would like your basis.

Mr. Coffield. I am simply objecting that I don't know what that has to do with the scope of what I understand this deposition to be about.

Ms. Bracher. Okay. I will go through the scope again.

The Travel Office matter does include all prior and subsequent investigations which were held by the FBI OPR and Department of Justice, as well as Public Integrity. It also includes documents and document retention by the White House concerning Travel Office documents which were in the possession of Mr. Web Hubbell, as well as Mr. Vince Foster.

There will be questions that will go into those documents. It has already been established that they, in fact, did have Travel Office documents. We are limiting the questions only so far as we are not intending to go into any Whitewater matters. But insofar as there were documents which also concerned the Travel Office, we will be asking questions about those individuals.

Mr. Coffield. Okay. That's fine. I just -- I'm just --

The Witness. So I take it your previous question was not related to documents regarding the Travel Office but was, simply stated -- would you read the question again, please, ma'am.

[The reporter read back as requested.]

BY MS. BRACHER:

Q That was with Mr. Web Hubbell.

A I am interested; are those documents related to the Travel Office?

Q Those are documents in general.

A Okay.

Q Those are not just limited to documents in the Travel Office.

Mr. Coffield. We have addressed the objection. That's fine.

The Witness. The short answer is there were no documents related to the Travel Office, nor documents that I can recall we discussed at all, other than client related matters which are privileged.

BY MS. BRACHER:

Q Okay. Can you please describe what you mean by client related matters which are privileged?

A Matters that they were working on as lawyers at the Rose Law Firm.

Q Okay. When you started at the White House in February, can you tell me when did you receive your White House pass?

A I couldn't answer that. I don't know.

Q Did you ever --

A Sometime in February.

Q And would that have been February of 1993?

A It's possible, yeah. I just don't remember precisely.

Q And did you participate in obtaining the White House passes for the other members of the administration?

A The short answer is, yes, I did.

Q Okay. And can you tell me who you worked with at the White House in the FBI concerning White House passes?

A Say that again?

Q Can you tell me who you communicated with in the FBI concerning your work on White House passes?

A Jim Bourke, primarily.

Q Okay. Is there anyone else that you would have communicated with or worked with concerning White House passes, in the FBI?

A All of Jim Bourke's staff.

Q Do you recall any people that you can identify as his staff?

A I don't recall their names right now.

Q Were there any other FBI agents that you dealt with on White House passes?

A Well, there were some local agents inside the OEOB.

Q And were these FBI agents?

A Uh-huh.

Q And did you talk with them on White House passes?

A From time to time, yeah.

Q Do you know who these agents are?

A I can't recall their names right now.

Q Can you recall how many of them there were?

A What period of time are we talking about?

Q During the period that you were working on White House passes, I assume February, March, April, May.

A I worked on White House passes the whole time I was with the administration.

Q Well, then I would like my question to include that entire time.

A I can't remember. They changed. The FBI agents changed. They rotated in and out of that position.

Q Do you recall any of the agents that were at the OEOP?

A I think one of them name was Dennis. I can't remember his last name. I'm sorry. I don't.

Q Okay. And, please, I apologize for my confusion. When you dealt with Carl, he was at FBI headquarters; is that correct?

A What is Carl's name?

Q Tom Carl?

A And we are talking what period of time?

Q This is a question I need to ask you. You said you dealt with an FBI agent named Carl dealing with White House passes. Mr. Coffield. He didn't say that.

The Witness. I didn't say that. For purposes of clarity, let me give you an overview.

BY MS. BRACHER:

Q That will be helpful.

A Evidently, it will. In connection with the issuance of White House passes, the FBI ran background investigations on people who were going to get the passes. Okay? So I dealt with the unit in the FBI that did that. Okay?

In addition, there are a small group of FBI personnel -- who they are assigned to, I don't know -- that are located in the OEOP, that conduct the necessary interviews with people within the OEOP and the White House so that the passes can be issued. Okay?

And so I dealt with all of those people, and I am sorry I can't remember their names because there were a lot of them. Okay? There were a lot of them.

Q Okay.

A And also I do want to clarify my answer earlier. I dealt -- most of the time when I was employed with the administration I dealt with White House passes, not all of them.

Q Okay. And it was Jim Bourke which was the White House FBI headquarters person you dealt with on White House passes?

A Your question is imprecise. He was at the FBI. He was not at the White House.

Q And was he at FBI headquarters or field office?

A I believe he was at headquarters.

Q And other than Jim Bourke and his staff, do you recall any other FBI agents that you would have dealt with at headquarters or field offices on the passes issue?

A The agents that were at the OEOP.

Q That's why I said headquarters or field offices. Do you recall any other agents?

A I also told you I don't know who they were assigned to. I mean, I don't know if they were part of the field office or part of headquarters. I just don't know.

Q Okay. You said you had a White House pass. Did you have a temporary pass or a permanent pass?

A Both.

Q Okay. Do you recall when, each?

A I have already answered that. The answer is no.

Q Okay. And did you deal with the same FBI agents on your own pass or was it a different set of agents?

A Well, I mean the short answer is, I don't recall. I think that I was interviewed by one agent. I'm not sure who it was. I just

don't remember.

Q Okay. When was the first time that you heard any mention of the White House Travel Office?

A Shortly after I arrived in Washington.

Q Okay. Would that have been after you began at the White House in February?

A Uh-huh.

Q Is that yes?

A Yes.

Q Okay. Can you tell me, the best of your recollection, what you heard?

A Craig Livingstone, who was also new at that point, mentioned to me one day that he had heard rumors of -- I can't remember his precise words -- either wrongdoing or things not being up and up inside the Travel Office. He had only hearsay. He had only rumors, no substantiation for these rumors.

Q And what was Craig Livingstone doing at the White House at that time?

A He was the director of White House personnel security.

Q Did Craig Livingstone ever mention anyone he had spoken to as a source of these rumors?

A I don't recall him doing so at this point, at this point. We had a kazillion -- I would spell that for you, if I knew how -- other things to do. This was right after I got there. And I don't recall him saying -- he was just saying he was hearing rumors to that effect.

Q Did you relay that information to anyone else within the White House?

A I did not consider the information to be other than the worst kind, third party hearsay. So, no, I did not.

Q Okay. And you said at that time Mr. Livingstone didn't identify the source. Did at any time he identify the source of these rumors to you or to anyone else that you heard of?

A After, long after, the events which have come to be known as the Travel Office affair occurred, I learned that the source of his information -- I believe, and don't hold me to this because I don't know this for a fact -- was Clarissa Cerda who was living at one point with Catherine Cornelius.

RPTS COLCHICO

DCMN VASSELO

Q And did you hear that from Mr. Livingstone or just from others?

A I'm sorry. I can't recall. I mean, I may have even read about it in the press. I just don't know.

Q Okay. Did Vince Foster ever mention any rumors or problems in the Travel Office during this same early period of early February or March?

A He did not.

Q Okay. Did you ever hear that he had talked about the Travel Office or that he was concerned about the Travel Office during February and March of '93?

A Not that I recall, no.

Q Okay.

Ms. Bracher. I will identify, if that's okay, just so everybody knows, the person who has come in.

Do you want to just identify yourself?

Mr. Stroman. Ron Stroman.

Ms. Bracher. Minority counsel.

BY MS. BRACHER:

Q There is a Vince Foster Travel Office file, which subsequently this committee came into possession of and learned of. Do you recall the first time you ever heard about Vince Foster's Travel Office file?

A I don't recall the first time, no, I mean, when it was. Press reports, whenever that came out.

Q Okay. Were you aware that Vince Foster had a Travel Office notebook inside of a Travel Office file prior to July of '93?

A You put a time limit on it. I don't think I knew that such a file existed until press reports, which were either in '95 or '96.

Q Okay. So Vince Foster had never discussed his Travel Office file with you that he was keeping or his notebook that he was keeping prior to his death?

A Not that I recall, no.

Q Okay. Did Mr. Nussbaum or anyone else in the counsel's office ever discuss Mr. Foster's Travel Office notebook or file with you?

A Not that I recall.

Q Okay. Other than press reports, did you have any other discussions concerning Mr. Foster's Travel Office notebook and Travel Office files --

A The --

Q -- with any other individuals in the White House?

A With individuals in the White House? No, I have not. I have talked about it with my counsel.

Q Certainly I would exclude any conversations you had with your counsel.

Q Do you know Marsha Scott, who worked in the White House?

A I do.

Q And when did you first meet her?

A I couldn't tell you precisely. I have known her for awhile.

Q Okay. Did Ms. Scott ever discuss her meeting that she had with Mr. Foster on the afternoon of July 19th?

A No, not that I recall. She may have told me that she met with him. I know there have been press reports to that effect. I don't recall her discussing the specifics of that meeting.

Q Do you recall her ever discussing any of the substance of that meeting with you?

A No.

Q Okay. You have described the first time you heard about rumors being from Mr. Livingstone in the February/March time frame. Can you tell me when was the next time you heard anything about the Travel Office in the White House?

A When Vince Foster stopped by my office and asked me to attend a meeting with him, which I think was on May the 12th, but don't hold me to that.

Q Did he at that time describe any background on the Travel Office or any information concerning rumors or wrongdoing in the Travel Office?

A No. He said he wanted me to attend a meeting because there was a problem in one of the offices, and I asked him if it was the Travel Office. And he was surprised by my question, and I explained to him that I heard rumors about it when I first got here.

Q Did you tell him where you had heard the rumors or go into any detail concerning these rumors?

A I think I may have said that we had heard rumors that I had gotten from Craig Livingstone when we were walking back over to attend this meeting.

Q Did Mr. Foster, if you especially recall, tell you that he had heard similar rumors or give you any information concerning those rumors?

A No. I got the clear impression that this was a new matter to him.

Q At this meeting, which I believe was May 12th, was this the first time you had met Catherine Cornelius?

