

# Where does Whitewater go from here?

WASHINGTON — I've been watching the congressional Whitewater hearings on television this week, and they remind me of something that grand old American philosopher, Tallulah Bankhead, said years ago.

As for what the great Bankhead had to say, I'll get to that later. First, I have to note that these Whitewater hearings have gotten a bit snappish of late. People have been calling each other nasty names. Witnesses have been sweating and squirming under the bright lights and less-than-cordial questioning. Serious members of Congress have begun yelling at each other.

It's all highly unseemly and definitely lacking in decorum. Which is precisely why these hearings could outdo potato chips or chocolate chip cookies in bet you can't eat just one entertainment value.

If you've been reading about it or watching any of it on TV, you probably know the basics already.

Years ago, Bill and Hillary Clinton invest in a get-rich-quick land development scheme called Whitewater. Their partner in the deal, an old Arkansas friend named James McDougal, also happens to own a savings and loan bank, Madison Guaranty.

The land deal goes sour. Madison Guaranty goes belly up and U.S. taxpayers have to fork over as much as \$60-million to pay off its debts. Years later, questions start coming up about odd transfers of money between the savings bank and the land development company. The federal government's Resolution Trust Corp., which handles savings and loan failures, begins an investigation.

A report is produced concluding that some of Madison Guaranty's operations were a bit shady, that there may have even been some criminal mischief involved. Though there's no evidence they acted at all improperly, the report says Bill and Hillary Clinton may be able to shed some light on the subject.

It's a lot more complicated than that, of course — anything involving lawyers and money usually is — but this should be enough to get us to the hearings in Congress.

The big witness at the hearings, the one who produced all the fireworks, is an old college



TIMES DIPLOMATIC  
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buddy of Clinton's named Roger Altman. Altman, for the time being at least, is Clinton's deputy secretary of the Treasury and, most important, was acting head of the Resolution Trust Corp. when it started investigating the Madison Guaranty failure.

Aha! you say. How come Clinton's buddy was in charge of an outfit investigating something that Bill and Hillary might be asked to testify about? How come Altman, a very savvy guy, didn't resign from Resolution Trust as soon as he figured out he was in the middle of a conflict of interest? And when he didn't resign, did he use his position as head of Resolution Trust to improperly help the Clintons in any way?

Answering questions like these is mainly what the hearings have been about this week. So far, at least, Altman hasn't come off looking too good. Even the Democrats on the Senate Banking Committee, anxious to protect their president, haven't liked what they've been hearing from Clinton's old friend.

They're especially unhappy that Altman's testimony this week contradicts testimony he gave under oath Feb. 24. Did he give Clinton's personal lawyer inside and privileged information about the Resolution Trust investigation only once, as he testified in February? Or did Altman or his colleagues discuss Whitewater with Clinton's people a lot more often — say 40 times or so?

There's also the slight problem that Altman's testimony contradicts what everybody else at the Treasury Department is saying. That doesn't look good either.

Here, for example, is Altman trying to blame everything on his subordinates, especially the Treasury Department's chief lawyer, Jean Hanson. When Hanson says she briefed Clinton's lawyer on the Whitewater probe at

Altman's direction, Altman says that he can't remember giving her any such orders, that maybe Hanson misunderstood him.

This didn't convince many people. Neither did Treasury's chief of staff, a 28-year-old named Josh Steiner, when he tried to disavow his own diary entries to the effect that Altman was under heavy pressure from the White House to remain as chief of Resolution Trust while the Whitewater case was still hot.

Okay, you ask, even if Altman and his colleagues did improperly brief the White House about an investigation in which the Clintons had a special and personal interest, what does it all add up to? Where does this Whitewater business go from here?

This is where things get problematic. Even though there has been a lot of drama at the hearings, even though New York's pit bull Republican Alfonse D'Amato was all but foaming at the mouth in anticipation of a clean kill, nobody — not even D'Amato — was saying that Altman's briefings were illegal or unethical.

There were heavy hints that Altman might have committed perjury in February, in response to which there was a lot of lawyerly double-talk about the meaning of the words "substantive" and "I don't recall." But what didn't come out at the hearings was a criminally smoking gun. Nobody would say that the White House used any information it might have gotten to obstruct justice.

This may have looked and sounded like the old Watergate hearings of 20 years ago. And at times some of us in the news media may have been hoping just a little bit for a return to those heady and exciting days of yore.

But when you try to figure where this Whitewater business goes from here, things get murky. The more you think about it, this one looks like a scandal with no place to go.

Which brings us back to Tallulah Bankhead, dallying over a long and liquid lunch half a century ago and assessing some long-forgotten scandal of the day:

"There is less in this than meets the eye," said the great Bankhead.

And, it appears, we might say the same about Whitewater.

St. Petersburg Times 8/4/94

Two or three miles from the shore, the tugboats turned over pursuit to a coast guard motorboat, which followed the ferryboat five more miles and then returned to port.

In Washington, a spokesman for the Cuban Interests Section called the hijacking "one more act of piracy, encouraged by the fact that these people are welcomed like heroes in the United States.

"We condemn this act," said spokesman Rafael Dausa. "Steps will be taken to prevent its repetition."

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### Fascell recovering after tumor's removal

By ALFONSO CHARDY

Herald Staff Writer

The plum-sized tumor recently removed from former U.S. Rep. Dante Fascell was malignant, but doctors believe they got it all in surgery.

"Pathology reports came back and the tumor was definitely malignant," said Cherie Rogers, a spokeswoman for the University of Miami/Sylvester Comprehensive Cancer Center at Jackson Memorial Hospital. "He's doing well, though, and we expect to release him in a couple of days."

Rogers said reports from additional tests are pending to determine treatment. But she added that doctors remained confident that the cancer was confined to the tumor that was removed from Fascell's large intestine during 4½ hours of surgery July 28.

Fascell, 77, could not be reached for comment at his JMH room, but his wife Jeanne-Marie said her husband looked well and was in good spirits.

"He's feeling good and is anxious to get home," Jeanne-Marie Fascell said.

Fascell, a Democrat and longtime chairman of the House Foreign Affairs Committee, represented part of Dade and Monroe counties for 38 years in the U.S. House of Representatives before retiring in 1992.

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PAGE EDIT Miami Herald

### Whitewater ... in slow motion

*Sandy Grady is Washington columnist for The Philadelphia Daily News.*

DRONING endlessly from the nation's TV sets, the Whitewater hearings are in the eye of the beholder. They are either (a) a nitpicking farce, or (b) big trouble for the president and first lady.

So far I'd vote for farce.

If it were not for comedy, this would be a stultifying mini-drama called *How Many Senators Can Dance on the Head of a Pin?*

Does the world really care when Jean Hanson had lunch? Or whether Josh Steiner has the "lovable exuberance of youth"? Or how many White House aides said what to whom about what?

Any masochist eyeballing Tuesday's 14 hours of blather would conclude the arm-waving, shouting senators were trying to re-create Watergate out of cotton candy. This is bedlam without a scandal.

Beneath the noisy Q-and-A, though, lurked serious intent: Tossy senators, proud of their clubby traditions, are furious that they may have been used as patsies by the White House gang.

Aside from political tensions most provided by incendiary Sen. Al D'Amato, R-N.Y., you'd suspect this madcap parody was a midday version of Saturday Night Live

I mean, when has a Senate committee sunk to such narcissism as playing a 20-minute videotape of itself? Then replaying it? Any minute I expected Al Michaels to say to Frank Gifford, "Let's run that brilliant exchange in slow motion."

Or had such political phrases as "heads up" and "faceoff," and "stayback at the prebrief," (don't ask) and the immortal "graceful duck." ("He gracefully ducked the question")

Or had a Generation X 28-year-old been bullied by his elders because he kept a diary full of such overwrought words as "disaster unfolds" and "tortured day"?

The diarist was Joshua Steiner, the Treasury chief of staff who looks like a somber Boy Scout. He spent hours disputing his own diary. He was hammered by Sen. Lauch Faircloth, R-N.C.: "What's the difference between ducking and lying?" D'Amato yelled in exasperation at Steiner's "feeble, lame-brained excuses."

Sen. Barbara Boxer, D-Calif., made a maternal defense: "Josh, you have feelings because you're young, not old and numb like we are."

Gee, thanks, Mom.

This soap opera was not funny to Roger Altman. The deputy treasury secretary and friend of Bill was served as main course to the senators like fresh tuna to a school of sharks. And he was damn mad.

A greyhound-faced man with a shaggy haircut, Altman carried his resentment into the room like a lit keg of dynamite.

His job, credibility, and a chunk of his life were at stake. Altman, 48, was a star unused to failure. He worked his way through Georgetown U., where he met Clinton. Wall Street made him rich enough to own a 300-acre Wyoming ranch.

He may be headed back to the ranch.

Altman says that he was set up as Whitewater fall guy. "I've read I've been convicted and sentenced, even before a trial," he said. But he apologized to senators for his Feb. 24 testimony that was "too narrow and perhaps incomplete." Translation: Altman bumbled when he claimed that there'd been only one "substantive contact" between Treasury and White House on the Arkansas S&L investigation that could embarrass the Clintons. Turns out there were 40.

Irrked by Altman's stoically shrugging off questions, Faircloth snarled, "Mr. Altman, did you ever walk on water?"

But not only Republicans doubted Altman's tale. Democrats John Kerry, Paul Sarbanes, Richard Shelby, and Boxer also threw acerbic knives. "I'm beginning to see a pattern that is troublesome," said Sen. Richard Bryan, D-Nev.

Clearly, Altman is their scapegoat, his days at Treasury numbered despite chumminess with Bill. What of the Republicans' not-so-subtle motive: to stir such a cloud of bogus scandal that the Clintons are discredited, crippling their party's chances in 1994 and 1996 elections?

"We believe this is all connected," said Sen. Connie Mack, R-Fla., later. "There was an attempt to affect the RTC by the White House."

At the worst, we know that the White House and Treasury mob has swirled in a yearlong frenzy, terrified by media leaks, to deal with Whitewater. Ironically, they had no idea what Whitewater was all about.

But who does?  
Knight-Ridder Newspapers

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## Altman Fights for Treasury Post During Whitewater Hearings (Washn)

By Susan Baer= (c) 1994, The Baltimore Sun=

WASHINGTON After two days of harsh questioning by congressional Whitewater committees, including calls for his resignation, U.S. Deputy Treasury Secretary Roger Altman vowed Wednesday to cling to his job.

Weary and battered from his 10 hours of testimony before the Senate panel Tuesday, Altman, the Treasury's No. 2 official, was grilled for more than five hours Wednesday by House Banking Committee members, many of whom joined the chorus of lawmakers from the Senate who said they doubted his truthfulness.

"The best course would be for you to resign," said Sen. Rodney D. Grams, R-Minn.

"I don't intend to do that," a Altman responded.

Sen. Richard Shelby, D-Ala., became the first Democrat to call for Altman's resignation.

A parade of high-ranking administration officials marched through Capitol Hill Wednesday as Whitewater hearings continued in both the House and Senate banking committees. The committees are examining the propriety of contacts that took place last fall and winter between Treasury and White House officials regarding a federal investigation of a failed Arkansas savings and loan with ties to the Clintons. The Resolution Trust Corp., an independent agency that Treasury oversees, was conducting the federal investigation.

In the Senate, Treasury Secretary Lloyd Bentsen, a former Senate committee chairman, testified for more than three hours before lawmakers who, for the most part, treated him with the kind of respect and cordiality accorded one of their own in stark contrast to the hostile interrogation his top deputy received.

Bentsen echoed the sentiments of administration officials and a recently released report by the Office of Government Ethics, saying the meetings in question probably should not have taken place but did not violate any ethical or legal standards.

When asked if he thought anyone should lose his or her job because of the meetings, he responded indirectly, with what appeared to be only mild support for his aide. "Whatever happened here was not with the intent to harm. It was an error in judgment. I haven't found anybody who calls them right all the time."

(Begin optional trim)

And the White House, for its part, gave an equally limp pat on the back to Altman. "The president thinks he can continue to serve and serve well," press secretary Dee Dee Myers said. "Certainly there will have to be further discussions with Congress privately."

Without a stronger endorsement, House members continued to chip away at Altman's credibility in highly partisan, contentious proceedings.

Rep. Toby Roth, R-Wis., said Altman's testimony "is becoming less and less believable" and "strains credulity."

But unlike in the Senate, where his support was thin even among Democrats, several House Democrats came to Altman's defense. "You're being held out as the fall guy," said Rep. Joseph Kennedy, D-Mass.

The Senate, too, appeared still preoccupied with Altman, who admitted this week that his testimony before the committee last February was perhaps less than complete and forthright. They also continued to disparage Treasury Chief of Staff Joshua Steiner, who tried to distance himself from his own diary entries when appearing before the committee Tuesday.

(End optional trim)

Appearing calm and confident, Bentsen distanced himself from the controversial contacts between White House and Treasury officials, saying he did not learn of the fall and winter meetings until March.