A No. I had seen her around the OEOB.

Q Were you aware of what position she had in the administration?

A No. I mean, unequivocally, no. I didn't know what she was doing. I had just seen her around the OEOB. I knew who she was.

Q Had you ever attended any meeting that she sat in on or had any other relations on other matters with Catherine?

A No, not that I recall.

Q Did you know David Watkins prior to May 12th?

A I did.

Q Can you just describe how you knew David Watkins?

A I had met him in Little Rock. I cannot tell precisely when. I have known David for some time.

Q In Little Rock, would this have been prior to the election or after?

A This would have been way prior to the election.

Q So this would have been during the period when Mr. Watkins was in private business --

A Uh-huh.

Q -- in Little Rock?

A Uh-huh.

Q Had you done business with his company?

A I had not.

Q Okay.

A Now, with the qualification other lawyers inside the Rose Law Firm may have and I would be unaware of that. But as far as I know, I never did any work for Dave.

Q Okay. Are you personally aware or had you ever asked David to do any work for you in the -- during this time period?

A For me?

Q Yes.

A No.

Q Or for the Rose Law Firm at your request?

A No, with the same qualification, which is that the Rose Law Firm is a relatively big place and somebody else may have asked him to do something.

Q Okay. And certainly my questions are limited to knowledge that you have and personal directions that you may have been involved in.

A As you understand, Barbara, these events are now 3 years old and they have been the subject of more investigations than I care to count. But particularly when you are talking back in the mid-eighties or whatnot or whenever I first met David, I just simply am not going to know when I first met him, that sort of thing.

Q Certainly. Were you aware of any representation of World Wide Travel by the Rose Law Firm during any period?

A The same qualification. Personally, no. But has the Rose Law Firm ever done any work for World Wide? I can't answer that, not without checking the records.

Q But as you sit here today, did you ever direct or were you ever involved or did you have any knowledge that you recall today of representation of World Wide Travel?

A Not that I know of. Not that I can recall.

Q Okay. Do you recall had you ever met Harry Thomason before this May 12th meeting?

A No, not that I recall. It's possible that I met him, you know, around the time of the election, the actual election, but I don't believe I did.

Q So to the best of your knowledge, did you have any dealings with Harry Thomason before that period?

A No.

Q Okay. During this May 12th meeting, do you recall anything that Harry Thomason may have said or added during this meeting that you had in Vince Foster's office?

A No. I am sorry to do this to you but you have got to restate that question because I didn't follow it.

Q Okay. In the May 12th meeting that you had with Vince Foster --

A Yes.

Q -- maybe I should say who do you recall being at that meeting?

A Myself, Vince Foster, Catherine Cornelius, Harry Thomason, David Watkins.

Q Okay. Do you recall anything that Harry Thomason may have said at that meeting?

A I think he reported on the contacts that one of his either friends or associates had had with the Travel Office and how they had been rebuffed under circumstances that were -- I don't know what the -- I mean suspicious is as good a word as any. That was basically his contribution to the meeting.

Q Did he provide any documents or any other paper or any materials at that meeting for anyone?

A He had a memo, I think, from a guy named Martens at that meeting.

Q Did he give you or anyone else a copy of that memo at that time or at any other time?

A Yes. I had a copy of that memo.

Q Okay. Did you leave the meeting with a copy of the memo at that time or did you acquire it later?

A I'm not -- I'm not sure about that. I mean, I don't remember if I carried a copy away or if I got one later. I just don't recall.

Q And do you recall what was in that memo that Mr. Thomason had from Mr. Martens?

A It basically was a report by this fellow Martens on his contact with the Travel Office about how he had been told that there was no way he was going to get the business; that the business was locked up and that competitive bidding and pricing would not get it for him.

Q And at that same meeting, do you recall what Catherine Cornelius would have said or did say?

A Well, Catherine Cornelius basically reported on the way she had been treated in the Travel Office and what she had noticed and what she had found and she had some documents with her.

Q Okay. And did she hand over any documents to anyone during that meeting?

A She showed documents to us. I don't -- I think she kept them in her possession when the meeting broke up.

Q And do you recall where these documents were from, what they concerned?

A I don't know if they were copies or originals, but they were represented to be from the Travel Office.

Q Okay. Were any discussions held during that meeting that you recalled concerning the propriety of Ms. Cornelius having Travel Office documents in her possession?

A Well, if I remember correctly, David Watkins had said that he was conducting sort of an analysis of the efficiency and the

operations of all of the offices within the Executive Office of the President, of which the Travel Office was one, and that Catherine Cornelius had been assigned there to basically take a look at it and see what was going on.

Q Specifically, though, would the fact that Ms. Cornelius had documents in her possession in a meeting, did anyone discuss whether or not she should have White House Travel Office documents in her possession and what she should do with those documents?

A She worked in the Travel Office. It simply wasn't an issue.

Q Okay. Did she ever discuss having taken those documents home?

A No. I don't recall her ever saying anything like that.

Q Okay. Were you aware that she had removed these documents and taken them home?

A I mean, obviously she had the documents in her possession, so I don't know what you mean by "removed," but it was totally proper for her to have those documents. She worked in that office.

Q Okay. And did she discuss how she came to be in possession of those documents?

A No. There was no issue here. There was no issue here.

Q So --

A There were no discussions -- on this particular issue, there were no discussions. It wasn't an issue.

RPTS COLCHICO

DCMN MAYER

Q Okay. And please correct me if I am wrong, but according to you, it wasn't an issue because she -- you believed she had authority to have possession of these documents that she was showing you in the meeting?

A I had no reason to question her authority. Absolutely, I thought it was proper for her to have them.

Q Okay. Did she ever discuss whether her boss, Billy Dale, knew that she had these documents?

A The clear import of what she was doing was that she -- that they did not necessarily know that she had these documents.

Q Okay. Did you see any problems with that situation?

A Not based on what she was showing me, no.

Q And can you explain why?

A She had evidence of large checks written to cash, large checks written to Billy Dale in cash. She had evidence of poor documentation. She had evidence of sloppy bookkeeping.

Q Did you look on her as an investigator in the Travel Office?

A I looked upon her as a White House employee.

Q Okay. And you felt that it was within her duties as a White House employee to have taken the actions that she did in the Travel Office?

A I don't know what her instructions were, do not know now, don't know then, what her instructions were -- didn't know then.

So whatever she was doing, I assumed that she had the authority to do it. David Watkins, her indirect superior, was in the room with her and he didn't say anything about it.

I want to say again, it was not an issue.

Q Okay. As a member of the White House Counsel's Office, do you deal with ethics issues within the White House?

A The White House counsel's office did, yeah.

Q Okay. And was there anyone who might have any knowledge of ethics in that meeting?

A I mean, you -- quantify what you mean by "knowledge of ethics."

Q That you know of that certainly dealt with ethics issues within the White House that was in that meeting.

A Well, I mean, both Foster and I were lawyers in the White House Counsel's Office. So ostensibly, we dealt with ethics issues.

Q And were there any ethics issues that you felt were raised by Ms. Cornelius in that meeting?

A Barbara, hindsight is 20/20. Okay? And you have the luxury of sitting here posing these questions. I am going to say it the same way I said it before.

She came in with documents that she had obtained in an office she was working in. Okay? If you had told me there was some issue as to why she shouldn't have those documents, I would have said, Barbara, what in the world are you talking about? Do you have something to hide?

So the answer is, she had -- whatever instructions she had, I assumed, she was operating under. We also felt like -- that it was totally proper for her to have those documents because she worked in the office.

Q Okay. And the same question I would like to pose about Harry Thomason. Did you ever question his activities concerning the Travel Office or the fact that his partner had had activities concerning the Travel Office at this time?

A Okay. At what time?

Q At this time, during this meeting.

A During the meeting?

Q Yes.

A No. I mean, this is the first I had heard about all of this and I was learning what in the world was going on.

Q Did the information that Harry Thomason gave to you and others in that meeting raise any ethics issues in your mind at that time?

A Mr. Harry -- Mr. Thomason made a flat statement in this meeting, which was that he was not looking for business, that he was not interested in obtaining any business, that he had no pecuniary or -- he didn't use that word, of course -- but he had no financial interest in these matters. Okay?

Q Were you aware that he was a partner in TRM Incorporated at that time?

A No.

Q Okay. When he talked about his partner that had written a memo, were you aware that that was a partner with his TRM company at that time?

A I don't -- I don't -- I don't recall exactly what Harry said, how he described Martens. I don't -- I can't recall if he said that he was a friend, an acquaintance, someone he knew, you know, somebody connected with the campaign. I am sorry; I just don't remember. But whatever it was that he said did not trigger any -- did not trigger the sort of questions in my mind as to what was going on, no.

Q Okay. Did he mention anything about UltraAir at -- during that meeting?

A I don't recall that he did, no.

Q Do you recall him discussing kickbacks discovered by his partner or himself or his friend?

A Well, the general thrust of what he said, as I testified before, was -- is that the contact that Mr. Martens had had, had been rebuffed under circumstances and in a way that Harry considered suspicious or not on the up and up.

Q But at that time, would it be correct to say that you did not know that this was a person who was in partnership with his company, which had a charter company?

A I don't -- I am relatively certain that at that meeting, I did not know that there was any relationship between Mr. Thomason and whatever Martens' name is.

Q Darnell Martens.

A Other than they knew each other somehow.

Q Okay. And Mr. Thomason, when he made the statement that he did not have any interest in -- any pecuniary interest, or however he worded it, in the Travel Office, did he relate that to any companies or any other activities that he was involved in?

A Uh-uh. His contribution to this meeting was pretty small.

Q Did you question why he was at the meeting?

A No. I mean, he was talking about this contact and the way they had been rebuffed.

Q Had you seen him at the White House prior to this meeting?

A No, I don't recall doing so.