"I have turned the Treasury Department upside down," he said. "I've turned my memory inside out. We went through thousands and thousands of documents and I can't find one written briefing to me on these White House meetings."

His testimony contradicts that of Treasury general counsel Jean Hanson, who says she briefed Bentsen about the Whitewater-Madison issue, including her contacts with the White House, last September.

Asked if Hanson was in error, he said, "I certainly think she was."

Not a single senator challenged Bentsen's account, or quibbled with his inability to recall events of five to 10 months ago, as they did with Altman.

(Optional add end)

Throughout the questioning, Bentsen appeared willing to cast doubt on testimony by Hanson, who said she briefed White House officials in a September meeting about the RTC referral at Altman's instruction. Altman has denied telling her to inform the White House.

When senators asked if it was possible that Hanson would brief a White House official on her own volition, he replied: "She is an able, competent person with a lot of self-confidence. I think it's possible."

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# Altman refuses to resign; denies any wrongdoing

By AMY BAYER  
Copley News Service

WASHINGTON — Deputy Treasury Secretary Roger Altman yesterday flatly rejected calls that he resign, insisting during marathon appearances before Congress that he had not lied to lawmakers had done nothing wrong regarding the Whitewater affair.

The embattled Altman won the support of President Clinton, who backed his old college friend during a press conference last night.

Altman, Clinton said, has done a "superb job in his position" and was critical to the success of the administration's economic plan and trade initiatives.

"The secretary of the treasury confidence in him, and so do I," the president said.

Unfortunately for Altman, that confidence was not shared in Congress.

By day's end, several lawmakers were calling for Altman's resignation, including at least one Democrat, conservative Alabama Sen. Richard Shelby.

"I simply don't believe the man told us the full truth," Shelby said. "His credibility and his standing are irreparably damaged."

Altman was topic "A" during simultaneous Whitewater hearings in the House and Senate yesterday, as Congress continued its probe of controversial contacts between the White House and federal regulators.

The key question is whether Treasury Department officials improperly briefed the White House a Resolution Trust Corp. (RTC) investigation into Madison Guaranty, a bankrupt Arkansas thrift with ties to Whitewater and the Clintons, who invested in the development corporation.

Since last week, lawmakers so far have spent more than 80 hours grilling administration aides about contacts — and to what extent they were intended to protect the president — in nationally televised hearings.

But one person not looking in was Clinton.

"I've watched none of these hearings," Clinton replied when asked the impact of Whitewater on his presidency. The American people, he said, "will have to make up their minds when all the dust settles."

During yesterday's lengthy hearings, the star witness was Treasury Secretary Lloyd Bentsen, a former senator, who in his first appearance at the Whitewater hearings was treated gently by his one-time colleagues.

Bentsen, who has escaped much of the mud thrown during these hearings, steadfastly denied any involvement or prior knowledge of contacts between Treasury employees and Clinton aides.

"I have turned the Treasury Department upside down, I have turned my memory inside out," Bentsen testified. "We went through thousands and thousands of documents and I can't find one written briefing to me on these White House meetings, not one."

To the extent there was any blood on the floors, it belonged to Altman.

After enduring a Senate Banking Committee grilling that lasted from 4 p.m. Tuesday until 2 a.m. yesterday, Altman was forced to appear before the House Banking Committee at 9 a.m., where he again faced

Democrats and Republicans.

Not only was Altman involved in the controversial contacts, but he compounded his political sins by misleading lawmakers in testimony during a February hearing before the Senate committee.

"That kind of response is not only unacceptable, it is potentially illegal," said Senate Banking Committee Chairman Donald Riegle, D-Mich.

On this point, even the president didn't come to his defense.

"I don't countenance anyone being less than forthright with the Congress," Clinton said.

Altman insisted he would not step down, but his 15 hours of testimony did little to improve his political footing.

In both houses, committee members wrangled over discrepancies in Altman's testimony, most notably the contradictions between his word and that of top Treasury attorney Jean Hanson.

The on-scene colleagues blamed each other for initiating the pivotal meeting in which the White House learned about the RTC investigation of Madison.

Under questioning, their boss, Bentsen, declined to take sides.

But Republicans, at least, seemed to side with Hanson.

As Sen. Alfonse D'Amato of New York put it: "Mr. Altman, it seems to me, is the kind of guy if he was on a sinking ship throws the women and children over."

Altman also is under fire for initially failing to withdraw himself from an RTC investigation of Madison. At the time, Altman was acting head of the RTC and, according to testimony, under pressure from some White House aides to remain on the case.

Asked about this during his press conference, Clinton denied one Treasury official's report that he and the First Lady were "furious" about Altman's ultimate decision to withdraw himself. Rather, he said, he was merely "upset" by signs that Altman was "stampeded" by the press and other critics into making a decision.

The president also denied any effort on his part to head off the ongoing Madison probe. "I welcome this investigation," he said.

Among the other developments in the Whitewater case yesterday:

■ Republican Rep. Jim Leach of Iowa disclosed documents revealing that RTC lawyers in Washington delayed the criminal referrals during a two-week period in which White House and Treasury officials had several discussions about the case.

"It may be true that criminal referrals were not effectively blocked," Leach said, "but it is not true that an effort to do so was not made."

■ Comptroller of the Currency Eugene Ludwig acknowledged that Clinton had sought his advice on the Whitewater case, but insisted that the president did not suggest he do anything ethically inappropriate or improper.

The House is expected to wrap up its hearings today, while Senate hearings could continue through the end of the week.

# President promises to consult Congress on any Haiti attack

By GEORGE E. CONDON JR.  
Copley News Service

WASHINGTON — President Clinton, seeking to intensify the pressure on "intransigent" Haitian military leaders, insisted yesterday that he will keep the possible use of U.S. troops in Haiti "on the table," but promised to consult Congress before launching any invasion.

The president addressed several questions on Haiti during a nationally televised press conference following a day of administration condemnations of fresh violence in Haiti.

While restating his contention that U.S. national security interests are at stake in the tiny, impoverished Caribbean country, Clinton for the first time outlined a far-reaching, long-term U.S. role in Haiti after the military leaders are toppled from power.

"I think the United States has significant obligations," he said, hurriedly adding that a "United Nations mission" would shoulder most of the responsibilities, with countries other than the United States also contributing to what would be an expensive effort certain to stretch over several years.

"Number one," he said, the U.S. U.N. mission "would have to retrain and reorient the military to engage in the rebuilding of the country. Number two, it would have to reorient and retrain the police to be a genuine police force, not an instrument of terror for one political group."

Thirdly, he said, "We would have to... have a real dedicated effort led by a lot of our Haitian-Americans and others to rebuild the troubled economy of Haiti, which is in terrible, terrible shape."

While clearly buoyed by Saturday's U.N. Security Council vote supporting an invasion, he broke little new ground on his willingness to launch what would be a highly controversial military mission to restore to power that country's democratically elected president, Jean-Bertrand Aristide.

Clinton also defused a possible clash with Congress, endorsing a resolution approved earlier in the day by a 100-0 vote in the Senate.

SEN. TROMBULAKI, D-MASS., who chairs the Minority Leader Robert Dole, R-Kan., declared that the Security Council measure could not relieve the president of a responsibility to gain congressional authorization for any U.S. military action.

"I agree with the resolution adopted by the Senate today that the action of the United Nations should not be interpreted as an approval by Congress," said the president, stating that the U.N. vote "has no impact on what Congress would do."

He appealed to Congress to support whatever he decides to do, but carefully added that, "like my predecessors of both parties, I have

not agreed that I was constitutionally mandated to get prior congressional authorization.

He suggested such a debate premature, saying, "At this moment I think we have done all we need to do because I don't want to cross that bridge until we come to it."

In the Senate debate, leading Democrats such as Senate Foreign Relations Committee Chairman Claiborne Pell, D-R.I., and Christopher Dodd, D-Conn., chairman of the Western Hemisphere subcommittee, urged their fellow senators to vote for the resolution, calling a simple statement of fact.

At the White House, the State Department, administration officials continued to build a case against the military regime by Gen. Raul Cedras.

Reacting to the shooting Monday of opposition leader Reynold Georges and attacks on seeking asylum from Haitian exiles, White House press secretary Dee Dee Myers said the violence was part of a broader strategy by the military junta that Aristide.

"The shooting of Sen. George yesterday and the incidents that we're aware of today certainly are very troubling," said State Department spokesman Michael McCurry, adding, "We condemn that type of violence and that type of violence points precisely to the remedy that the United Nations has now adopted."

Clinton, pressed to explain U.S. interests at stake in such a country, said many fledgling democracies in the hemisphere "are fragile" and would be threatened by continued military rule in Haiti.

"When one country in our sphere on our back door... election, votes for a leader, the that leader is deposed by who murder, who kill, who rape who maim... it seems to the... you (have to) look at the the ramifications of that on other countries in the Caribbean Central and South America," he said.

The president also fielded questions on the Middle East, the U.S. nuclear weapons program.

As talks with North Korea are to resume tomorrow, the president was cautious in his remarks, pledging to continue a policy he described as one of "firmness" and "deliberateness."

On the Middle East, the president was upbeat but similarly cautious about the need to persuade Syria to join other Arab countries in making peace with Israel.

"I think there are difficult still between Israel and Syria, but I believe both leaders do want to make peace," he said.

The San Diego

Union-Tribune.

8/4/94

# Williams s Ass'stan to Botl l e Clir tor s

## Power of First Lady's Chief of Staff Exceeds That of Her Predecessors

By Ruth Marcus  
Washington Post Staff Writer

When then-White House Chief of Staff Thomas F. "Mac" McLarty decided it was time to set up a Whitewater damage control team in January, one person he turned to was Margaret A. Williams, First Lady Hillary Rodham Clinton's chief of staff.

When Comptroller of the Currency Eugene A. Ludwig wanted to pass a message to the White House about the best strategy for handling Whitewater, he called Williams.

And when Deputy Treasury Secretary Roger C. Altman decided to remain in charge of overseeing a Whitewater-related case, he telephoned Williams—who had advocated that course the day before—to deliver the news and arrange a meeting to inform others at the White House.

As Congress hears testimony from White House officials about their involvement in the administration's handling of Whitewater, the prominence of Williams's role in trying to manage the controversy has become evident.

Yesterday Williams told the Senate Banking, Housing and Urban Affairs Committee about her intense efforts last winter to keep the First Lady—and the White House—focused on health care reform as the tides of Whitewater threatened to swamp other business.

"I had been saying to anyone who would listen that I believed Whitewater was a distraction from the president's agenda, and I did not understand how 17 years of Arkansas history was related to feeding people, clothing people, giving people health care," Williams said. "I was outspoken; I said that; I said it over and over."

In a White House with a different and more powerful First Lady, Williams is a different and more powerful chief of staff. She holds the title of assistant to the president—on a par with other senior staffers and, in the title-conscious White House, a significant notch higher than her predecessors in the job.

Others in her role worked out of the East Wing of the White House, where the social functions are arranged; Williams's offices are in the West Wing—next to Hillary Clinton's—and the Old Executive Office Building.

"Her job is huge," said one official, pointing to Williams's three-part role as a major player on health reform, administrator of the First Lady's staff and overseer of White House social functions. "No First Lady's chief of staff has ever had this kind of job."

In her testimony yesterday, Williams, 39, offered a succinct example of her clout. When asked to explain why Altman would have gone through her to set up the meeting, Williams cited her "instant access" to top officials like deputy chief of staff Harold Ickes and senior adviser George Stephanopoulos.

One close observer of the White



Margaret A. Williams, assistant to the president and chief of staff for the First Lady, testifies about Whitewater matters on Capitol Hill.

House offered a different and equally illuminating explanation for Altman's decision to go through Williams: her proximity to the First Lady. "A lot of people try to curry favor with the First Lady through Maggie," this observer said.

While a sizable share of Williams's power derives from the importance of her boss, she also plays a wider role than the specific issues facing the First Lady because of what numerous White House officials describe as her overall good judgment, particularly on communications issues.

Williams, at McLarty's direction, was the principal author earlier this summer of a major memorandum on White House reorganization. McLarty said he and his successor as chief of staff, Leon E. Panetta, have asked Williams to prepare periodic reviews of the 30-, 60-, 90-day outlooks for the White House.

"The best way to describe her is her title," said communications director Mark Gearan. "She is both assistant to the president and chief of staff to the First Lady."

Williams, who was communications director for the Children's Defense Fund when Hillary Clinton headed it, has avoided the spotlight during 18 months at the White House. The Whitewater hearings have forced her reluctantly into public view.

"The First Family and specifically Hillary were really getting the brunt of a lot of these allegations," McLarty said. "It was natural for the First Lady's chief of staff to be involved in these meetings."

At the Feb. 2 meeting at which White House officials discussed with Altman whether he should recuse himself from the investigation of Madison Guaranty Savings & Loan, the

Arkansas thrift owned by the Clintons' business partner in Whitewater, Williams was firm that Altman should remain on the case.