Q Okay. Did you -- during this period in May, do you recall seeing Mr. Thomason very often in the White House?

A Remember, I worked in the OEOB and I was over there most of the time. It is possible that I may have seen Harry in the hallways, traveling back and forth, but I don't recall seeing him at all.

Q Were you aware that he had an office at the White House during this period?

A At this time?

Q Uh-huh.

A At this time?

Q Not during May, but subsequent to that meeting.

A I learned from press reports later on that he had an office in the White House. At this time, I didn't know it.

Q Okay. Did you know any of the staff that he had brought in to the White House at that time?

A I did not.

Q Were you aware of his relationship with others in the White House during this period?

A I knew he was a friend of the Clintons, yeah. I knew that.

Q Other than that information, did you have any knowledge of his relationship or position within the White House?

A No.

Q Were you ever asked to look into his status in the White House?

A At what time?

Q At any time.

A No, I was not.

Q Did you ever -- do you know if anyone in the White House Counsel's Office was ever asked to look into his status in the White House?

Mr. Coffield. Can you repeat the question? Can she read it back for the record? We have got a privilege issue --

Ms. Bracher. Okay.

Mr. Coffield. -- that we are just trying to deal with.

[The reporter read back as requested.]

Mr. Coffield. To the extent that he had conversations with other members of Counsel's Office about this particular issue, unless there's something more, I think he has got to assert the privilege at this point.

Ms. Bracher. For whom? Because -- I mean, I would like you to explain privilege, because we have been told that the White House is not asserting a general privilege.

The Witness. Okay. Let me -- I have had notice -- I have had no instructions on this one way or the other. I think, based on what's gone on in the past, I can answer this question, okay, if you are asking about legal work performed by the White House Counsel's Office. So I would like to answer the question with the understanding that the privilege has been waived. You know, I am going to take your assertion that basically it is fact.

Ms. Bracher. Well, I also would like counsel to call the White House just to make sure, because our information has gone -- is not extremely clear, and I don't want to misrepresent the White House position.

Mr. Coffield. Why don't we do this: Can we move on beyond this? Can we go back after we have a break? I will go ahead and call the White House and see if he can go ahead and answer the question, because obviously he cannot waive the privilege.

Ms. Bracher. No.

Mr. Coffield. It is only their privilege.

Ms. Bracher. I also ask that, when you call, if you would ask them generally about conversations Mr. Kennedy had with others in the Counsel's Office because these will be questions that will come out -- up throughout the day, since he was a member of the White House Counsel's Office, and I will be asking various questions about work he performed as well as work he has knowledge of that was performed not only for Harry Thomason, but certainly about Billy Dale and any of the other matters that I mentioned as part of this investigation.

BY MS. BRACHER:

Q Okay. I am going to go back then to Wednesday, May 12, this meeting. After this meeting, did anyone suggest that you call the FBI that evening?

A Nope.

Q Okay. Can you just, please, in your own words tell us how you came to contact the FBI.

A I picked up the phone and called them.

Q What basis did you have for calling them?

A I don't understand your question, Barbara, and I am not being evasive. What do you mean what basis did I have?

Q Why did you call the FBI?

A I was looking for help.

Q Why did you call the FBI?

A I was looking for help.

Q Was there anyplace else you knew of that you could get this help that you were looking for?

A No, not that I knew of.

Q Did anyone suggest that you call the FBI?

A No.

Q Did you run this by anyone or discuss it with anyone before you called the FBI?

A No.

Q Okay. Can you just tell us whom you called at the FBI?

A Jim Bourke.

Q And I know we have touched on it earlier, but if you could, just describe why you chose Mr. Bourke at the FBI.

A I was in day-to-day contact with him every day, day in and day out.

Q You said you had also been in contact with some other OEOP FBI agents?

A From time to time, yeah.

Q Did you consider calling them about this matter?

A Uh-uh.

Q Why not?

A They were agents -- I don't know how -- I don't know the proper FBI terminology, but they were agents -- in military terms, grunts. Okay? I had a specific question which I needed to pose to someone about where to go to get some help, and I felt like Mr. Bourke was the appropriate person to ask.

Q These White House FBI agents, can you describe just basically what types of matters they handled that you were aware of at that time?

A They conducted primarily the -- the interviews, so that the background investigations on White House people could be completed.

Q Did you know of any other matters that they handled or were involved in in the White House?

A They interfaced with the Secret Service. I mean, that was generally what they did.

Q Would you have considered them pretty knowledgeable about White House matters?

A Absolutely not.

Q Why not?

A Why should they be?

Q These agents were assigned to the White House?

A I think they were assigned technically to the Executive Office of the President. But, Barbara, I don't know who they were assigned to.

RPTS COLCHICO

DCMN JACKUBOSKY

Q Were they new to the administration, or did you know if they had been there previously?

A I don't know.

Q Did you know if they had experience in the FBI before you came to the White House?

A I assumed they did. I had no reason to ask them about it.

Q Did they appear, these people that you called grunts, did they appear to be knowledgeable about the White House and its internal workings?

A First of all, let me be clear on one thing for the record. Grunts is not a pejorative or a demeaning term. I mean, these were agents that did the legwork. I want to be clear for the record on that. I didn't like the way you said that.

Q I'm using your term, Mr. Kennedy. So please, it's fine to clarify, and I do like the fact that you are clarifying, but I am not putting words in your mouth.

A No, you are not, but the way you said it was not the way I said it, and I would like the record to reflect that.

Q Certainly. I apologize if you think I used a pejorative term.

A Okay. Now, I don't know what these people's experiences were. They were on the scene when I arrived. They rotated in and out. They did what they were supposed to do. I don't necessarily think that they had any superior knowledge about the workings of the White House than anybody else.

Q You said you went to Mr. Bourke because you needed someone who had a higher level. I don't know your exact terms but a higher level. Can you just explain why you thought this needed a higher level of experience than the people at the White House?

A You didn't characterize my answer properly.

Q Okay.

A Okay?

I knew that Mr. Bourke was not the right person to go to, but I thought he could direct me to the right people.

Q Okay. And why did you go to him?

A I worked with him every day, every day.

Q Okay. Did you ever discuss the Travel Office with the local White House FBI agents in the OEOB?

A At what point in time, Barbara?

Q I mean, at any point. Certainly I am talking about this May period, May 12th, May 13th, in the early part of May when you are learning about the Travel Office.

A I don't recall, you know -- sort of while these events were going on, I don't know what a good cutoff date was. I remember that after it happened, and don't hold me down as to when, but not too much after all this happened, I had a conversation with this guy named Dennis whose last name I can't remember. And he told me that he thought that Mr. Dale had probably taken this money so he could pay bribes, that that's why he was pocketing the money.

Q Do you recall any other conversations you might have had with any of these FBI agents, even -- I mean, I want to go back to your beginning at the White House -- leading up to this May 12th meeting?

A I don't know. I don't recall any conversations with -- as I have testified earlier, with regard to the Travel Office, with regard to -- the conversations with the FBI agents with regard to the Travel Office.

Q Did they ever provide any advice --

Ms. Bracher. This is Christy Remington, who is also on our staff. She is an attorney on our staff, who is just sitting in.

The Witness. Yes.

BY MS. BRACHER:

Q Did the FBI agents provide any advice on any other internal workings at the White House that you recall?

A Christy, be specific on --

Q I am Barbara.

A I mean Barbara.

Mr. Coffield. I am sorry. I just want to clarify something. I think the record will show that he hasn't testified that they gave him any advice on the inner workings of any of the White House.

BY MS. BRACHER:

Q Other than this comment about Billy Dale having probably --

A What do you mean by specific workings at the White House?

Q Well, any advice on how the White House worked, who to call, what type of departments reported where, any type of general information on the White House.

A Well, Barbara, when I first got there, they said, you know, that this is sort of what we do and this is sort of how we do it.

Q Okay.

A Okay? And --

Q Well, let me stop with that. Was that an official meeting that was set up between you and these White House FBI agents?

A No, not that I recall, uh-uh.

Q Do you know who else was there when they gave you this sort of overview of what they do?

A Uh-uh. No, I don't. I don't remember -- I mean shortly after I got there, they may have come by to introduce themselves. I may have asked them to come by to say hello, you know, just to get acquainted with them, that sort of thing.

Q What kind of overview did they tell you that they handled, other than obviously the White House pass interviews that you have already told us about?

A That's primarily what they said; that also if they learned of wrongdoing that they would bring it to our attention, that sort of thing.

Q So as best as you recall, you did not have any regular discussions with these gentlemen about the White House administration or how things worked, or periodic --

A Regular or periodic? No, I don't recall such things, no.

Q Did you tell them about calling FBI headquarters prior to the firing?

A I don't recall doing so, no.

Q Did you have any discussions about the firings with these FBI agents that are assigned to OEOB?

A No, not that I recall.

Q Specifically, did you tell them that they would be happy that you hadn't brought them into this matter prior to the firings?

A I may have made a comment like that, for example, when I was talking to Dennis, whatever, just a throwaway comment. But at the time, no, not that I recall.

Q Can you tell me, if you did make a throwaway comment like that, can you please explain why you would have made a throwaway comment like that to one of the FBI liaison agents?

A It's called a joke, Barbara.

Q A joke? I don't understand. Maybe you can explain how it's a joke.

A I don't see how you can ask that question with a straight face. Okay?

If I had brought any of those guys or women into this, then they would have all this fun.

Q This was prior to the firings?

A I didn't talk to anybody prior to the firings.

Q Okay. I want to be very specific. This conversation that I'm talking about is in a time frame before the May 19, 1993 firings.

A Okay. And I have previously testified that I don't recall any such conversation.

Q Okay. So you don't believe that you would have told them that the firings -- that something was going to occur on May 19th, and they would be very happy that you had not brought them into it?

A I do not recall having such a conversation. Nor do I believe it exists.

Q Did you ever discuss Mr. Foster with any of these agents?

A At what point in time, Barbara?

Q Well, I will be more specific.

A Please.

Q Because I don't want to put it at a point in time. It's at any time. Mr. Foster's problems or condition in the context of his suicide.

A You know, the short answer is, not that I recall, but it is possible clearly that one of those people stuck their head in the door and told me how sorry they were and we discussed it briefly. But I do not recall doing so.

Q Do you recall having periodic conversations with any of these agents concerning White House matters?

A No.

Q Would you have considered any of these White House liaison agents to have been either confidants or individuals that you

would share information concerning the Travel Office or Mr. Foster?

A Absolutely not.

Q Okay. And so to sort of move from this area, you never had any inclination to call them rather than Mr. Bourke when you needed to call someone for guidance on the Travel Office?

A Repeat your question, please.

Q Did you ever have any thought to call these White House FBI agents rather than Mr. Bourke on May 12th?

A Uh-uh. No.

Q Were you aware that part of their job description that they give every administration is to handle these very kinds of issues that arise within the White House?

A First of all, the answer is no, but I would also disagree with that. I would disagree with the facts that are contained within your question.

Q Okay.

A The assertion that you are making.

Q Can you please tell me what the basis is of that disagreement with that statement?

A I don't think that's -- that's not the way that any of them described their jobs to me -- okay? -- that they were supposed to ferret out these matters in any way, shape or form.

Q And so in the introduction that they gave you, they never gave you any indication that they would handle initial investigations or wrongdoing or petty thefts within the White House?

A The short answer is no. My understanding of what they were supposed to do is, if in conducting a background information they learned of something, okay, they were to bring it to the Counsel Office's attention; but ferret it out on their own, no.

Q If, for example, someone had a wallet stolen, would you have gone to them or would you still have called Mr. Bourke at the FBI if that happened?

A I don't think that's within their jurisdiction. I think that's within the Secret Service's jurisdiction, but don't hold me to that. Okay?

You need to keep in mind, Barbara, as you ask these questions, and I think it's important as a matter of clarification, that the jurisdiction of the FBI within sort of the White House complex is not extensive. The Secret Service is in charge of most of the physical security and other security aspects of the building.

Q Did you ever think to contact the Secret Service regarding the Travel Office matter on May 12th?

A Uh-uh, I did not.

Q Why not?

A Because I didn't think they had the expertise that I was looking for.

Q And what kind of expertise was that?

A Audit capability, financial audit capability.

Q Can you tell me what caused you to believe that you needed someone with financial audit capability?

A It became apparent, based on what Catherine Cornelius both had and the way she talked, that at least there were allegations of financial mismanagement inside the Travel Office. The best way to get to the bottom of those allegations, in my mind, was to conduct a financial audit of the operations and see what was going on.

Q Did you believe that there was further investigation that needed to be done in addition to what Ms. Cornelius had uncovered?

A Absolutely.

Q And was --

A A financial audit, yeah, absolutely.

Q Did you question Ms. Cornelius just about the basis of the information or the completeness of the information that she had gathered at that time?

A Sure. We asked her a couple of questions about what she had overheard, what she had seen, what she had uncovered.

Q Did you have anyone do a background check or give you any information about the financial status of those working in the Travel Office at that time?

A I did not.

Q Were you aware if any of the individuals in the Travel Office had inherited a great deal of money at that time?

A No idea whatsoever.

Q Did you have any idea whether they had working wives --

A No idea whatsoever.

Q -- who may have large incomes?

A No idea whatsoever.

RPTS COLCHICO

DCMN VASSELO

Q Did anyone, during this meeting, ever think to ask those questions?

A Are we talking about the meeting on May the 12th?

Q Yes.

A We never got that far. I mean, the short answer is, is what made sense at the time was to try to find some way to conduct an audit of the office.

Q As you sit here, would it have made a difference concerning the credibility of the information Ms. Cornelius had given you if you had known the background or the financial status of the Travel Office?

Mr. Coffield. I just want to object that you are asking him to speculate at this point.

Ms. Bracher. I am asking for his opinion.

The Witness. The -- I am sorry. You are going to have to restate your question.

BY MS. BRACHER:

Q Ms. Cornelius just had given you information, I take it, of lifestyles and activities of the Travel Office employees. Is that correct?

A A better way to say it is that she made allegations.

Q Okay. She made allegations. And is it true that those allegations were that they were living beyond the means of what one would expect of a government employee?

A What she said was that she had overheard conversations that made her think that might be the case.

Q Okay. And my question is, based upon that information, is it your opinion that that would be important to know their backgrounds in order to assess the credibility of that information?

A Well, you know, at what time are you asking me to give my opinion? Now?

Q Uh-huh.

A Or back then?

Q Well, you are looking at it now. So your opinion obviously can only be now.

A Well, but, I mean, are you asking me what I thought at the time?

Q Yes.

A Or are you asking me what I think now?

Q What did you think at the time? Is it your opinion now that, at the time you had done that, you would have been able to assess the credibility of her information?

A I think the answer to that question is that my thinking didn't encompass that possibility at this point in time.

Q And none of these questions came to mind before you called the FBI?

A The short answer is, is that I didn't know the Travel Office employees from Adam, didn't know anything about them; thought there might be a perfectly plausible explanation, a perfectly rational, legal and totally aboveboard explanation for everything that Ms. Cornelius had said; did not know what the facts were; felt like there was enough there to warrant a financial look at the Travel Office's operations.

Q Were you aware at that time of the gravity of calling in the FBI to investigate a matter?

A I didn't call the FBI in to investigate the matter.

Q What did you call them in to do?

A I called them to ask for help, for guidance.

Q Can you explain what kind of help and guidance you asked for?

A Sure. We were told at that meeting by David Watkins that the White House and the Executive Office of the President did not have internal audit capability, which I have to admit I was dumbfounded by, but that there was no way for the White House to conduct a financial audit of the Travel Office, in this meeting.

We discussed in the meeting where we might go to get such expertise, because we were all in agreement that that was the way to go.

Q And what types of places did you discuss?

A We mentioned a number of different places within the government: the Comptroller's Office, the GAO, the FDIC, the RTC, the IRS, the FBI, wherever we thought there might be audit capabilities.

Q Specifically, the GAO, did you consider calling them rather than the FBI?

A Sure.

Q Was there a reason why you would call -- you called the FBI rather than the GAO?

A I had a working relationship with the FBI on a day-to-day basis. I didn't know anybody at the GAO.

Q Had you had any contact with the GAO prior to May 12th?

A Had I?

Q Uh-huh.

A No.

Q Or anybody in that meeting that you knew of.

A Not that I know of, no.

Q Were you aware of GAO audits that had been going on in the White House during that period --

A On May the 12th?

Q -- concerning the telephone system, concerning Remix or Resumix?

A I don't know that -- I know that those audits occurred. I don't know the timing of them.

Q Did you know they were GAO?

A Probably, yeah.

Q Was there a reason that you wouldn't also call GAO to come in and perform an audit, since they were already auditing the White House?

A Well, first of all, from my experience on the Hill, the General Accounting Office is an arm of Congress, Barbara, as you know so well. It's not an arm of the executive branch. I knew enough to know that. Okay? That's one of the answers to your question.

The other answer to your question is the one that I have given you consistently. I called the FBI to ask for help, and I did so because I talked to them every day.

Q Were you aware that the FBI primarily concerns itself with criminal investigations?

A Well, I don't necessarily agree with that. Okay? I mean, the FBI also concerns itself with civil investigations, I believe, if necessary. One of the things you learn in law school, as you did, is that the FBI is full of accountants.

Ms. Bracher. Why don't I break now and you can ask any questions that you may have. I am going to go on to another area.

Do you want to call the White House? Let's go off the record, if we can.

(Off the record)

EXAMINATION BY MR. GOLDBERG

BY MR. GOLDBERG:

Q Mr. Kennedy, I would like to refer to this report of interview of 302 done by the FBI, I guess on behalf of OPR, and make this an exhibit for the record, if you could pass one on to the reporter.

Mr. Coffield. Do you want her to mark this?

Mr. Goldberg. Unfortunately, the numbers at the bottom didn't come out too well. It is either CZ000517, or CZ000527, and I am not sure on all the copies it came out all right. The numbers are way at the bottom. You can mark that as Exhibit I.

Mr. Coffield. After she marks it, I want to look at it.

(Kennedy Deposition Exhibit I was
marked for identification).

Mr. Coffield. After she marks it, I would like to look at it and give it back to you.

BY MR. GOLDBERG:

Q Mr. Kennedy, have you had a chance to review this prior to today?

A No.

Q I would like to ask some questions based on this. Do you want to take some time to review it?

A No. Go ahead. But I haven't seen it before.

Q Well, let me figure out a way to start this to put it in context for you. I want to talk about the conversations you had with the FBI on May the 10th of 1993. Let me just read a couple of sentences from this on the first page from the second paragraph.

A Excuse me. What date did you say?

Q Well, I will just read the paragraph. There's a date in the paragraph, and I will ask you to look at that if that corresponds.

A Okay.

Q It's the first page, the second paragraph.

"Mr. Kennedy advised that on 2-10-93 he assumed the position of associate counsel to the president." I am sorry. I got the date wrong. Let me just read this, and I can ask you questions.

"Mr. Kennedy advised he first became aware of troubles in the White House Travel Office during the second or third week of February 1993 after a discussion with Craig Livingstone, director of White House personnel security." I think they meant Craig Livingstone?

A Yes.

Q "Mr. Livingstone related to Mr. Kennedy rumors which had been circulating concerning employees in the White House Travel Office, Mr. Kennedy considering the rumors to be very outrageous. The rumors indicated the possibility that some employees were not on the, quote, up-and-up."

Is that your recollection?