Her view, she said, was that because Altman had said he would simply follow the recommendations of the Resolution Trust Corp. staff, there was no reason for him to step down.

In a request that concerned some RTC officials when it was relayed to them, Williams also asked whether the Clintons' personal lawyer could be given the same briefing the White House had received on the impending expiration of the statute of limitations in the case. Williams described that request as part of her effort to get Whitewater questions out of the White House and onto the turf of the private lawyers.

As her mother sat behind her in the committee hearing room yesterday, Williams denied telling Altman, as he related in a diary entry Jan. 4, that the First Lady was "paralyzed" over Whitewater. But the picture Williams drew of a White House on the verge of giving in to the congressional clamor for an independent counsel was vivid.

"It would be unusual for a person who, every day in the press, was getting beaten up about a specific subject, and a person who had to spend part of her time engaged in discussion with a private lawyer about things that happened 17 years ago, for this person not to be concerned," she said.

"Mrs. Clinton did not express that to me, but I would have to be a blind person not to look at what was going on in the media and not to look at the time that she was spending with her personal lawyer not to know that this matter held some real interest for her."

# He Said, She Said: The Bottom Line In Altman-Hanson Standoff Is Unclear

By Howard Schneider  
and Clay Chandler  
Washington Post Staff Writers

In the videotape, Deputy Treasury Secretary Roger C. Altman leans back from the witness table during a Senate committee hearing and whispers to Jean E. Hanson, the department's general counsel. She shakes her head no.

That fleeting contact, captured on Feb. 24 and replayed by Altman this week in a bid to save his standing, provided one of the more dramatic moments in Congress's two weeks of probing and posturing on Whitewater. After the tape ended, an open microphone broadcast one lawmaker's opinion across the country: "He is going to try to lay it on her."

Hanson, in turn, has been throwing the spotlight back on Altman, saying she would never have taken the actions that have come under congressional scrutiny without the knowledge of her superiors.

After days of testimony from more than a dozen top administration officials, it still isn't clear who is closer to the truth—Altman, Hanson, or neither. Altman, in particular, has come in for a grilling and his candor was still under attack in yesterday's hearings. Senators also were discussing whether to call Hanson back to give her version of the videotape.

Following the February exchange, Altman ended his testimony before the Senate Banking Committee without divulging critical information about Treasury's handling of the Whitewater case.

That failure has thrust Altman and Hanson into a high-stakes conflict that is central to the interpretation of events dating back to September. Before the hearings began, their jobs as deputy secretary and chief lawyer at Treasury required them to work closely on a daily basis. Now they are politely pointing fingers in a struggle

that may alter their careers and the department's direction.

Hanson says Altman "tasked" her in September to brief White House officials about a Resolution Trust Corp. criminal investigation that named the Clintons as potential beneficiaries of alleged bank fraud. Altman says Hanson initiated the briefing on her own, and notes that in one draft memo, she wrote that she had not told him, or anyone at Treasury, about the briefing.

Hanson says she wrote Altman a series of "talking points" about the White House-Treasury contacts that he took with him to the February Senate hearing. When he skipped some of the points, she says, she figured he did it for his own reasons and saw no reason to question him there.

Altman says he never intended to mislead the committee by saying he had only one substantive contact with the White House. But he says Hanson gave him bad advice. The question that elicited Hanson's videotaped head shake, he says, was precisely on that point: Did he skip anything?

As it turned out, he had to supplement his testimony with an awkward series of four letters that explained meetings between White House and Treasury officials in progressively more detail.

It is now left to the House and Senate banking committees to resolve the Altman-Hanson conflict as their hearings into the "Washington phase" of Whitewater wind down today. On both panels there is a deep division over whom to trust. Some argue that Altman, and by extension the president, are victims of clumsy staff work. Other allege that Hanson's testimony is evidence of a coordinated effort to blunt a criminal investigation that might prove embarrassing to the Clintons.

Hanson "listened to everything that was said [in the February hearing] and when he turned to her to ask if there was anything he left out, she

shook her head no," said Sen. Barbara Boxer (D-Calif.), adopting Altman's interpretation of the videotape.

"To try and make her the fall person... is really reaching," responded Sen. Alfonse M. D'Amato (R-N.Y.), postulating that Altman deliberately failed to tell the committee in February that he had discussed with the White House whether to recuse himself from the Whitewater case. Altman, until late March, was also acting head of the RTC, which has been investigating the failure of a savings and loan owned by the Clintons' Whitewater business partner.

Altman and Hanson have tried, without obvious success, to play down their discrepancies. Both say there was nothing improper about meetings between Treasury and White House officials in September, October and February. And neither is directly on the attack, instead acting icily genteel when asked about the other.

"She is an honest person. She is straight up," Altman said of Hanson.

"I can understand why he would want to blame me for things, but I won't return the favor," Hanson said of Altman.

Treasury Secretary Lloyd Bentsen says he thinks they can still work together, but others in Treasury say trust between the two officials has been destroyed. President Clinton said Wednesday it will be up to Bentsen to decide if management changes are needed.

Altman may have more explaining to do than Hanson: Several other witnesses and documents have contradicted him. But Hanson is more isolated politically, and some of her testimony contradicted testimony by Bentsen. In a hearing Wednesday, Bentsen was critical of Hanson's performance during the February hearing.

"If she had a different recollection of the facts, she should have stated it immediately," Bentsen said.

# Clinton Aide Says He Urged Altman to Correct Testimony

By Susan Schmidt  
and Sharon LaFraniere  
Washington Post Staff Writers

A top White House aide yesterday gave the Senate Banking, Housing and Urban Affairs Committee further ammunition against Deputy Treasury Secretary Roger C. Altman, saying he "absolutely" expected Altman to do more than he did to correct his misleading testimony before the committee on Feb. 24.

White House staff secretary John Podesta testified that he told Altman he had "a legal duty" to fill in key facts he omitted when he answered the committee's February questions about a sensitive federal investigation involving the Clintons. Altman incorrectly testified that Treasury officials had only had one discussion with the White House about the "generic" procedural issues.

Podesta said he and other White House aides felt strongly that Altman had to disclose two full meetings in which Treasury and White House aides discussed criminal referrals naming the Clintons as potential witnesses. Podesta said White House aides also "regretted" Altman's failure to tell the committee he had discussed recusing himself from the case. But he said he left it up to Altman whether to set the record straight on that issue.

Senators from both parties are clearly up in arms over Altman's testimony and what many of them consider his feeble attempts to correct it. Sen. Richard H. Bryan (D-Nev.)

complimented Podesta and other White House aides for urging Altman to go back to the committee.

"Short of hitting somebody between the eyes with a two-by-four, I don't know how much more clearly it can be imparted to an individual that there are problems with the testimony and something ought to be done," the senator said.

As acting head of the Resolution Trust Corp., Altman was in charge of an investigation of Madison Guaranty Savings & Loan, an Arkansas institution owned by the Clintons' business partner in the Whitewater real estate venture.

Podesta yesterday described a flurry of hand-wringing discussions among White House aides after Altman testified. W. Neil Eggleston, a White House lawyer who attended the February hearing, promptly went out to the hall and called the White House on his cellular phone to report that Altman had not mentioned the talks about his refusal. Eggleston testified Wednesday that he did not think Altman had simply forgotten the matter.

After a flurry of meetings over the next four days, Podesta was assigned to talk with Altman about the need to correct his statements. He said he and Altman "spurred" a little over what needed to be done when he called him four days after committee hearing.

He testified that he tried to talk to Altman about the full meetings he had failed to mention, but Altman "didn't want me to inform him of additional facts at this point. . . . He wanted to do that at the agency with his people, not with me over the telephone."

Committee Chairman Donald W. Riegle Jr. (D-Mich.) said: "One event that didn't get triggered was somebody coming to us promptly and saying . . . you just got something less than full and accurate testimony."

In morning testimony before the House Banking Committee, Treasury Secretary Lloyd Bentsen reiterated his support of Altman as well as Jean E. Hanson, the department's top lawyer, and Joshua L. Steiner, Bentsen's chief of staff. "I think they are people of integrity and ability," he said.

Asked if he thinks any of them should resign, he said, "No, I do not."

While Podesta seemed to fare well with the senators, other White House aides had a harder time yesterday. White House senior advisor George Stephanopoulos argued with Sen. Orrin G. Hatch (R-Utah) over an entry in Steiner's diary concerning Stephanopoulos's reaction to the lawyer pursuing the RTC's possible civil claims in the Madison case.

Steiner wrote that Stephanopoulos wanted "to get rid of" that lawyer. But Stephanopoulos told Hatch: "I can't recall what I said."

"Somebody is lying here," Hatch said.

"I don't agree with that, sir," Stephanopoulos responded.

Exchanges between Harold Ickes, the White House deputy chief of staff, and Sen. Alfonse M. D'Amato (R-N.Y.) were equally tense. The two men have a long-term feud, stemming from Ickes's support of D'Amato's political rivals.

Ickes accused GOP senators of mischaracterizing passages from a deposition he gave on the possibility of an RTC civil suit against Madison. He insisted he had neither asked for nor received inside information that could have aided the Clintons. Republicans also grilled Ickes on whether he and other White House aides pressured Altman, a friend of President Clinton's, not to recuse himself from the Madison case. Ickes said the White House left the decision up to Altman.

When he told Clinton of Altman's decision to recuse himself, Stephanopoulos said, Clinton reacted with a "resigned shrug."

Staff writers Clay Chandler, Howard Schneider and researchers Lucy Shackelford and Margot Williams contributed to this report.

FRIDAY, AUGUST 5, 1994 THE WASHINGTON POST

## Group Sues for Access to Clintons' Legal Trust Fund

By Toni Locy  
Washington Post Staff Writer

A recently formed organization yesterday filed suit against First Lady Hillary Rodham Clinton and the fund designed to pay the First Family's legal bills.

Judicial Watch Inc. filed suit in U.S. District Court here, asserting the trust, which is collecting contributions of up to \$1,000 to pay the Clintons' private legal bills, serves as an advisory committee to the president and should be covered by the Federal Advisory Committee Act. The FACA law requires public access to groups composed of private individuals advising the president.

The lawsuit said Judicial Watch has tried un-

successfully for access to the trust's meetings and records, filing requests under the Freedom of Information Act with the trust and the Office of Government Ethics.

In June, President Clinton and his wife took the unprecedented step of forming the trust to raise money to help defray mounting legal costs stemming from the Whitewater investigation and the Paula Corbin Jones lawsuit against the president.

The trust's executive director, Michael H. Cardozo, managing director of G. William Miller & Co. in Washington, yesterday declined comment, saying he had not yet received a copy of the lawsuit.

The lawsuit was filed by attorney Larry Klayman, a former Justice Department official who said he recently formed Judicial Watch to monitor abuses of

the public trust by elected officials and federal officers.

The suit charged the trust's creation damaged "public confidence in the integrity of the presidency and the executive branch as a whole" because it allows the president to accept "illegal gratuities" and contributors to purchase "undue influence."

The Office of Government Ethics has the fund is legal because of an ethics regulation that allows the president and vice president to accept gifts. Cardozo said the contribution list is to be reported twice a year.

If the court declines to stop the trust from soliciting contributions, the lawsuit said Judicial Watch would want public access to the trust's meetings, records and contributors' list.

# Senator Says Ex-Counsel Nussbaum 'Crossed the Line' in Whitewater

*Riegle, Others Charge Pressure Swayed Altman's Recusal Decision*

By Susan Schmidt  
and Sharon LaFraniere  
Washington Post Staff Writers

Nearly the entire Senate Banking, Housing and Urban Affairs Committee last night lambasted former White House counsel Bernard Nussbaum, saying he improperly pressured Deputy Treasury Secretary Roger C. Altman to keep his decision-making power over an investigation that involved President Clinton.

"You crossed the line," said an impassioned Sen. Donald W. Riegle Jr. (D-Mich.), chairman of the committee. "I think you had no right to inject yourself in Roger Altman's consideration of whether he should recuse himself. . . . This was one time when you should have bit your tongue if you had to bite it in half."

Senators of both parties said Nussbaum pushed Altman, a friend of President Clinton, to change his mind in February about whether to recuse himself from the highly sensitive case. At the time, Altman was acting head of Resolution Trust Corp., an independent agency created to clean up failed savings and loans.

The 2½-hour, late-night attack on Nussbaum was a dramatic highlight of five days of marathon testimony before the Senate committee. Both House and Senate banking committees are looking into how White House and Treasury officials responded to the RTC's investigation of Madison Guaranty Savings & Loan, owned by the Clintons' business partner in the Whitewater real estate venture.

Nussbaum, who resigned from the White House in March, defended himself by saying that Altman only considered recusing himself from the Madison case because "he didn't want to take the heat" for having to make a tough decision. For him to recuse himself, Nussbaum said, "was totally unprincipled."

While senators of both parties blasted Nussbaum, Sen. Alfonse M.

D'Amato (R-N.Y.) saved his most withering criticism for Altman. At least Nussbaum, he said, "came in here like a man. . . . Roger the dodger, what a gutless wonder, down to this day! Everybody else did it. Not responsible for anything, not Roger the dodger. This lawyer did it, that lawyer did it."

"Instead of being a strong man like you are, [Altman] backed down," Sen. Richard C. Shelby (D-Ala.) told Nussbaum. "I think he was afraid. I think you helped him make the wrong decision."

Nussbaum appeared jovial at the start of the tongue lashing but grew increasingly grim as senator after senator spoke against him.

Sen. John F. Kerry (D-Mass.) asked Nussbaum if he still believed Altman should not have recused himself. When Nussbaum said "yes," Kerry responded, "Then I'm very happy you are not serving as the president's counsel."

Only Sen. Barbara Boxer (D-Calif.) and Sen. Carol Mosley-Braun (D-Ill.) refrained from joining in the fray. "I don't want the American people to believe that White House brought intense pressure," said Boxer.

Much of the testimony over the past week has dealt with the issue of Altman's recusal. A number of Treasury and RTC officials told the committee that they advised Altman to get out of the case, if only for the sake of appearances.

Before he met with Nussbaum and other White House aides Feb. 2, Altman said he had decided to recuse himself. But after hearing Nussbaum's objections, Altman went the next day to the office of Margaret A. Williams, Hillary Rodham Clinton's chief of staff, to say he had changed his mind. Later that month, after public criticism, he reversed course again and recused himself.

Nussbaum was in a sense an easy target for the committee since he was forced out of the administration by the

controversy over White House-Treasury contacts on the Madison case. Earlier yesterday, a top White House aide gave the committee further ammunition against Altman, saying he "absolutely" expected Altman to do more than he did to correct his misleading testimony before the committee on Feb. 24.

White House staff secretary John Podesta testified that he told Altman he had "a legal duty" to fill in key facts he omitted when he answered the committee's February questions about a sensitive federal investigation involving the Clintons. Altman incorrectly testified then that Treasury officials had only one discussion with the White House about the case, concerning "generic" issues of procedure.

Podesta said he and other White House aides felt strongly that Altman had to disclose two full meetings in which Treasury and White House aides discussed criminal referrals naming the Clintons as potential witnesses. Podesta said White House aides also were concerned about Altman's failure to tell the committee that he had discussed recusing himself from the case. But he said they left it up to Altman whether to set the record straight on that issue.

Senators from both parties are clearly up in arms over Altman's testimony and what many of them consider his feeble attempts to correct it. Sen. Richard H. Bryan (D-Nev.) complimented Podesta and other White House aides for urging Altman to go back to the committee.

"Short of hitting somebody between the eyes with a two-by-four, I don't know how much more clearly it can be imparted to an individual that there are problems with the testimony and something ought to be done," Bryan said.

The Senate resolution authorizing the committee's hearings, in their sixth day today, calls upon the senators to determine whether there was improper conduct. The committee is

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FINAL

Administration witnesses at yesterday's Senate Banking, Housing and Urban Affairs Committee hearing included, from left, White House aides Harold Ickes, George Stephanopoulos, John Podesta and Bruce Lindsey.

BY HARRY MALIKYAN—THE WASHINGTON POST

carefully considering the behavior of Altman, in particular.

In morning testimony before the House Banking, Finance and Urban Affairs Committee, Treasury Secretary Lloyd Bentsen reiterated his support of Altman, Jean E. Hanson, the department's top lawyer, and Joshua L. Steiner, Treasury's chief of staff. "I think they are people of integrity and ability," he said.

Asked if he thinks any of them should resign, he said, "No, I do not."

As yesterday's session again stretched late into the night, some senators were by their own description "punchy." Others became testy.

Near 10 p.m. Sen. Robert F. Bennett (R-Utah), said he had a number of crucial questions, but "they have now gone stale, as have I." Sen. Boxer said she was ready to call Amnesty International if the committee did not release a panel of White House aides who had testified for six hours.

Another senator said the last panel would be "Letterman, Leno and Nussbaum." Nussbaum began his opening statement at 10:30 p.m.

Of the panel of four White House aides, Podesta perhaps fared best. The Republicans took after senior White House adviser George Stephanopoulos, who said he did not recall statements attributed to him in Steiner's diary.

They also expressed disbelief at deputy White House chief of staff Har-

old Ickes's claim that he did not remember telling a Treasury official it would "look bad" if her recommendation that Altman recuse himself became known.

As Podesta described it, the White House flew into action after Altman's Feb. 24 testimony. He said W. Neil Eggleston, a White House lawyer who listened to Altman testify in the hearing, called him from his cellular phone immediately afterwards to say that Altman had not mentioned the talks about his recusal.

Podesta said he and Altman "spurred" a little over what needed to be done when he called him four days after committee hearing. Podesta said he believed Altman when the deputy treasury secretary told him he did not testify about the other two meetings because he didn't know about them.

Most senators seemed to accept Podesta's explanation that he did not do more to follow up on Altman's corrections because of the ensuing uproar over Treasury-White House contacts on the Madison case.

The Republicans' most effective attacks came when they cited Steiner's diary. Steiner, who has described the diary as impressionistic shorthand, wrote that the White House exerted "intense pressure" on Altman not to recuse himself from the Madison case, despite his friendship with President Clinton.

He also wrote that the president

was "furious" when Altman did recuse himself. Another entry said "George suggested to me we needed to find a way to get rid of Jay B. Stephens, a lawyer who had been hired by the RTC to pursue civil claims against Madison."

Asked to read a passage aloud, Stephanopoulos said: "It's not my diary. I'm not going to read it."

He said he did not recall telling Steiner that Stephens should go, saying he began work that day at 6 a.m. and the conversation was just "a sliver of a 14-hour day."

Exchanges between Ickes and D'Amato also were tense. The two men have a long-term feud, stemming from Ickes's support of D'Amato's political rivals in New York.

Ickes accused GOP senators of mischaracterizing passages from a deposition he gave on the possibility of an RTC civil suit against Madison. He insisted he had neither asked for nor received inside information that could have aided the Clintons.

He also denied that Altman was under strong pressure from the White House not to recuse himself. Ickes said the White House left the decision up to Altman.

Staff writers Clay Chandler, Howard Schneider and researchers Lucy Shackelford and Margot Williams contributed to this report.

# Clinton Aide Offers Qualified Contradiction of Altman

By DAVID E. ROSENBAUM  
Special to The New York Times

WASHINGTON, Aug. 4 — A top White House official today contradicted Deputy Treasury Secretary Roger C. Altman in testifying that Mr. Altman had given the White House inside intelligence about the status of an investigation into a failed savings and loan.

Any such disclosure by Mr. Altman, during a meeting at the White House last February, would have been improper, in the view of senators from both parties.

But Mr. Altman's version, that he provided only information that was already public, has been corroborated by everyone else with knowledge of the events who has testified during two weeks of Congressional hearings on the Whitewater case. And the official who contradicted him today, Harold M. Ickes, the deputy White House chief of staff, conceded under questioning that he might have misheard Mr. Altman at the February meeting.

Mr. Ickes's testimony broke the only new ground in another long day of Whitewater hearings on both sides of the Capitol.

## More Testimony by Bentsen

Treasury Secretary Lloyd Bentsen went before the House Banking Committee and repeated what he told the Senate Banking Committee on Wednesday: that he did not know until March about contacts that began last fall between Treasury Department and White House officials concerning investigations into the failure of Madison Guaranty Savings and Loan, an institution that had been run by a business associate of President Clinton. He also said that Mr. Altman was "a very intelligent, hard-working man, and I believe in his integrity."

The Senate committee heard testimony by six White House officials who also testified before the House committee last week: Mr. Ickes; Thomas F. McLarty Jr., a Presidential counselor; Margaret A. Williams, Hillary Rodham Clinton's chief of staff; George Stephanopoulos, a senior policy adviser; Bruce R. Lindsey, assistant to the President, and John D. Podesta, staff secretary.

So much familiar territory was covered today that even some of the senators and representatives, who generally relish time in the limelight, grew weary.

At one point just before lunch, Senator Jim Sasser, Democrat of Tennessee, observed, "Every question has been asked of this panel that needs to be asked, but I'm not sure everybody has asked it."

Later, Senator John F. Kerry, Democrat of Massachusetts, com-



Harold M. Ickes, left, the President's deputy chief of staff, appeared before a Senate panel yesterday and contradicted a Treasury official's account of a meet-

ing at the White House. Also testifying were three White House aides: from right, Bruce R. Lindsey, John D. Podesta and George Stephanopoulos.

## A witness heard a disclosure, or at least he thinks he did.

plained about "a certain staleness to a certain number of questions."

The focus of the disagreement between Mr. Altman and Mr. Ickes was a meeting at the White House on Feb. 2. By all accounts, Mr. Altman, who was then also acting head of the Resolution Trust Corporation, the agency that manages the nation's savings and loan bailout, had asked for the meeting so that he could explain to the White House staff that the statute of limitations for filing a civil suit against Madison Guaranty would expire at the end of that month.

The Clintons have a special interest in the case because Madison's owner, James B. McDougal, was their business partner in the Whitewater real estate venture, because money from Madison may have been donated to one of Mr. Clinton's campaigns for Governor of Arkansas and because the Clintons are listed as potential witnesses in a possible criminal proceeding against Madison, whose collapse cost the Government about \$60 million.

The statute-of-limitations deadline was public knowledge, and the law permits regulators to relay to outside parties information that is in the public domain.

But Mr. Ickes testified in a sworn deposition he gave the Senate staff last month, and again to the committee today, that Mr. Altman had also said that the investigation into whether a civil claim should be brought against Madison could not be completed before the deadline. If Mr. Altman said that, then he improperly

divulged information that was otherwise available.

Asked repeatedly today by Senator Alfonse M. D'Amato, the New York Republican, whether he was sure of his testimony, Mr. Ickes replied: "That's my testimony. I stand by it."

Senator Kerry noted that the account was at odds with those of all the other Treasury and White House aides who attended the Feb. 2 meeting. Mr. Ickes replied, "All I can do is say I've testified to the best of my memory."

Senator Kerry then asked whether Mr. Ickes might have misinterpreted what Mr. Altman had said.

Mr. Ickes replied that he was "completely deaf" in his right ear and that it was possible he might have misheard what was said.

Two weeks after the Feb. 2 meeting, Congress extended through 1995 the statute of limitations for filing suits, and the Resolution Trust Corporation is continuing to investigate the Madison case.

# Arkansas Carries Out Nation's First Triple Execution in 32 Years

Special to The New York Times

LITTLE ROCK, Ark., Aug. 4 — Opponents of the death penalty, a group whose influence has dwindled amid growing public concern about violent crime, claimed new moral ground on Wednesday when Arkansas executed three men in less than three hours.

"At what point will they stop?" asked Kika Matos of the NAACP Legal Defense and Educational Fund. "It will soon be the mass lynchings of so long ago." She argued that a multiple execution "takes away from the individuality of the person" sent to his death.

Arkansas' triple execution was the first in the United States in 32 years, and it accounted for a third of the nine inmates the state has executed since 1976. With only one exception — a double execution by Arkansas in May — the other 246 prisoners executed in the last 15 years have gone to their deaths individually.

Arkansas prison officials argued that the multiple executions were more efficient and produced less strain on prison workers than individual executions. "Nobody wants to get up in the morning and go kill somebody," said Alan Ables, a spokesman for the Correction Department.

For the previous week, guards had rehearsed the process in 15 steps. The lethal injections began at 7 P.M. and were repeated at about one-hour intervals in a small concrete-block room at the Cummins Unit of the state prison system. The order of the executions was originally scheduled according to prisoner numbers. That plan had to be abandoned when a Federal court temporarily stayed the execution of the man who was supposed to die second.

The condemned men, Hoyt Franklin Currier, 37 (No. SK586), James William Holmes, 37 (No. SK587) and Darryl V. Richey, 43 (No. SK588), were

sentenced to death for murdering a prominent businessman in front of his family in 1981. The victim, Don Lehman, was beaten with a motorcycle chain and shot in the chest and head during a robbery. He ran upstairs after he was shot, but the men chased him down and held him on a bed while he was shot again as his wife lay on the bedroom floor.

On Wednesday night, each man in turn stepped out of his cell and lay down on prison's only gurney. They were strapped down and wheeled about 30 feet to the death chamber, where they were injected with a fatal mixture.

Mr. Clines was the first to die, at 7:11 P.M. Fifty-eight minutes later, and an hour ahead of the original schedule, Mr. Richey was declared dead. Because of the switched times, Mr. Holmes went to his death 84 minutes later than he had expected, at 9:24 P.M.

None had any last words. But earlier, in a joint last appeal, they had argued, "This scheduled mass execution, by reducing human beings to hogs at the slaughter, will exponentially increase the level of fear, uncertainty and psychological stress that someone condemned normally experiences in the usual course of events."