A Yeah. I don't remember using the word "outrageous," but, yeah.

Q Is this the first time you had heard rumors while you were in the White House about the Travel Office?

A Uh-huh. Yes.

Q All right. Let me move on to page 3. The last sentence of the second paragraph, and again this, I think, if you back up to the beginning of that paragraph, has to do with your conversations on May the 13th, 1993.

A What page are you on?

Q Page 3, second paragraph.

A Okay.

Q You are talking to the FBI. The last sentence in that paragraph, "Mr. Kennedy offered to meet at FBIHQ. UCs Foran and Apple said they would come to the Old Executive Office Building."

Is that your recollection?

A Yes.

Q Let me move to the following page, the third paragraph. The next contact with the FBI was approximately two hours later. "Mr. Kennedy received a telephone call from UC Rick Wade and SSA Thomas Carl. Mr. Kennedy recalls that they were both on the phone at the same time. Mr. Kennedy volunteered to come to FBI headquarters, but, according to Mr. Kennedy, they suggested that they could visit him in his office in the Executive Office Building."

Is that your recollection?

A Yes.

Q So on two separate occasions that day you personally offered to travel to the FBI offices to obtain the assistance you were looking for, and in both cases the FBI stated that they would rather come to the White House, is that correct?

A Yeah. I mean, it wasn't that big a deal, Dennis. It was, you know, I will be glad to come over there and he said, well, we will come over there. It was like that.

Q So they obviously were not reluctant to come to the White House, would you agree?

A No, they were not reluctant to do that, and I am sorry I called you Dennis.

Q That's quite all right.

Mr. Coffield. There has been a lot of talk about a guy named Dennis, and I want to make sure who we are talking about.

Mr. Goldberg. I get called all sorts of things. That is not one of the worst things I have been called.

The Witness. Me, too.

BY MR. GOLDBERG:

Q If it was your intent to somehow force the FBI to conduct some sort of criminal investigation, would it have made sense to ask any of these FBI agents to begin an investigation during these meetings, these two meetings that we have discussed?

A First of all, it was never my premise to force any sort of investigation, period, end of story. So I hope --

Q You certainly had the opportunity during those two meetings if it had been your intention?

A Absolutely.

Q And during those meetings, you did not ask the FBI to conduct a criminal investigation, is that correct?

A I did not.

Q Let me go back to page 4, the fourth paragraph. Let me read it again. "Mr. Kennedy does recall that UC Wade and SSA Carl discussed predication in their conversation. Mr. Kennedy believed that he and Mr. Foster believed the same way, that they were not certain there was enough information to constitute an investigation at that time. They were both skeptical of the information they had received."

Is that your recollection?

A Yes.

RPTS STEWART

DCMN VASSELO

BY MR. GOLDBERG:

Q In fact, you cannot even believe there was an FBI investigation at this point?

A I wasn't -- I am learning about predication, as these guys talked about it. In other words, they said that predication was their term of art for the threshold level that they had to get to before they could take any sort of action.

So the short answer is that, I mean, I would never presume to advise them or disagree with them about predication. I didn't know what they were talking about. But we were very skeptical about the allegations at this point.

Q Let me go to page 5, the bottom of the page. They told Mr. Kennedy that they believe that predication existed in this case, based on their interview of Cornelius, and they were ready to start an investigation. Is that your answer to the question?

A Yes.

Q And to continue down there, "Misters Kennedy and Foster were surprised." Regarding predication on the following page, "According to Mr. Kennedy, their suspicions were heightened by the information they received from Ms. Cornelius. At that time, Misters Foster and Kennedy still believed an investigation by the FBI was premature".

Is that your recollection?

A Yes, absolutely.

Q So let me just ask a few questions based on that. You had heard Cornelius' allegations about the Travel Office and were skeptical of the information you received; is that correct?

A Well, let's be clear here. We thought she was credible. We thought she knew what she was talking about, but we didn't know if there was a good explanation for what she had found, what she was hearing. We just didn't know.

And so were skeptical about whether there was fire where there seemed to be smoke; absolutely. We didn't know what we are dealing with.

Q But the FBI, upon hearing the same information, told you they believed predication existed based on the --

A Yes, yes. They had interviewed Catherine directly.

Q Did you discuss with the FBI agent at this time you did not agree with their assessment concerning predication?

A As I said, I would have not have phrased it in that way. We would not have said we don't think you have predication because there was, on a telephone call Mr. Foster and I were on, we didn't know quite how they viewed predication. I had never really heard the term until I met with them the first time.

But we did not feel at that time that an investigation by the FBI was warranted. We preferred, as subsequently happened, that the audit be conducted to find out what the hell was going on.

Q What was their response?

A They were respectful of what we had to say and ultimately abided by it.

They did point out to us and press us on a couple of issues, such as statements that might be made during the course of the audit. If FBI agents were there, auditors wouldn't have to testify about that.

They were concerned about certain other issues.

They were not surprised about the destruction of documents, the petition of evidence, those type issues. They pointed out that, with the audit, it might harm them; and we said, "We hear you, but we sort of disagree."

Q With all the reasons the FBI was giving you to conduct a criminal investigation, you still went ahead with the review of the Travel Office?

A That is correct.

Q So it wasn't you or other members of White House staff that were pressuring the FBI to conduct an investigation of employees at all; in fact, the FBI agents themselves were ready to begin a criminal investigation?

A That is a fair statement; they were ready to go.

Q That is all I have.

BY MS. BRACHER:

Q Okay. I want to do a couple of follow-ups on that since that is a little bit of an area -- I know -- did the FBI ever do an audit of the Travel Office during this period?

A During what period?

Q During this May '93 period when you were calling them for an audit?

A Did they do an audit?

Q Yes.

A You'd have to ask them. I don't know.

Q Are you aware of any audit that the FBI performed on the Travel Office?

Mr. Coffield. I just want to interrupt for a second just to correct the record. I don't think he ever said he asked the FBI to do an audit.

BY MS. BRACHER:

Q Can you tell us for the record again what was your intent in calling the FBI?

A To ask for help in how to deal with this problem.

Q And what kind of help were you looking for?

A I was hoping they could tell me where I could go find some auditors.

Q Did they tell you where you could go find some auditors?

A They did not.

Q You said earlier that you knew the FBI was full of those type of people; isn't that correct?

A I believe that to be the case, yes.

Q Did they ever tell you why they couldn't do an audit, or did they do an audit?

A You have to ask them what they did, Barbara. I don't know what they did.

Q Did they ever tell you they would perform an audit?

A The short answer is, before they could get back to us with their conclusion, we discovered that we had audit capability. So the issue became moot.

Q You were just discussing about the FBI determining they had predication that you thought was premature. Do you have any memory at that time about why the FBI was so quick to find predication?

A I don't know if they were quick or not, Barbara.

Q You said you thought it was premature. Doesn't that mean quick?

A No.

Q What does that mean to you?

A It means that, based on what I knew and based on my own experience, it seemed to me we needed a little more concrete evidence. But whether they were premature in what they did, you will have ask them.

Q Did you feel you knew more than the FBI about when an investigation should start?

A Absolutely not.

Q Why do you think it premature?

A I just told you, based on my experience and what I knew, it seemed premature to me. But I don't do that for a living.

Q What is your experience in financial investigations or audits of this type?

A I am a civil lawyer, primarily concentrating on business issues, and I have seen audits done and been a part of audits.

Q As an attorney?

A Yes.

Q And have you been a part of auditing process from a major auditing company, such as KPMG Peat Marwick?

A What do you mean be a part?

Q Have any of your clients either participated or had audits while you were representing them?

A I have lots of clients who have audits.

Q So you are aware of the procedures that are normally gone through in a civil context regarding an audit of a client?

A Yes, generally.

Q When the FBI -- you said they abided by your decision, yours and others', that an investigation wasn't warranted, that you wanted an audit. Did you think that was unusual for the FBI to abide by the decision of White House lawyers?

A I didn't have an opinion on it one way or another.

Q Did you tell them that they were going to have to abide by your decision?

A Did I tell them that they were going to have to? Absolutely not.

Q What caused them to abide by --

A They simply respected our wishes.

Q How did you confer these wishes? How did you communicate these wishes to them?

A Over the telephone.

Q Can you just tell me as best you recall what was said to them?

A I think I just did with Don, but I will go through it again.

I mean, basically, they said that after talking to Catherine Cornelius they thought they had predication to proceed with an investigation. While they were doing that, we had learned that we had audit capability. Okay. And so we said we hear you, but we think it would be better if we proceed with an audit. And they basically agreed with that; after we discussed the possibilities, the pros and cons, they agreed with that.

RPTS STEWART

DCMN JACKUBOSKY

Q And was that the position that you had dealt with the FBI before in other investigations such as background checks where they would proceed on your advice?

A I don't understand your question, Barbara, please be more specific.

Q The FBI is abiding by your decision on an investigation; is that correct?

A You have to ask them what was in their minds. I don't know.

Q You just said that they did abide by your decision?

A But you asked me a question, "How they perceived what they're doing." I don't know.

Q I am only asking for your perceptions. I apologize if my questions tend to say that I'm asking what the FBI perceives. I only want to know what you perceive.

A What I perceived was that we discussed the pros and cons with conducting an investigation. Vince Foster and I did not believe that the situation warranted an investigation. We hadn't asked for it. We weren't looking for it. We hadn't tried to engender one. We felt like it ultimately was the case that an audit would be the way to go.

Q And did you believe that that was your call rather than the FBI's call in this case?

A You are asking me to speculate.

Q No, I am asking you at that time did you believe that was your call?

A You are asking me to speculate as to what they thought. Had he pressed the issue, I don't know what would have happened.

Q I am not asking what they thought. I am asking what you believed, Mr. Kennedy.

A You are asking me something I didn't have a belief upon. What we said, we think, Vince Foster and I think the way to go is an audit. They agreed.