Diann Rust-Tierney, director of the Capital Punishment Project for the American Civil Liberties Union, said, "To take mass execution as a model of efficiency only underscores how out of step we are with the rest of the world."

Mr. Ables, the Correction Department spokesman, countered: "It's nice to be criticized for being efficient. The people that are involved in this are very concerned that what they do is proper, done professionally and with decorum. They want this to go well."

Whitewater

distracted  
first lady,  
aide says  
By DAVID HESS

Herald Washington Bureau

WASHINGTON Hillary Rodham Clinton spent a lot of time last winter worrying about Whitewater, but she wasn't "paralyzed" by the controversy, her chief of staff told the Senate Banking Committee Thursday.

The debate over just how worried the first lady was about Whitewater offered a measure of just how grim the political warfare over the controversy has become.

Republicans on the committee spent long hours attempting to cast shadows on the Clintons' Whitewater conduct, following paths of logic that appeared ever more obscure.

And White House staffers spent the same marathon hours attempting to prove that Whitewater was no big deal.

Margaret Ann Williams, Hillary Clinton's chief of staff, conceded that the first lady was "distracted" last winter by mounting press reports about Whitewater and spent time with her private lawyer reconstructing the record of her family's investment in Whitewater, an Ozark vacation-home development.

But Williams disputed a diary entry by Deputy Treasury Secretary Roger Altman quoting her as saying that the first lady was "paralyzed" with concern about the press' interest in Whitewater.

Williams said she did not recall having such a discussion with Altman and, in any case, would not have confided information about Mrs. Clinton's mood.

"I would not have said Mrs. Clinton was paralyzed," Williams said. "One, it wasn't true ... and secondly, I wouldn't discuss her frame of mind with anyone."

At the same time, Williams acknowledged that Mrs. Clinton was worried about the issue for good reason.

"It would be unusual for a person who was getting beaten up every day in the press and having to spend so much time with her lawyer trying to remember things that happened 17 years ago, for that person not to be concerned," Williams said.

Williams insisted under persistent questioning from Sens. Phil Gramm, R-Texas, and Alfonse D'Amato, R-N.Y., that she could not recall talking with Altman about Mrs. Clinton's state of mind. But she admitted she "had been saying to anyone who would listen that Whitewater was distracting ... and it's possible he could have heard that."

Gramm said he tended to "give credence to diaries because people write them from the heart and assume that nobody else will ever see them."

Just how Altman's diary entry or Mrs. Clinton's state of mind related to any Whitewater legal or ethical question was not clear.

What is clear is that Altman, the No. 2 man at the Treasury Department and a college friend of Bill Clinton, is in serious danger of losing his job for Whitewater missteps.

Many committee members, including some Democrats, believe Altman lied to them in testimony on Feb. 24 about his role in informing the White House about a Treasury Department criminal investigation related to Whitewater.

Altman testified that only one meeting about the case had occurred between White House and Treasury officials. Actually, there had been at least four formal meetings and a number of phone calls and conversations by the time of the February hearing.

In other testimony Thursday, high-ranking White House aides defended their efforts to limit the damage from leaks about the investigation and detailed efforts to correct Altman's testimony.

John Podesta, the White House staff secretary, said he was assigned to coordinate the effort and noticed within two days that there were errors in two letters to the committee.

But both Democratic and Republican committee members said Altman had not been responsive.

Sen. Richard Bryan, D-Nev., said the White House "dropped the ball" in following up with Altman to ensure that he corrected the record.

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BC WHITEWATER (SCHEDULED)

CONGRESS WHITEWATER PROBE WINDING UP

By William Scally

WASHINGTON, Aug 5 (Reuter) - Congressional investigations into the Clinton White House reaction to the Whitewater affair have entered the home stretch with defiant testimony from former White House Counsel Bernard Nussbaum.

In an appearance before the Senate Banking Committee ending early Friday, Nussbaum strongly defended his actions that led to his departure from the White House last April.

He said he continued to be convinced that Deputy Treasury Secretary Roger Altman had been wrong to step aside from any involvement in an investigation into the Madison Guaranty savings and loan bank by the Resolution Trust Corporation.

Altman, then acting chairman of the RTC, which was set up to clean up the troubled savings and loan industry, raised the question of his stepping aside at a meeting with Nussbaum and others at the White House on February 2.

Madison chief James McDougal and his wife were partners with Bill and Hillary Rodham Clinton in a failed Arkansas land development called Whitewater more than a decade ago.

Nussbaum also made no apologies for meeting Treasury Counsel Jean Hanson to be warned about imminent press inquiries about the RTC's referral of the Madison case to the Justice Department for a criminal investigation in which the Clintons were potential witnesses.

But he received a stern lecture from the committee's Democratic chairman, Donald Riegle of Michigan, who said he was wrong on both counts.

Wagging his finger, he said Nussbaum had ``crossed the line'' by injecting himself into Altman's decision on whether to separate himself from a case involving the president.

``That was one time when you should have bit your tongue and not stick your nose into that decision,'' Riegle said.

Although Nussbaum said Altman had had no legal or ethical grounds to step aside and should have continued to do his job, he said he had left the final decision up to Altman.

But Riegle and other senators said they were sure that Altman felt under pressure to stay on the job.

``You beat up on him and you know it,'' said Democrat Richard Shelby of Alabama.

New York Republican Alfonse D'Amato said he agreed with Riegle but forebore making a similar rebuke. Nussbaum is a prominent lawyer in D'Amato's state of New York.

Instead, D'Amato assailed Altman as ``Roger the dodger ... what a gutless wonder.''

Nussbaum, who testified last week to the House of Representatives Banking Committee, said of his meeting with Hansen last September that it was his duty to be able to ensure that the White House could respond to press inquiries.

Hansen has testified that Altman ``tasked'' her with giving the warning to Nussbaum, but Altman said he does not recall giving any such instructions.

The Senate committee Friday will hear testimony from current White House Counsel Lloyd Cutler, who opened the hearings before the House committee 10 days ago.

The House panel hears officials of the RTC, including its current acting chief Jack Ryan. REUTER

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BC WHITEWATER 2NDLD (SCHEDULED)

ICKES DENIES ALTMAN URGED TO STAY ON MADISON PROBE  
(Eds: Updates with later testimony)

By William Scally

WASHINGTON, Aug 4 (Reuter) - A top White House aide denied Thursday that Deputy Treasury Secretary Roger Altman had been pressed to reverse a decision to separate himself from a government Whitewater investigation.

Deputy White House Chief of Staff Harold Ickes disputed diary entries by Treasury Chief of Staff Joshua Steiner saying that at a White House meeting February 2 it was made clear to Altman that stepping aside would be "unacceptable."

The issue of Altman's separation, or recusal, from the Resolution Trust Corporation's investigation of the Madison Guaranty savings and loan in Arkansas has been at the centre of the congressional Whitewater probe.

Critics have suggested that White House opposition to recusal indicated it wanted to contain the investigation of Madison, whose head was a partner of the Clintons in the money-losing Whitewater land development.

Senators have heard testimony that Altman had gone in to the meeting having decided to step aside. After the meeting he postponed a decision.

Diaries written at the time by both Steiner and Altman have figured prominently in testimony. The writers have sought to tone down their entries under questioning.

California Democrat Barbara Boxer worried that Steiner's diary had become "the holy book" of the hearings and noted that Steiner was not at the February 2 meeting.

Steiner had written that at a "fateful" White House meeting between Altman and Ickes, former White House Counsel Bernard Nussbaum and Hillary Rodham Clinton's chief of staff, Margaret Williams, "the White House staff told RA (Altman) that it (Altman's recusal) was unacceptable."

Ickes said he did not recall anyone urging Altman not to recuse himself. He said Altman had indicated he was thinking about such a step but "it was up to him to make the decision and he did."

He also said that he did not believe he had said Clinton was "furious" about Altman's eventual decision to recuse himself, as reported in another Steiner diary entry.

Ickes' testimony was similar to that earlier in the day by Williams and White House aide Thomas "Mack" McLarty.

Ickes' response prompted Texas Republican Phil Gramm to comment: "Not since the St Valentines massacre in Chicago have we seen a situation where something so dramatic happened and yet ... no one heard a shot fired."

Ickes appeared with Clinton advisers George Stephanopolous and Bruce Lindsey and presidential assistant John Podesta as the marathon Senate hearings continued.

Williams denied that she had indicated Mrs Clinton had been "paralyzed" by the Whitewater problem as Altman had said in his diary. She said she would never describe the First Lady's state of mind to anyone.

Williams said she had spoken out about Whitewater being a distraction and the need to focus on the president's agenda.

Meanwhile, Treasury Secretary Lloyd Bentsen, testifying to the House Banking Committee, praised Altman as intelligent and hardworking and said, "I believe in his integrity."

There has been speculation that Altman's days as number-two official at the Treasury might be numbered. Republicans have called for his resignation.

At a televised news conference Wednesday night, Clinton said of Altman: "The secretary of the Treasury has confidence in him and so do I."

Bentsen, asked if Treasury officials had lost his confidence or should step down because of contacts with White House staff over Madison, said: "No I do not. I think they're capable, intelligent people. Obviously, there have been some concerns and  
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I think they share those concerns."

bc-newpolitic

WHITEWATER HEARINGS FORCE

YOUNG AIDE TO DOUBT HIMSELF

Eds: Weekly NewPolitics column; suitable for Sunday OpEd pages; on Washington and columns wires

By CHUCK RAASCH=

GNS Political Writer=

WASHINGTON The Whitewater hearings produced only a trickle of bad news for the Clinton administration, not the gusher that the president's detractors had hoped for.

But political truth-telling took another big hit in one devastating, telling moment. For the sake of protecting colleagues, including some who may have lied, young Joshua Steiner felt compelled pressured, perhaps? to denounce the innermost thoughts in his personal diary.

Washington is so fraught with Machiavellian maneuverings that people now can spin their own truths back as something different to themselves and it is considered part of the game.

The story is all the more poignant because Steiner, 28, is considered one of the brightest young stars of the Clinton administration. His diary exudes youthful vigor and enthusiasm.

"Such an incredible city," Steiner wrote Feb. 27.

On that observation there should be no dispute.

Steiner caused even friendly senators to shake their heads when he came before them to say that he had fudged the truth in his own diary. The diary had become a central exhibit in the Whitewater hearings because in it, Steiner had recorded some of the behind-the-scenes maneuverings by Clinton aides as they dealt with the burgeoning Whitewater investigation.

The diary spoke clearly of "intense pressure" from the White House to keep an ostensibly friendly Deputy Treasury Secretary Roger Altman from removing himself from any oversight of the investigation into Whitewater, an Arkansas land deal involving Bill and Hillary Rodham Clinton. Steiner wrote how Altman "gracefully ducked" questions about Whitewater posed by senators last February, which was not appreciated by the senators.

Steiner said he was mistaken, that some of his memories were recorded days later and were "never intended to be a precise narrative or a verbatim account of what took place."

Some senators weren't buying it.

"You're a key player and as a result you carry a lot of responsibility, and so when you gave this account to yourself, you had no reason to shade the truth, you had no reason to exaggerate," Senate Banking Committee Chairman Don Riegle, D-Mich., lectured.

Sen. John Kerry, D-Mass., among the most nonpartisan of the Whitewater inquisitors, said Steiner's diaries showed a "refreshing kind of truthfulness, (with an) almost innocent observation of the goings on of Washington."

But it "bothers me," Kerry told Steiner, that "you want to distance yourself from it."

David Staines, a former Harvard professor and now vice dean of the Faculty of Arts at Ottawa, has some experience in political diaries, having recently reviewed the book based on the late Nixon aide H.R. Haldeman's diary.

Staines said there is a basic difference between the diaries written by someone like Haldeman, who set out to assure his own place in history, and Steiner, who claimed that he never intended for his diary to be public.

Staines said the political world today is fraught with diarists like Haldeman who are not telling the truth, but recording for posterity their lives in the best possible light. True diaries, Steiner said, are "written to the self," and therefore likely to be more honest.

If Steiner intended the diary to be only for his own reflection, Staines said, "that may be as honest as he can be to himself. And the tragedy is to

2/2

expose that. He may be the only person left writing a diary for himself.''  
Staines sees Steiner's backtracking as a betrayal of that honesty, further proof why many young people Steiner's age think ``there is something sick'' about modern politics.

Perhaps the most damaging refrain of Steiner's backtracking is that it rekindles criticism that Clinton and his White House sometimes treat truth as an incremental commodity, something to be parsed out in dribs and drabs, revisions and corrections, until it washes away in a river of contradictions.

The campaign flare-up over Clinton's Vietnam draft evasion became bigger than needed because it took weeks for him to admit to the whole truth. Central facts that would be hard to forget like receiving a draft notice had to be flushed out like birds in the bush.

Over the past eight months, White House aides have told at least five versions of how Whitewater documents were handled after they were taken from the office of the late deputy counsel Vince Foster after his suicide.

Of course, truth was devalued long before the Clintonites came to town. Virginia's next U.S. senator could be Oliver North, who lied to Congress and is now revered in some circles for it. Ronald Reagan got the fantasy of movies and real life mixed up, but he was often excused because he told the fantasies so well. Veracity did not come to mind when the 25th anniversary of Sen. Edward Kennedy at Chappaquiddick recently passed.

But those were fibs told to someone else. Some found Steiner's backtracking so hard to swallow because it involved the denial of self. The death of youthful belief is a tough thing to see, even in this hard town.

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#### Watchdog group contests Clinton fund

WASHINGTON, Aug. 4 (UPI) The trust established in June by President and Mrs. Clinton for collecting contributions to defray their legal expenses is illegal, a self-declared watchdog group said Thursday.

The organization, Judicial Watch, filed papers in U.S. District Court in Washington asking the court to enjoin the activities of the fund. The organization claims in court documents that the trust actually functions as a federal advisory committee but was not established, and does not behave, according to legal requirements for such advisory bodies.

That includes conducting open meetings.

The group also claims that ``public confidence in the integrity of the presidency and the executive branch as a whole has been and will be harmed by the President and Mrs. Clinton's solicitation and acceptance of illegal gratuities.''

Hillary Rodham Clinton is named as a defendant in the suit as well as White House counsel Lloyd Cutler, but the president is not listed.

White House officials had no immediate comment on the filing.

The trust, known as the Presidential Legal Expense Trust, was established in June to collect private contributions of up to \$1,000 each to help cover the Clintons' legal expenses, including those associated with the Whitewater affair and a sex harassment suit filed against the president.

\*\*\*\* filed by:UPI-(us) on 08/04/94 at 21:45EDT \*\*\*\*  
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AM Whitewater, Bjt, 630

First Lady's Aide Says Whitewater Was Distraction, Not Obsession

By MIKE FEINSILBER= Associated Press Writer=

WASHINGTON (AP) Senate Republicans zeroed in on Hillary Rodham Clinton's interest in Whitewater Thursday, but her chief of staff testified the investigation has been a distraction, not an obsession.

Margaret Williams disputed a colleague's diary that said Mrs. Clinton was "paralyzed" by the Whitewater affair and otherwise played down her efforts to keep track of a savings and loan investigation that was potentially embarrassing to the first family.

"I made a conscious decision that we would not spend our time discussing Whitewater with Mrs. Clinton, unless we were responding to press inquiries," she told the Senate Banking Committee.

At a parallel hearing in the House, Treasury Secretary Lloyd Bentsen gave his embattled deputy, Roger Altman, a verbal embrace, warmer than the one he was willing to offer the day before.

"I find him a very intelligent, hard-working man and I believe in his integrity," Bentsen said, following President Clinton's lead.

But the secretary refused to take sides when asked whom he believed Altman or the department's top lawyer, Jean Hanson. They have given conflicting testimony.

"That is for them to state," Bentsen said.

Altman has emerged as the central figure in the hearings because his testimony is at odds with that of other administration officials.

As both the Senate and House investigations revisited old ground, some Democrats called the hearings a dry hole.

"We've been here four days now trolling, hoping someone would run into a hook," complained Sen. Ben Nighthorse Campbell, D-Colo.

With her mother sitting behind her, Williams sought to counter an impression that Mrs. Clinton was deeply concerned about the investigation into the failure of Madison Guaranty Savings and Loan.

Mrs. Clinton represented Madison as a lawyer in Arkansas, and the S&L's owner was a business partner with the Clintons in the ill-fated Whitewater land venture.

Altman's diary quoted Williams as saying Mrs. Clinton was "paralyzed" by the Resolution Trust Corp.'s Madison investigation.

But Williams said she didn't use that word, and would never try to characterize Mrs. Clinton's state of mind. She also denied saying what Altman's diary quoted her as saying that the first lady didn't want a special prosecutor "poking into 20 years of public life in Arkansas."

Sen. Phil Gramm, R-Texas, said he gave credence to the diary because it was "written from the heart" with no expectation it would be read aloud at a nationally televised hearing.

But Ms. Williams said Mrs. Clinton was not fixated on Whitewater.

"Every day Mrs. Clinton and the president were being beaten up about Whitewater," she said, and "it was a distraction."

"I would have to be a blind person not to look at what was going on in the media and not to look at the amount of time she spent with her personal lawyer not to know that," she said.

Under Republican questioning, Williams acknowledged that last February she encouraged Altman to reconsider a decision to withdraw from any involvement in the Madison investigation. When Altman took that advice, he notified her first, she also acknowledged.

Returning to a point he emphatically made Wednesday, Senate chairman Donald Riegle, D-Mich., chastised the administration for failing to correct misleading testimony that Altman gave in February.

Riegle noted that a White House lawyer attended that hearing and the White House knew of the problems with Altman's testimony, "But no one came here and said to us, 'By the way, you didn't get full and accurate testimony.'"

"That's not good practice and you know it," Riegle told former White

House chief of staff Mack McLarty. McLarty replied: "I fully concur." END

BC WHITEWATER 1STLD (SCHEDULED)

WHITEWATER MARATHON GOES ON WITH TOP CLINTON AIDES

By William Scally

WASHINGTON, Aug 4 (Reuter) - Top White House aides testified on Whitewater for the second time Thursday as weary lawmakers ploughed on with marathon hearings on the affair that has embarrassed President Clinton.

Appearing before Senate Banking Committee, Hillary Rodham Clinton's chief of staff, Margaret Williams, and presidential aide Thomas "Mack" McLarty, the president's former chief of staff, were grilled about their knowledge of questionable contacts between Treasury and White House officials.

Both had appeared earlier in a late-night session of the House of Representatives Banking Committee, which Thursday was hearing testimony from Treasury Secretary Lloyd Bentsen.

The Senate panel this week has spent more than 40 hours listening daily to testimony on the contacts and on issues surrounding Deputy Treasury Secretary Roger Altman's separation of himself from an investigation into an Arkansas savings and loan institution involved in Whitewater.

Massachusetts Democrat John Kerry told the Senate panel: "We may well even be getting to the point of beating to death" the issues of Altman's controversial testimony and his recusal from the Madison investigation.

Democrat Ben Nighthorse Campbell of Colorado said he would describe the questioning during half of the hearings as "trolling, hoping somebody would run into a hook."

McLarty told senators that in hindsight it was obvious that the contacts between Treasury and White House officials on the Madison investigation were unwise.

But he said: "If there were errors they were made in good faith."

Williams denied that she had indicated Mrs Clinton had been "paralyzed" by the Whitewater problem as Altman had said in his diary. She said she would never describe the First Lady's state of mind to anyone.

Williams said she had spoken out about Whitewater being a distraction and the need to focus on the president's agenda.

Witnesses have portrayed Whitewater as occupying only a miniscule part of White House officials' attention as they dealt with important domestic and foreign issues.

Both McLarty and Williams said the Clintons had never asked them to press Altman not to recuse himself and to "go easy" on the Whitewater matter.

Florida Republican Connie Mack, commenting on testimony about White House meetings where Whitewater was discussed, said the theme running through accounts of the meetings was that "no one has time to sit down, all conversations are brief conversations and nobody remembers anything."

He said a suggestion for the future might be to "slow things down a little bit, have longer conversations, sit down and discuss things through, and maybe someone will remember things."

Four other top White House aides and former White House counsel Bernard Nussbaum were due to testify later to the committee in what promised to be another late-night session.

Meanwhile, Bentsen, testifying before the House panel, praised Altman as intelligent and hardworking and said, "I believe in his integrity."

There has been speculation that Altman's days as No. 2 official at the Treasury might be numbered. Republicans have called for his resignation.

At a televised news conference Wednesday night, Clinton said of Altman: "The secretary of the Treasury has confidence in him and so do I." REUTER

\*\*\*\* filed by:RB--(--) on 08/04/94 at 12:47EDT \*\*\*\*

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PM Whitewater Hearing, 3rd Ld-Writethru, a0564,950  
Clinton Backs Altman; First Lady Chief of Staff Questioned  
Eds: Leads with 15 grafs to UPDATE with McClarty-Riegle exchange, more Williams on Mrs. Clinton; Picks up 11th graf pvs, Sen. Connie....; Subs 20th graf pvs to delete first reference to Riegle, now redundant, Republicans, joined... Minor editing to tighten

By LARRY MARGASAK= Associated Press Writer=  
WASHINGTON (AP) With Hillary Rodham Clinton's chief of staff on the witness stand, Senate Republicans sought to show today that the first lady was far more interested in the Whitewater affair than the White House has acknowledged.

As the Senate's Whitewater hearings entered their fifth day, Margaret Williams testified that she doesn't recall telling Deputy Treasury Roger Altman that Mrs. Clinton "was paralyzed" by Whitewater.

In a diary subpoenaed by the panel, Altman quoted Williams as making such a statement.

Pressed by Sen. Alfonse D'Amato on the diary entry, Williams told him to look at Mrs. Clinton's schedule from December through February. "Paralyzed would be far from the word one would use to describe her."

She said the White House viewed the Whitewater affair as a distraction. "I made a conscious decision that we would not spend our time discussing Whitewater with Mrs. Clinton, unless we were responding to press inquiries," she said.

The Senate Banking Committee grilled Williams a day after President Clinton gave Altman only a limited show of support.

During a news conference Wednesday, Clinton dodged a direct answer to a question about whether Altman should resign, but said, "The secretary of the Treasury has confidence in him and so do I."

Altman, the No. 2 Treasury official, has emerged as the central figure in the hearings so far because his testimony is at odds with a number of other administration officials.

The Senate panel's chairman, Donald Riegle of Michigan, for a second day chastised the Clinton administration for failing to correct earlier Altman testimony that was incomplete.

Riegle noted that a top presidential aide was at a Feb. 24 committee hearing on Whitewater, and the White House was fully aware there were problems with Altman's testimony. "But no one came here and said to us, 'By the way, you didn't get full and accurate testimony,'" he said.

"That's not good practice and you know it," Riegle told former White House chief of staff Mack McLarty.

"I fully concur with your comments," McLarty replied.

Williams and McLarty, now White House counsel, had already testified before a House committee that is holding simultaneous meetings on Whitewater and the Resolution Trust Corp.'s investigation of a failed Arkansas savings and loan. Their testimony today echoed their earlier statements.

Republicans asked Williams why, if Whitewater was not a priority for her or the first lady, one of the earliest White House memos on Whitewater indicated she received a copy. She said she didn't know.

"I knew that in the newspapers every day, Mrs. Clinton and the president were being beaten up" on Whitewater, Williams said. But she added, "Mrs. Clinton does not normally read the newspapers."

Later, under repeated questioning about whether Mrs. Clinton was paralyzed by Whitewater, Williams acknowledged, "I would have to be a blind person not to look, not to know that this matter held some real interest for her."

Sen. Connie Mack, R-Fla., noted that White House witnesses have portrayed Whitewater meetings as brief and that they often couldn't remember the substance of the discussions.

"There's a theme that's kind of running through here no one has time to sit down, all conversations are brief conversations and nobody remembers anything," Mack said.

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Also making a return visit to Capitol Hill was Treasury Secretary Lloyd Bentsen, whose reception from the House Banking Committee was more cordial than the one he got from the Senate.

Bentsen got the full support of both the House panel's chairman and its ranking Republican.

"No one is suggesting ... lack of public confidence" in Bentsen, Rep. James Leach, R-Iowa, said.

Bentsen, in return, put in another plug for Altman. "I believe in his integrity," he said.

At his news conference, Clinton said had not watched the Whitewater hearings because he's been too busy.

Asked if he was angry when Altman disqualified himself from the Whitewater investigation in February, Clinton said, "The only thing that upset me was I did not want to see him stampeded into it if it was the right thing to do."

However, during Altman's testimony before the Senate on Tuesday and when White House lawyers appeared there Wednesday senators said the problem was the reverse situation.

Republicans, joined by Riegle, said it appeared that Altman was pressured by the White House to remain in charge of the Whitewater inquiry that involved his friend, the president.

Riegle pulled out a transcript of Altman's 12 hours of testimony the day before. Altman had said he entered a meeting at the White House on Feb. 2, having decided to disqualify himself.

After then-White House Counsel Bernard Nussbaum raised objections, Riegle said, Altman changed his mind and remained in the case for several more weeks until he began facing intense political heat from Congress.

Riegle said, as Republicans watched with glee, "The practical fact is that Altman came into that meeting going this way on recusal (in favor) and within 24 hours changed his view and is going in the opposite direction (against)." He said there was a "cause and effect relationship here and it should not have happened."

Altman's problems began when he became, in addition to his Treasury job, acting chief of the RTC.

The agency has been looking at potential civil and criminal violations involving Madison Guaranty Savings & Loan Association, a failed S&L that may have suffered losses from the president's former Arkansas land deal. It was owned by Clinton's business partner in the Whitewater land venture.