Q And at this point you have an FBI agent who's saying we have a predicate to start an investigation; is that true?

A That is correct.

Q An is it true you said we believe we want to do an audit, not an investigation; is that true?

A That is correct.

Q Was it your opinion that you had the authority to tell the FBI how they should proceed?

A I didn't have an opinion on whether I had the authority to do that or not. We never got there.

Q In fact that was what you were doing; isn't that true?

A No, we were expressing our view. We were not ordering the FBI to do anything, Barbara.

Q Do you think the White House expressing its view carries any weight to the FBI?

A You'd have to ask the FBI.

Q Do you think at that time that the FBI expressing its view carried a significant amount of weight with the FBI?

A I think you didn't ask the question the way you wanted to. I think you mean the White House. Okay. You'd have to ask the FBI.

Q Mr. Kennedy, I want to know your view at that time. I don't want to know the FBI's. What did you think?

A About what?

Q When you told the FBI you wanted an investigation not an audit? Did you believe the FBI would do what you said?

A I didn't have an opinion on it one way or another. You are asking me did I have an opinion, and the answer is no, I did not. What happened is this, and I will go over it again. We started out thinking that we needed an audit. Okay. Period. We never wavered from that one iota. We thought then, I think now that an audit of that office was the way to go.

They concluded that they had enough predication to conduct an investigation. We said we hear you. This is what we think should be done, okay. We discussed in a reasoned, measured way the pros and cons of going both ways. And we basically said, we hear you, but this is what we still think, and they said okay.

Q So the guidance you were seeking remained just guidance. You did not consider the FBI to have any actual final say-so into how this matter would proceed; is that true?

A You think I am evading your question, but I am not. We are talking about this point in time, okay. The short answer is that these issues did not occur to me. And to my belief, although he is not here to ask, they did not occur to Vince Foster. We were not in any way, shape or form in a position, or perceive we were in a position, to order the FBI to do anything.

Q Were you aware of the status of the FBI director at that time with your administration? I believe it was William Sessions.

A I can't say with particularity that I was. I mean, I think I was aware that he was either a holdover or he was coming up, but I can't say I knew for sure exactly what situation he was in.

Q Were you generally aware that his job was certainly in question with the current Clinton administration at that time when you were talking to the FBI?

A We are talking May -- I think I knew generally that sort of the status was open. I think I knew there had been a lot of criticism about his actions, I think in the previous administration.

Q Did you have any opinion about the effect the director's status might have on your conversations?

A Absolutely not. I mean absolutely not.

Q It never entered your mind that the FBI might be quick to please the White House in order to enhance their position with the White House?

A Whose position?

Q The FBI's.

A The FBI as an entity's position with the White House?

Q Yeah.

A Uh-uh.

Q Were you aware of any inter government -- strike that.

Were you aware that the FBI had concerns about their position with the White House vis-a-vis being an investigative body?

A Barbara, I must ask for specificity. If we are talking about the FBI as the governmental agency of the FBI, your answer is absolutely not. It never entered my mind.

Q Were you aware of Web Hubbell's interactions with the FBI during that period?

A With regard to judgeship candidates and candidates for presidentially appointed positions within the Department of Justice, yes, I knew that he interfaced with the FBI.

Q Other than the judgeships I am talking about, Web Hubble's interactions with the FBI concerning the directorship as well as the top positions at the FBI?

A No, I don't recall any such knowledge.

Q Was there any other reason, other than what you have given, that you had for wanting to go to someone at headquarters?

A It is no fancier than that. I had a good working relationship with Jim Bourke. I talked to him every day or almost every single day about the status of presidential nominees. I have the highest regard for his character, the highest regard for his professional competence, and I knew I needed help. But I didn't know where to go, and I was certain, as proved the case, that he would get me there.

Q And there was no intent on your part to go to headquarters because you knew they would react to the White House in a different matter than the FBI at the White House?

A No.

Q Did you have any problem with going to the FBI field agent at that time?

A I am not sure I knew at this time that there was a difference between headquarters and the -- I don't know if it's WFMO or WMFO, Washington Metropolitan Field Office. I am not sure I knew it existed at that point.

Q At this point during those first days that you first contacted the FBI, do you recall them suggesting that headquarters was not the appropriate place to go for guidance?

A No, I don't recall that.

Q Do you recall ever having it be suggested that you should actually be contacting an FBI field agent?

A You know in the various investigations that had gone on, there had been reports and press reports and whatnot that they suggested I go to a field agent or to the WFMO or the WMFO. I simply don't recall that. But you know I am not saying it did not happen or did happen.

Q You said a few minutes ago that you discovered you had audit capability within the White House so it became moot. Can you describe what audit capability you discovered you had?

A I never, until after the fact, I didn't quite know the precise details of where these people had come from. But I guess on -- I am trying to get the day straight. I think it was the next day following the May 12th meeting I learned from Vince Foster that David Watkins had found that there was a capacity he could call on to conduct an audit.

Q And if you can just explain what that capacity was and how you came to learn about KPMG Peat Marwick?

A At what point in time are we talking about?

Q When did you learn that David Watkins had a capacity to conduct an audit?

A I think it was the Thursday following the Wednesday meeting.

Q That would have been May 13; that is Thursday?

A Okay.

Q Do you recall Mr. Watkins complaining what that capacity was?

A No -- well, other than the fact that KPMG Peat Marwick was a name I was familiar with, was going to do it, okay.

Q Did he explain how he came to find KPMG Peat Marwick?

A He did at some point, okay. The way I learned this was from Vince Foster and Vince said something along the lines of we located some auditors, okay. I don't think at that point in time I knew on this particular day that I knew where these people had come from or what they were doing or anything like that. Later I did.

Q Had you ever worked with KPMG Peat Marwick before?

A Sure, in their previous incarnations.

Q What do you mean by that?

A I had worked with Peat Marwick before. It came to KPMG Peat Marwick, I don't know when that merger occurred, but in the course of my law practice, you bet.

Q In the course of your law practice had you ever encountered their auditing procedures?

A Sure.

Q And can you just briefly tell us what's the normal procedure, when a client is going to be audited, that occurs?

RPTS STEWART

DCMN MAYER

A I cannot. It varies from client to client. They do different things depending on who the client is, to conduct an audit. There are certain general principles that apply in the area, but if you are a manufacturing concern, they are going to audit you differently than if you supply temporary employees -- temps.

Q What I am asking is, every time you ever had any contact with a client having an audit, were you aware that there was an

audit engagement letter, usually confirmed before the audit?

A I wouldn't say that I know that that is, you know, a prerequisite for conducting an audit each and every way -- each and every time, but I know about audit engagement letters, yeah.

Q Have you ever heard about an audit being done without an audit engagement letter?

A I have to say yes.

Q In private practice?

A Uh-huh.

Q With a major accounting firm?

A I believe so, yes, and with minor accounting firms as well.

Q Are you aware of the standards that all major auditing firms operate under?

A No.

Q There is a code that they follow.

A Are you talking about -- the short answer is, I am generally familiar with the auditing process. I would not say that I know the specifics of it.

Q So your belief is that auditing companies can go in and perform an audit without an audit engagement letter and without any prerequisites to perform the audit?

A What do you mean by prerequisite?

Q I mean bookkeeping activities that have to take place before the auditing company comes in.

A Sure, absolutely.

Q They will walk in without a financial statement and perform an audit?

A When you say "walk in without a financial statement," what do you mean?

Q Without the individual company having prepared financial statements or other materials in preparation for an audit.

A Sure, absolutely. There always has to be a first audit.

Q Can you describe what you mean by a "first audit"?

A Everybody always gets audited for the first time, okay? And they may or may not have formal financial statements when they undergo their first audit, yeah, you bet.

Q Can you describe what you think an audit is?

A I think an audit is a detailed accounting review.

Q Where they actually go in and go through the books?

A Absolutely. What do you think an audit is, if you don't mind my asking?

Q I will refer to the standards that all auditing companies comply with, Mr. Kennedy, but I really want to know your understanding of an audit.

So your view is that a first audit would be an auditing company coming in and actually going through the books of the company and preparing statements?

A Let me just give you an example.

Q Okay.

A Okay. Let's take a company that wants to issue securities -- which is something I know a little bit about; we will use this an example -- and let's suppose that Barbara wants to get into the widget business and Barbara has identified a group of investors that Barbara wants to sell widgets to -- actually, Barbara wants to bring in investors into the Barbara Widget

Company.

Under certain circumstances, under the rules of the Securities and Exchange Commission, your little start-up company would have to have an audited balance sheet before it could offer those securities. Your little company may not have even commenced business yet -- indeed, in all probability it wouldn't have -- and they will come in and audit you. If you didn't have financial statements prior to those audits, one of the things the auditing company would do is create them for you, okay; or else assist your financial officers or you in my example in creating those statements.

Q When they create those financial statements, that is called an "audit" under your definition?

A No, "audit" is much broader than that.

Q What would an "audit" include?

A Are you asking for what I know or --

Q Yes, what do you believe an audit includes.

A In general terms, I understand an audit to be a detailed review of the financial practices of the entity to be audited. It encompasses management review, it encompasses accounting reviews, inventory practices, bookkeeping practices; it encompasses controls, it encompasses checks and balances, and on and on and on.

Q KPMG Peat Marwick, were you told they were going to come in and perform an audit?

A Yes.

Q Who told you that?

A Vince Foster.

Q And had Mr. Foster summarily worked with auditing companies in private practice?

A I presume so. I don't know that for sure. He was a litigator by trade.

Q Did you or Mr. Foster ever discuss the engagement of Peat Marwick to perform this audit that you were told about?

A It was not in our bailiwick.

Q Whose bailiwick was that in?

A I couldn't answer you precisely; I presume David Watkins.

Q Did you realize that the White House Counsel's Office was the entity engaging Peat Marwick at that time?