Altman briefed White House officials about RTC requests for a Justice Department criminal probe. He misled the Senate unintentionally, he said by failing to report dozens of contacts between Treasury and White House officials and by failing to mention his personal struggle with disqualification.

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# SENATORS ASSAIL TREASURY DEPUTY

## Altman Is Accused of Being Untruthful on Whitewater

By DAVID E. ROSENBAUM  
Special to The New York Times

WASHINGTON, Aug. 2 — In high dudgeon, members of both parties on the Senate Banking Committee assailed Deputy Treasury Secretary Roger C. Altman today for having been untruthful, in their view, about the Whitewater case at a hearing last February.

In the most contentious day of Whitewater hearings yet, Senator Alfonse M. D'Amato, Republican of New York, accused Mr. Altman of being "at the very least disingenuous" in the way he responded to questions about how often he and his staff had met with White House officials about the case.

Senator Phil Gramm, Republican of Texas, said, "This is totally unbelievable." Senator Connie Mack, Republican of Florida, said the testimony of other witnesses "really calls into question how we can believe you."

And Senator Richard C. Shelby, Democrat of Alabama, asked, "Mr. Altman, do you think when someone asks you a straight question, you should give a straight answer?"

Mr. Altman insisted that he had told the truth, but no senator came to his defense.

"Mr. Chairman," Mr. Altman said at one point this afternoon, "I do not have perfect recall, and I may have heard or understood questions in a way that was not intended by the senator asking the question. If I did so, I sincerely apologize to all members of the committee. But I do want to be clear. In no way did I intend to mislead or not to provide complete and forthright answers."

Answering Senator Shelby's question directly, Mr. Altman said he had a solid reputation for integrity and forthrightness.

At issue were Mr. Altman's responses on four different occasions at a Feb. 24 hearing before the Banking Committee. Mr. Altman was asked then whether he or anyone on his staff had made contact with anyone at the White House about issues related to the Federal investigation into the collapse of Madison Guaranty Savings and Loan, whose owner, James B. McDougal, was a partner of Bill and Hillary Clinton in the ill-fated Whitewater real estate venture.

At each instance on Feb. 24, Mr. Altman replied that he knew of only "one substantive contact," on Feb. 2, when he and members of his staff went to the White House to explain that the statute of limitations was about to expire on civil proceedings against Madison Guaranty, whose failure had cost the Government about \$60 million.

Subsequently, Mr. Altman wrote the committee four times amending his testimony, but he never gave a full accounting of contacts that have been mentioned by others.

Other Administration officials have testified about several other contacts. The Treasury Department's inspector general counted 40.

The question of whether Mr. Altman told the truth at the hearing in February has gained special importance because of the limited scope of this phase of Congress's investigation into the Whitewater affair. The Senate has agreed that the only matters that can be examined at this point are the circumstances surrounding the death last year of Vincent W. Foster Jr., who was the deputy White House counsel, and the con-

"D submit to you that's at 1 : one contact that you were aware about and that you certainly didn't tell us. And I have a whole number of these that I'm going to go through with you."

SENATOR ALFONSE D'AMATO

"SENATOR D'Amato, I respectfully disagree, and I do so vehemently. . . . None of the conversations that you just enumerated had anything to do with the RTC investigation of Madison, and I used the word 'substantive' for that purpose."

ROGER C. ALTMAN

The propriety of the Feb. 2 meeting at the White House is an open question. At the time, Mr. Altman was acting chairman of the Resolution Trust Corporation, the agency that administers the nation's savings and loan bailout.

Mr. Altman today denied that there had been any interference with the Whitewater investigation or special treatment for the Clintons.

Several senators and other commentators maintain that it was improper for a regulatory official to brief the White House about a case in which the Clintons had a direct interest. But the special prosecutor, Robert B. Fiske Jr., has found that no crime was committed. And the independent Office of Government Ethics reported last weekend that while poor judgment may have been shown, no ethics rule was broken.

Beyond that matter of propriety, hardly anything of controversy has arisen in the hearings that began last week and are expected to last at least through Friday. The civil and criminal cases against Madison are, by all accounts, proceeding apace.

Lying to Congress is a crime that has arisen in many other scandals over the years. But, responding to a question from Senator Gramm today, Mr. Altman asserted, "First of all, Mr. Gramm, I did not lie to Congress."

Finally, the question of whether Mr. Altman told the whole truth in this instance is significant politically because one of the main points of

how a disaster was unfolding and how Mr. Altman had "gracefully ducked" questions at his Feb. 24 hearing.

"I wish that my diary was more accurate," Mr. Steiner declared.

Mr. Altman took issue with the testimony Monday of Jean Hanson, the Treasury's general counsel, that he had instructed her to keep the White House informed of developments in the criminal investigation of Madison, an activity known as a referral. Ms. Hanson said she told the White House last fall about what she believed was an impending press report that the Clintons were named as potential witnesses.

"I do not believe that I suggested that the White House be informed on any facts relating to this referral," Mr. Altman said. "But if Ms. Hanson did advise the White House of an impending press leak on it, I see nothing improper in that."

Mr. Altman also disputed the notion that he should have withdrawn from the Madison case long before he did on Feb. 25. "In retrospect, I perhaps should have recused myself right off the bat," he said. But he quickly added, "I don't think that taking three weeks to make such a complex decision is all that surprising. But again, the important point is that I recused myself without ever having participated in any decisions on Madison."

As is often the case in Congress-

## Questions about statements regarding contacts with the White House.

al inquiries, the senators seemed more interested today in making points than in asking questions.

Senator D'Amato set the pattern in his questioning early on when, speaking in his machine-gun style, he rattled off quotations from Mr. Steiner's diary about various contacts Mr. Altman and people on his staff had with the White House: a meeting Mr. Altman had with Margaret Williams, Mrs. Clinton's chief of staff; a meeting Mr. Bentsen had with George Stephanopoulos, a senior adviser to the President; a discussion with Harold M. Ickes, another top adviser.

"Was that not about Whitewater?" Mr. D'Amato asked.

Mr. Altman tried to answer, "Senator, I used the word 'substantive,'" he said.

Mr. D'Amato cut him off. "Listen, please don't tell me about substantive."

"May I respond?" Mr. Altman asked.

"No," Mr. D'Amato said. Then he had a second thought. "Well, I see the red light's on, but go ahead."

Mr. Altman said, "Senator D'Amato, I respectfully disagree, and I do so vehemently with the premise of the question. I responded on Feb. 24 by saying that I had one substantive contact. Now that's the way I responded. And by that I meant relating to the R.T.C. investigation of Madison. None of the conversations that you just enumerated had anything to do with the R.T.C. investigation of Madison, and I used the word 'substantive' for that purpose."

## The Deputy Treasury Secretary insists that he told the truth.

attack against President Clinton and others in his Administration is that they sometimes shade the truth.

Mr. Altman, who is 48 years old, has known Mr. Clinton since they attended Georgetown University together in the 1960's. A successful investment banker, he worked as a fund-raiser and economic adviser in the 1992 Clinton campaign, and his nomination to the No. 2 post at the Treasury was one of the first announced by Mr. Clinton after the election. Last year, he was instrumental in organizing the Administration's efforts to win Congressional approval of the budget and the North American Free Trade Agreement.

Until this latest controversy developed, it was widely assumed that Mr. Altman would one day succeed Lloyd Benisek as Treasury Secretary. Now his prospects for continuing in office, let alone rising there, have been called into doubt.

The questioning of Mr. Altman today did not begin until nearly 5 P.M. and lasted well past dark. In a show of solidarity, B. A. Bentsen, the wife of the Treasury Secretary, sat in the first row, next to Mr. Altman's wife.

Earlier, four other Treasury officials testified. No new ground was broken. Mainly, the senators heard Joshua L. Steiner, Mr. Bentsen's 25-year-old chief of staff, testify that he exaggerated in his diary when he wrote about how Mr. Altman was under "intense pressure from the White House" over the Madison case.

BC WILLIAMS national editors:R:TB

Highly regarded aide to Hillary Clinton emerges in Whitewater hearings

(May be of interest to AT-RISK readers; see end of story.)

(PHOTO; details below)

(HAS TRIMS)

By Mitchell Locin

Chicago Tribune

WASHINGTON It's not surprising that most Americans didn't recognize the full lineup of 10 Clinton administration officials arrayed in front of the House Whitewater hearing last week.

But even status-obsessed, official Washington groped to identify the African-American woman sandwiched between top presidential aides George Stephanopoulos and Mack McLarty.

In a city where self-effacement is virtually unheard of, Margaret Ann Williams, the chief of staff for Hillary Rodham Clinton, has managed to do her job without ego-feeding TV appearances and without whispering secrets to reporters.

"She's the most significant unknown staffer in the White House," said an administration image-maker who talks "on background" to reporters. "She has not sought any visibility. I don't get the impression that she 'sources.'"

Given her job, her acumen and whom she works for, Williams has quietly become one of the most powerful figures in the administration and, possibly, the second most influential woman. She's pulled it off by mixing a low public profile with an assertive manner within the White House.

Early in the administration, she would arrive uninvited at presidential staff meetings, suggesting that her exclusion must have been an oversight. In time, it became natural for her to be included in meetings including those last winter that discussed ways of managing the Whitewater affair.

But the outside world has been largely ignorant of her role.

Some of that anonymity may now be lost with her appearances before congressional committees investigating Whitewater. Indeed, her first, with the nine other officials before the House Banking Committee, inspired the most fireworks.

When Rep. Peter T. King, R-N.Y., challenged her veracity at one point, Williams shot back, "My honesty in this matter does not depend on whether or not you believe me."

(EDITORS: BEGIN OPTIONAL TRIM)

Rep. Maxine Waters, D-Calif., leapt to Williams' defense, telling King: "You are out of order. Shut up." Her argument with Republicans resumed Friday in the House chamber, with Republicans trying to shout her down, Waters refusing to desist, and Speaker Thomas S. Foley, D-Wash., scurrying out of his office to calm things down.

(END OPTIONAL TRIM)

With better-known figures available whom Republicans love to hate, such as Stephanopoulos, few expected the low-key Williams, 39, to spark such intense reactions.

In the White House, ask one aide after another what impact Williams has had on policy, on strategy, on social events, and everybody says it's substantial.

"Maggie is not only a wonderful, caring person, but she is a multi-talented person who brings a combination of skills as well as professional talents to this White House and in particular to this office," said Lisa Caputo, the First Lady's press secretary.

But ask Williams' colleagues to name a specific contribution, to give a concrete example where she made a difference, they may go blank. They'll then offer that she does such a good job integrating her efforts with the rest of the staff and supporting the Clintons that she has a seamless, understated omnipresence and influence. Smart, top-notch researcher, good writer and modest is the consensus.

Which apparently suits the poetry-writing Kansas City native, who declined

to be interviewed, just fine.

As much as she appears to lack an ego, Williams, who delayed work on her doctorate to go to work for Hillary Clinton during the campaign, is no shrinking violet. She proudly, almost defiantly, emerged from her grand jury appearance last March after weeks of headlines about Whitewater, Vincent Foster's suicide and the White House's handling of both.

"I'm really encouraged to be participating in something where the finding of fact is important, as opposed to innuendo, rumor-mongering, gossip and sensationalism," she said outside the federal courthouse, scolding the horde of reporters.

Such coolness under fire has been a hallmark for Williams, whom Hillary Clinton got to know when she was a board member at the Children's Defense Fund. Williams was the organization's highly effective media strategist.

"Maggie and Hillary are complementary," said Richard Mintz, who worked with them during the presidential campaign. "They both share a real and abiding commitment to trying to improve the lot of children. That's why she and Hillary have such an affection and trust for one another."

(EDITORS: BEGIN OPTIONAL TRIM)

Colleagues credit Williams and the group's founder, Marian Wright Edelman, for raising the profile of children's issues during the Reagan years, when social policy in the capital took a decidedly conservative bent. She worked on media projects such as preventing teen pregnancy, fighting child abuse and seeking funding for poor children.

"For so long, Washington advocates always seemed to describe social problems in statistical ways or in policy ways," said Mintz, who at the time worked for another social policy group. "Maggie was able to humanize their issues. She took stories to '60 Minutes' and gave them exclusives or let The New York Times do a special profile on somebody, giving the story legs."

(END OPTIONAL TRIM)

The daughter of a government worker and a schoolteacher, Williams is a graduate of Catholic girls schools in Kansas City and Trinity College in Washington, D.C.

She returned to school in the late 1980s, earning a master's degree at the Annenberg School of Communications at the University of Pennsylvania and working on her doctorate when Hillary Clinton asked her to be her communications director for the 1992 presidential campaign.

At the campaign and for that matter later in the White House, aides said she brought a calmness and a discipline that has been envied by those working exclusively for the president.

"She's one of the most stable people I ever met. There's never a feather out of place in a crisis," said Catherine Moore, another campaign staffer.