A The short answer is, no, I don't know whether we knew that or not.

Q Do you know why correspondence and engagement letters were initially going to the White House Counsel's Office?

A Presumably because at the point where this documentation began to be produced, it looked like there was going to be an FBI investigation and we were going to interface with the FBI.

Q Do you know why it was changed at the Office of Administration after the first draft?

A No, I do not.

Q From what you just said, wouldn't it have gone toward being with the White House Counsel's Office, as the investigation proceeded, rather than the other way around?

A Barbara, I don't know; I don't remember it being changed, to be honest. I thought all of them were addressed to me, but I don't know.

Q The final engagement letter, do you recall?

A I never saw the engagement letter. I don't believe I ever saw it. I saw the report that they produced, which again I believe is addressed to me.

Q Were you aware that the final engagement letter was a month after the end of all of the reports?

A No.

Q Were you aware it was not to you, it was to the Office of Administration at that time?

A No, but I wouldn't be surprised by it.

Q Is there any reason why the first draft went to you and final drafts did not go to you?

A As I say, I don't know that final drafts didn't go to me. If you say so, I will take your word for it. But -- I didn't have anything to do with changing that, but I am not surprised by it.

Q And can you tell me why you are not surprised?

A Well, the White House Counsel's Office didn't have the ability to pay these people, so --

Q You said they were addressed to you because you realized, as it proceeded along, there was going to be an FBI investigation?

A That is correct.

Q Can you please make that distinction, why you were not surprised that they didn't change over to the Office of Administration?

A The short answer to your question is, I don't know and cannot comment upon how or why that change occurs; I just don't know. I do know that I was the primary interface with Peat Marwick with regard to these matters as they sort of -- in their inception.

Q Were you the person that asked them to come in and perform an audit?

A I did not.

Q Do you know who actually instructed them about what kind of review they were going to do at the Travel Office?

A No, I can't tell you if anybody instructed them or not. I believe it sort of worked out on a general basis.

Q Were you aware Peat Marwick has two divisions, one is an auditing division and one is a management review division?

A No.

Q Were you aware that the auditing division did not come into the Travel Office?

A No, I don't think I was aware of that distinction.

Q Do you know a person named Larry Herman?

A I do.

Q Do you know what division he works in?

A Uh-uh, I don't. He worked for Peat Marwick; I know that.

Q Do you know whether he is in the auditing division or the management review division?

A I think I just said, I don't know what division he is in.

Q How did you first know about Larry Herman?

A I think I met him for the first time the next morning Friday morning.

Q Had you seen him at the White House earlier, doing any other activities?

A I don't recall so, no.

Q Were you aware that he had been doing in an NPR speech on a pro bono basis?

A Barbara, at some point, I learned -- and I can't tell you precisely when -- he had been part the NPR process, okay? I don't know when I learned that, but that is how I came to learn -- that is how he was identified as somebody who might do this.

Q Do you know if anyone else in the White House was aware of the fact that he had volunteered to help on NPR before he came into the White House?

A I assume somebody was, but I don't know who or on what basis.

Q Did you ever discuss Peat Marwick with Patsy Thomasson or David Watkins?

A At this time, yes.

Q Do you recall what they told you about Peat Marwick?

A Patsy Thomasson, if I remember correctly, was there when we met the next Friday, the following Friday, to figure out what they were going to do.

Q Did she give you any background on Peat Marwick?

A She may have been the person who told me about them later. That is entirely possible, but at that time, no.

Q During this period, May 12th and 13th, when you were talking to the FBI, did you ever mention that you were under pressure to act on the Travel Office?

A No.

Q Were you feeling pressured to act?

A Just the normal pressure.

Q Can you describe what you mean by "normal pressure"?

A If -- you can call on your own experience to answer that, but since I have to answer questions, I will answer it.

The short answer is, there weren't enough hours in the day. The Travel Office, while looming large in your mind, was not large in my mind. It was one of many things I had to do on any particular day. And so I was pressured to get on with it, as I was pressured to get on with everything else I was doing.

Q Speaking specifically to May 12th and 13th, which contains a lot of activity coming from you and your office for phone calls and meetings, were there any identifiable pressures that you were feeling on those days?

A Just the normal pressures.

Q Were you receiving any pressures from any individuals above you, working in the White House?

A Well, I mean, the short answer is that Vince Foster was interested in what was going on, okay, but it was the normal interest.

Was I feeling any particular kind of pressure from him? No.

Q Did he ever tell you what kind of pressures he was feeling?

A He did not.

Q You mentioned that you had a lot of other activities going on, that this was just one of many. What other activities were going on at the time?

A Business at the White House, Barbara, didn't stop. We were still clearing nominees; we were still issuing passes; we were still -- the Counsel's Office was doing what the Counsel's Office did. This was one of many things we were fooling with.

Q On Thursday the 13th there is in -- the reports mentioned that Jim Bourke said he had to call you back in 15 minutes or you'd go somewhere else. Do you recall ever saying that to Jim Bourke?

Mr. Coffield. Do you have a report or something he can refer to?

Ms. Bracher. This is generally done in all the reports.

BY MS. BRACHER:

Q Do you recall that conversation being reported?

A Can you show me any example of what you are talking about?

Q Sure.

A Please do.

Q I will show you that one. In the FBI report Bourke does state that --

Mr. Goldberg. Would you identify what report that is?

Ms. Bracher. I am sorry. IC Smith FBI Internal Review, which was issued by the FBI on June 1, 1993. Mr. Apple -- and it's reported in this report, which I will show you, on page 5 -- said you noted that it was being directed by the highest level of the White House. I think that is also reported in the White House management review that you had mentioned several times, the "highest level."

Do you recall saying that to anyone at the FBI?

A As you know, Barbara, I have disputed this allegation every time it has come up. I will be glad to dispute it again. The answer is, no, I didn't say that --

Q Did you --

A -- and both reports you mentioned, both say that I disputed that.

Q I am aware. I am just asking you -- you do not recall saying it was being directed at the highest level, coming from the highest level, or ever mentioning the highest level to anyone at the FBI during this period?

A Absolutely.

Q Did you have a personal belief that it was coming from, quote, "the highest level"?

A Well, to me, Vince Foster and David Watkins are high levels in the White House. Director of White House Administration -- absolutely, they are high-level White House, senior White House employees.

So the short answer is, I knew it was coming from high levels in the White House, but let's be clear, I am not talking about pressure or anything. These were people that I was to come reporting to.

Q I understand. Had you ever used that term, "coming from the highest level," in any other situation while you were at the White House, that you recall?

A No.

Q Was it a term you used?

A No, it is not a term I would have used.

Q Had you read a book with that title prior to coming to the White House?

A It is possible, Barbara, but I don't think so.

Q Are you aware of this book that is called "At the Highest Levels" that was written?

A No, but I need to read it, don't you think?

Q It is on the Nixon Administration.

A The short answer is, no, I do not.

RPTS STEWART

DCMN VASSELO

Q The previous question that you needed to hear back from Mr. Bourke within the next 15 minutes is reported in the White House Travel Office management review at page 8 at the top of the page.

Do you recall telling Mr. Bourke that he needed to call you back in 15 minutes or else you would have to go somewhere else?

A Well, the short answer is no, I don't recall just this statement. But I have, of course, told Jim when I called him if they were going to be unable to help me, then I would have to go somewhere else. That is a fact.

Q And did you ever mention where you might have to go if they couldn't help you?

A I think I just said some other agency, okay. But I had discussed with Jim before the laundry list of agencies where I thought maybe we could go.

Q And what was that laundry list?

A Comptroller FDIC, GAO, RTC, IRS.

Q And specifically with the IRS, do you recall ever mentioning the IRS in that laundry list to Mr. Bourke?

A Yes. I am certain I said the IRS in that laundry list.

Q Are you aware of the relationship with the IRS and the FBI?

A No. I mean I know there must be some relationship. But I am not aware of it, no.

Q Are aware of any competition between the IRS and the FBI for investigations in criminal matters?

A No.

Q Were you aware of any type of heightened sensitivity that the FBI might have about someone at the White House saying they might go to the IRS at that time?

A Heightened sensitivity? No. I mean -- what do you mean?

Q That it might register with an agent when someone from the White House says that the IRS was a possibility for this investigation.

A No, huh-uh. I mean, just mentioning of the IRS came up in the context of these are the places we have considered going. Help us out here.

Q And in that same context, did you also tell the FBI that if they couldn't help you out, you would go to these other places?

A In the context of not in, "By God, you guys had better perform." Absolutely not. Absolutely not. What I said was, "Jim, I need to know if you guys can help us. If you can't, I need to go somewhere else. "

Q And is that statement consistent with Mr. Bourke's statement saying that you gave him 15 minutes or you are going somewhere else?

A No, it is not.

Q Do you think Mr. Bourke must have remembered incorrectly?

A You'd have to ask Mr. Bourke what he thinks.

Q You absolutely know you did not give him a 15-minute window?

A Absolutely did not; do not recall doing so in any way, shape or form.

Q Do you have any idea where these FBI agents came up with these 15-minute windows or highest-levels window?

A It may be what they remember.

Q Would that memory in any way be correct or accurate according to what you remember?

A The short answer is no, my memory is what I just testified about.

Q On Thursday, the 13th, when you were having conversations with the FBI, were you in contact with anyone at the White House with about the travel situation?

A Vince Foster.

Q This would have been while you were calling the FBI. Do you recall what Vince Foster would have talked with you about on that date?

A I mean, let's see; I gave him a status report.

Q Of the FBI situation?

A Uh-huh.

Q Did Mr. Foster ever mention going anywhere else besides the FBI?

A In the May 15th meeting, where we had learned that there was not audit capability within the White House or the Executive Office of the President, at that meeting we sort of kicked around where we might go. So, to that extent, yes.

Q Was there a concern at the White House at that time that the Travel Office employees were becoming aware of what was going on? This is the -- Wednesday, Thursday?

A Yes.

Q Where was that coming from? Who --

A I got it from Vince Foster where he got it. I don't know. I don't know exactly the source of his information.

But in the phone call when I reported to him basically about the first FBI contact, which was the wrong guy to be followed by the right guys, he mentioned that the people in the Travel Office were becoming more aggressive to Catherine, they were becoming even more secretive, even more hostile, and she thought they might have begun to destroy documents.

Q Did you relate that information, the destruction of documents, to anyone?

A No. I don't recall doing so. I may have mentioned it to the FBI not in exactly those terms when the two agents came over.

Q Did you consider that to be an important element if documents were being destroyed.

A It was part of the landscape of the entire panoply of allegations that Catherine Cornelius had come up with. If it were going on, would it be serious? You bet. Absolutely.

Q You were told it was going on, weren't you?

A I did not know. Absolutely not. Can you repeat my answer, please?

[The was read back as requested.]

The Witness. Vince Foster did not say to me that Catherine said they were destroying documents. He said something along the lines of she thought they might be. So, no certainty there.

BY MS. BRACHER:

Q And did you follow up and find out any information on whether they, in fact, were or weren't; or was your basis of knowledge just that they might be?

A The short answer is I don't know if they ever did or didn't. Okay. I just don't know.

Q Do you recall any specific conversations about documents with the FBI being destroyed in that early period?

A I don't recall specifically saying that to the FBI. But I did say to them in the context sort of outlining what they were going in through the laundry list of allegations that Catherine had made with them.

Q Did the White House wind up securing the documents for the FBI during this initial period?

A I can't answer that. I mean, when the audit started, I think that David or his people took action to secure the office. But I can't answer that with particularity.

Q Who do you mean by David or his people?

A His staff. Patsy Thomasson. His staff.

Q Do you recall the FBI having questions about the security of the documents?

A Sure. I testified about that previously.

Q Were they allowed to come in and secure documents at that time?

A At what time, Barbara?

Q During the period when the audit was going on.

A Was the FBI allowed to come in --

Q And secure documents.

A At what time?

Q During the period of the audit. From the time they wanted to start an investigation and told you they had predication, which was on May 13th, until the conclusion of the firings, at anytime was the FBI allowed in to secure documents?

A The short answer is I object to the word allowed. As I previously testified to you about we said let's do an audit. One of the issues and concerns they raised about going that route as opposed to allowing them to commence the investigation was that documents might be destroyed or lost. We said we hear you, we think we can adequately safeguard against that measure, and we want to proceed with the audit. We said fine.

Q What was your basis for telling the FBI that you thought you could adequately secure and safeguard the documents?

A Just my knowledge of the way the capabilities of the Office of Management Administration. I thought they could do that.

Q David Watkins and Patsy Thomasson?

A His staff.

Q Any other people? You named those two.

A Anybody else on his staff, which was large.

Q They were -- to your knowledge, were they all involved in securing the documents?

A I don't know who was involved in securing the documents.

Q How were you telling the FBI that they were being secured?

A I didn't say that about the FBI at this point in time. What I said was I thought we could adequately deal with the issue.

Q Did that seem to be sufficient for the agents you were talking to?

A I don't know. You'd have to ask them.

Q During this period -- it was May 13th --

Mr. Coffield. Can we get some more water? Sorry.

RPTS STEWART

DCMN JACKUBOSKY

BY MS. BRACHER:

Q Were you aware that the IRS had called the Travel Office on May 13th?

A I was not.

Q Were you aware they were going to conduct an excise tax audit of the Travel Office during this period?

A Absolutely not.

Q When did you become aware of that audit?

A Only from press reports.

Q Do you know who in the Counsel's Office was working on that issue?

A At what time?

Q I assume May 13, very early on?

A If you tell me that they had called, I will accept it. If you tell me they had commenced an audit on that date, I will accept that. I don't know if that is a fact. If you are certain as such, no. I don't know anybody in the Counsel's Office that was working on that matter at that time.

Q And by press reports when would you have found out about the excise tax audit?

A Whenever the press reports came out.

Q Would that have been before the firings or after the firings?

A I am not sure, whenever they came out. Probably after, would be my guess.

Q Had anyone from the IRS contacted, prior to the firings, concerning any White House audits or White House counsels or just White House general matters?

A I dealt with the IRS on almost a daily basis.

Q In what capacity?

A They do a portion of the investigation with regard to the clearances of nominees and issuance of White House passes.

Q And who did you deal with at the IRS on the White House passes issue?

A Sorry, I cannot remember his name, but it can be easily found out.

Q Was he a Washington IRS person?

A Yes.

Q Did you ever have any conversations with this person or anyone else at the IRS outside of the area of the passes prior to the firings?

A Say that again.

Q Did you ever have any conversations with anyone at the IRS outside of the pass issue?

A With regard to --

Q Prior to the firing?

A With regard to what?

Q Travel office issues.

A Prior to the firings? No, uh-uh.

Q Other than the White House passes, did you ever speak with the IRS on any other issues?

A No. Phrase your question again. Did I ever speak to the IRS?

Q You have now stated you talked to the IRS daily on White House passes. Did you ever talk to the IRS for anything else in your capacity at the White House?

A In connection with presidential nominees, yes.

Q Other than presidential nominees and White House passes?

A Is there a limit on the matters you are talking about?

Q I want to know how much contact you were having with the IRS. We know you have got it on the White House passes on almost a daily basis. I am asking you if you have other contacts with the IRS which would have calls to go back and forth between you and the IRS prior to the firings?

A Other than presidential nominees, no.

Q You have presidential nominees and White House passes?

A Uh-huh.

Q Would you have been in daily or weekly contact with the IRS on presidential nominees?

A No. No, Peggy Richardson, I know her socially as a friend, and I would see her socially, but my primary contact with the

IRS arose from those two areas.

Q Did you see Ms. Richardson socially prior to the firings?

A Yes.

Q Did any issues on the Travel Office come with Ms. Richardson prior the firings?

A No.

Q Did you ever discuss any of the other business issues with Ms. Richardson when you were seeing her socially prior to the firings?

A When you say business issues, what do you mean?

Q Other than social did you ever discuss White House business with Ms. Richardson when you would have these social visits?

A Sure. She would ask me about the status of some of our nominees for her agency.

Q You said you were in daily contact with the IRS on White House passes. Were you working on White House passes during this period of May?

A Was I?

Q Uh-huh.

A Sure.

Q What phase? There are no approvals at that period. Do you recall what phase you were working on White House passes during the May time period?

A Barbara, I hate to ask you this, but you have to be specific when you say working on White House passes; what are you talking about?

Q What I'm asking you is, what were you doing?

A We were issuing White House passes.

Q May?

A Yeah.

Q Temporary passes?

A Temporary, permanent, sure.

Q Did you work on Harry Thomason's pass?

A Uh-uh, I did not. It was issued before I came to the White House.

Q Penny Sample?

A I don't know when her pass was issued. I can't answer that.

Q Darnell Martens?

A I don't know when his pass was issued, so I can't answer that. Did I work on it directly? No.

What you need to understand and why the answer to your question is so complicated is that Craig Livingstone, the director of the White House Personnel Security Office, reported to me, which I think you already know. That is why the answer to your question is complicated.

Q So, if Darnell's pass was issued in May, would you have worked on it and just not recalled it, or what capacity were you handling White House passes and what capacity was Mr. Livingstone?

A If Mr. Livingstone was in charge of the day-to-day issuance of passes, it was his office and his staff that kept up with the paperwork, okay. But he reported to me, and I would troubleshoot for him. We would strategize. We would be sure we were doing what we were supposed to do.

Q Do you recall an issue during May concerning the status of Darnell Martens' pass?

A When you say "May," you are not encompassing the period after the firings which there was a huge question about?

Q Let's go before the firings.

A I don't recall any issue.

Q Was the fact that Mr. Thomason and Mr. Martens were not White House regular employees ever raised prior to the firings?

A As I said, I know that Mr. Thomason's pass was issued before I came. I don't know when Darnell Martens got a pass if indeed he had one. I don't know. The short answer is, I can't answer that question. I don't recall any issue crossing my desk as to either one of their status.

Q Or the renewal of their passes and questioning the status of their activities at the White House?

A At what point in time?

Q Before the firings.

A Not before the firings, do I ever recall?

Q I'm assuming after the firings I need to wait until you talked to the White House, is why I'm limiting all of these to the firings. They will be revisited once we find out if the White House is going to claim privilege.

A I can't wait.

Q Why don't we break for lunch.

[Whereupon, at 12:20 p.m., a luncheon recess was taken.]

RPTS McCALLEY

DCMN VASSELO

Ms. Bracher. We are back on the record after a lunch break. Counsel has just communicated that they spoke to the White House, so I will pose some questions that I had posed previously to Mr. Kennedy.

BY MS. BRACHER:

Q Did you ever speak with anyone in the White House Counsel's Office concerning the status, employment status, of Harry Thomason?

A I know that the White House Counsel's Office, after the press firestorm occurred, took a look at Harry Thomason's status.

Q And when was that?

A I couldn't tell you precisely. I mean, it was after the firings.

Q Was it immediately; a year? Do you recall in what --

A It was shortly thereafter, but I can't be more specific than that.

Q Do you recall what areas regarding his status they were looking at?

A Well, there were immediately allegations raised by Republicans and by the press that Harry Thomason was a special government employee and therefore had broken every law known to man. So I believe that his status was analyzed from that viewpoint.

Q And who analyzed his status?

A I think Beth Nolan did.

Q Do you know anybody else that was looking at that with her?

A She may have had other members of the Counsel's Office assist her. I don't know for sure.

Q And are you aware of what information she received concerning her analysis of his status?