Using what she had practiced at the Children's Defense Fund, Williams helped Hillary Clinton soften her image during the campaign, using selected interviews in women's magazines and public appearances to let all parts of her personality emerge, the mother as well as the lawyer and policy activist.

"At the time that Maggie came, there was a great deal of pressure on Hillary Clinton's staff to carve out for her an image that she was comfortable with," said Avis LaVelle, the former press secretary for Chicago Mayor Richard M. Daley who worked for the campaign. "She couldn't be Hillary Clinton the cookie baker because that's not all Hillary Clinton is. There's a lot more to her, too."

-END-OF-AUTOBREAK(1)-

-AUTOBREAK(2)-FOLLOWS

\*\*\*\* filed by:KR-F(--) on 08/02/94 at 08:09EDT \*\*\*\*  
\*\*\*\* printed by:WHPR(JEL) on 08/03/94 at 08:12EDT \*\*\*\*

# Clinton urges Congress to pass health reforms

By R.A. ZALDIVAR  
And ROBERT A. RANKIN

WASHINGTON President Clinton used a nationally televised press conference Wednesday night to scold Republicans for pulling away from a health reform deal and he called on the House and Senate to stay in session until they pass health legislation.

Clinton praised the bills put together by Senate Majority Leader George Mitchell, D-Maine, and House Majority Leader Dick Gephardt, D-Mo., and sidestepped questions about major differences between the congressional measures and his original legislation.

But the president argued that Mitchell's bill would eventually produce coverage for all, and that Gephardt's bill also gives Americans the option of selecting private insurance. He insisted he has not abandoned his pledge of universal coverage.

To drive home his point, Clinton asked two people with health insurance problems to stand for the television audience. Both came to Washington as part of a cross-country bus caravan promoting health care reform.

Republicans shot back that it is Clinton and the Democratic congressional leaders who are being partisan. "I thought the president whether deliberately or by misinformation was not being very accurate with the American people about what's happening in Congress," said House Minority Whip Newt Gingrich. R-Ga.

That is a record of accomplishments. I recently dined prime time in the elegant East Room of the White House only the third such session of the presidency. In an opening statement, which I think is unusual, we are making progress. At the same time, we are not. We are not in recession and that has produced 3 1/2 million new jobs since he took office.

Clinton prodded Congress to act swiftly on the crime bill, which just recently emerged from a conference committee but has stalled again in Congress. House leaders Wednesday were considering a move to drop a controversial ban on 19 assault weapons to rally support for the measure.

Asked about the ongoing Whitewater hearings, Clinton predicted that the administration would be cleared of any wrongdoing. He said he saw no reason for Deputy Treasury Secretary Roger Altman to quit, even in the face of congressional questions about his candor.

Clinton noted that nuclear talks with North Korea resume in Geneva next week. He said North Korea's "fate is still in its own hands" as it decides how to deal with Western demands that it end its nuclear weapons program.

He said he believes Syria and Israel want to settle their differences, although he acknowledged difficult issues remain between the longtime enemies.

## Whitewater may be his Waterloo

### Treasury aide gets little support

By DAVID HESS

WASHINGTON Deputy Treasury Secretary Roger Altman maintained Wednesday in testimony before the House Banking Committee that he would not resign, but the political currents in the Whitewater controversy appeared to be running against him.

Altman has been sharply criticized by both Republicans and Democrats on the Banking Committee for giving misleading testimony to Congress about his Whitewater contacts with the White House.

Bentsen said he had "built a wall" to keep away from any personal participation in criminal or civil fraud cases handled by the government's Resolution Trust Corp., which dealt with the failures of financial institutions and was created by Congress at the time.

That layer of insulation, he told the committee, kept him aloof from the activities of Altman and Treasury counsel John Hines as they dealt with White House aide Kenneth C. "Bud" Casper, a White House-related F&E probe.

The RTC was investigating Madison Guaranty Savings and Loan, a bankrupt Arkansas thrift with \$2.7 billion in real estate assets, about 10,000 loans and 100,000 deposits, with \$100 million in assets.

2/2  
presidential counsel Joel Kline, "White House lawyer Clifford Sloan was aware of two additional meetings and several phone conversations with Jean Hanson that had taken place in late September through early October 1993."

In addition, Kline said, Altman had neglected in his testimony to mention that he had discussed with then-White House counsel Bernard Nussbaum withdrawing from the Madison case.

That prompted Sen. Connie Mack, R-Fla., to say he was convinced that Altman had been "very evasive, to say the least" in his testimony and subsequent letters to the Banking Committee explaining his omissions.

Republicans on the committee were clearly attempting to force a resignation by Altman, a college friend of Clinton and the second in command at the Treasury Department.

Bentsen provided little solace to either Altman or Hanson, saying he did not recall the details of the few meetings he had with them about the Madison case and adding he was uninformed about the several contacts they had with the White House about it.

"Clearly, in retrospect, it might have been better if some of these meetings or contacts had not taken place, or had occurred in a different context," Bentsen said. "But when you boil it down, no criminal law was broken ... and no one at Treasury intervened in any way or interfered in any RTC action."

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PAGE P1 Miami Herald  
**Database would say if workers  
are legal; Florida named as  
possible test site**

By PAUL ANDERSON  
Herald Washington Bureau

WASHINGTON Employers in Florida and four other high-immigration states could tap into a federal, computerized database to confirm a job applicant's eligibility to work in the United States, under the recommendations of a bipartisan commission previewed Wednesday.

Conservative groups have long favored an employment-verification system to deter illegal immigration. The proposal strikes fear into the hearts of immigration and civil liberties advocates, who believe that a new database is the first step toward a national identification card and could mean increased discrimination toward Hispanics, Asians and other minorities anyone who looks or sounds foreign born.

But important, unanimous support for the plan came Wednesday from the Commission on Immigration Reform, headed by a leading civil rights advocate and Democrat former U.S. Rep. Barbara Jordan of Texas.

The system would theoretically make it as easy for a hiring manager to check an applicant's immigration status as it is for department store clerks to check a customer's credit card, with a single phone call.

The database would mine the records of the Social Security Administration, the Immigration and Naturalization Service, and it could involve each state's driver-licensing system, officials said.

especially as document fraud increases.

"The test project is merely a launching pad for a national computer registry and de facto ID card system that will make human guinea pigs of the millions of people who live in the states where the system is supposed to be tested," complained Lucas Guttentag, director of the Immigrants' Rights Project of the American Civil Liberties Union.

"Even if we set up this system properly, there is no way to prevent it from becoming a vehicle for wholesale discrimination," said Raul Yzaguirre, president of the National Council of La Raza.

But Jordan, previewing the commission's report before a Senate subcommittee Wednesday, said the system could be designed to avoid discrimination and safeguard privacy.

"The commission shares the civil liberties concerns of many in this country that the process for verifying employment authorization not become the basis for a national identity system or intrusion of privacy," Jordan said.

She added a sharp personal note in her basso profundo voice: After spending her "entire career" working on civil rights and constitutional issues, "I would not be a party to any system which I thought was an unwarranted intrusion into the private life of people."

Sen. Alan Simpson, the Wyoming Republican who pushed for a national registry in 1986 and 1990, complained that liberals twist the debate with talk of "national ID tattoos" and the like.

"That's not what we're talking about, and I think you have come where all thoughtful people have come," Simpson told Jordan. Business owners and legal job applicants deserve "a simpler, more fraud-resistant system," he said.

Democratic members of the subcommittee, Edward Kennedy of Massachusetts and Paul Simon of Illinois, didn't immediately comment on the database proposal. But California Democrat Dianne Feinstein, who sat in on the hearing, endorsed it and said she is pursuing that and other recommendations of the commission.

Jordan said other recommendations will include stronger border enforcement, a cutoff of federally backed welfare and other benefits to undocumented immigrants, speedier deportation of undocumented criminals, and better enforcement of sanctions against employers who knowingly hire undocumented immigrants.

The commission will recommend careful scrutiny of claims from states for federal reimbursement of immigration-related expenses, given the lack of firm data to support their estimates. Florida and California are suing the federal government. "In education and Medicaid, we've got to be very skeptical of people who have got their hands out," said Lawrence Fuchs, vice chairman of the commission.

The bipartisan nine-member commission was created by Congress as part of the 1990 rewrite of immigration laws. Its first report is due by Sept. 30.

Jordan, now a Texas law professor, was appointed by President Clinton. She appeared on "Weekend Update" with Fuchs, a professor at Brandeis University who was appointed by Senate Democrats, and Robert Charles Hill, an immigration lawyer appointed by House Republicans.

PM-AR- Whitewater-Mrs. Lindsey, Ark Bjt,560  
Heading into Hearing, Lindsey 'Doing Fine,' Wife Says  
AP Photo LR101 of Aug. 3

By PEGGY HARRIS= Associated Press Writer=

LITTLE ROCK (AP) The wife of senior presidential adviser Bruce Lindsey has adopted a grin-and-bear-it approach to the Whitewater hearings.

"My attitude is that this is something we're going to have to live through, but it's going to be over and it's going to be all right," Bev Lindsey said Wednesday.

She lives in Little Rock with daughters Sarah, 18, and Katie, 16, while her husband works in Washington for President Clinton.

Last week, Lindsey and other White House officials told the House Banking Committee that their contacts with Treasury Department officials were not attempts to influence a federal investigation of a savings and loan operated by a friend and business partner of the president.

Memos sent by the Resolution Trust Corp. to the Justice Department in 1992 recommended criminal prosecution and mentioned Clinton and first lady Hillary Rodham Clinton as potential witnesses. The memos also mentioned Arkansas Gov. Jim Guy Tucker.

House and Senate committees are investigating whether the Clintons received information they should not have been given and whether they did anything to interfere with the investigation. The Clintons and Tucker have said they did nothing wrong.

Mrs. Lindsey said her husband has been under a lot of stress because of the hearings, but "he's doing fine." The stress hasn't affected her eating or sleeping "Unfortunately not. I still don't get enough sleep and I eat too much." Nor has it affected her work she runs a state government department, an appointee of Tucker.

The family tries to deal with the stress with humor.

"It's something you could spend a lot of time weeping and wailing about," Mrs. Lindsey said. "We talk about it openly. We even joke about it. Of course, they (her daughters) valiantly defend their dad and all their dad's friends and don't understand why they are being attacked."

She defends him, too. "I know that Bruce is the most ethical and honest person around and I have no concerns about where this is going to lead. My only concern is that it causes a lot of extra stress on him and on the White House staff."

Daughter Katie is a page in the Senate and might stop by during Lindsey's testimony, Mrs. Lindsey said.

Mrs. Lindsey has talked with her husband about what he will tell the committee, but she said they did not talk previously about the RTC, nor has she passed any information to Tucker concerning him and the RTC.

In notes last October, Lindsey said that Tucker, who had extensive business dealings with savings and loan owner James McDougal, "may well be indicted." Last week, Lindsey said he was just writing down what he heard suggested in an Oct. 14 meeting with White House and Treasury officials. He said he "sort of discounted" the suggestion.

Mrs. Lindsey was in Washington Wednesday, but not for the hearings. She was attending a meeting of the National Endowment for the Humanities.

Special counsel Robert Fiske Jr. has concluded that no one violated criminal laws in the White House-Treasury meetings. He continues to investigate other aspects of the case.

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PM Whitewater Hearing, 820

Clinton Backs Altman, Although He's Not Watching Whitewater Hearings  
Eds: Senate hearing resumes 9 a.m. EDT, House at 9:30 a.m.; will be led  
By LARRY MARGASAK= Associated Press Writer=

WASHINGTON (AP) As top Treasury Department officials are questioned in House and Senate Whitewater hearings, President Clinton who "watched none" of the testimony is expressing confidence in Deputy Treasury Secretary Roger Altman.

Treasury Secretary Lloyd Bentsen was to testify before the House today, a day after his former Senate colleagues told him Altman and other subordinates gave contradictory and incomplete testimony.

The Senate hearings turn to a host of White House officials, including Margaret Williams, Hillary Rodham Clinton's chief of staff, and Mack McLarty, a senior presidential adviser.

Altman, the No. 2 Treasury official, has emerged as the central figure in the hearings so far because his testimony is at odds with a number of other administration officials.

But he got a boost Wednesday night from his old college buddy, Clinton.

"The secretary of the Treasury has confidence in him and so do I," Clinton told a White House news conference.

Clinton said he "watched none of these hearings" because he's been too busy.

Asked if he was angry when Altman disqualified himself from the Whitewater investigation in February, Clinton said, "The only thing that upset me was I did not want to see him stamped into it if it was the right thing to do."

However, during Altman's testimony before the Senate on Tuesday and when White House lawyers appeared there Wednesday senators said the problem was the reverse situation.

Republicans, joined by Banking Committee Chairman Donald Riegle Jr., D-Mich., said it appeared that Altman was pressured by the White House to remain in charge of the Whitewater inquiry that involved his friend the president.

Riegle pulled out a transcript of Altman's 12 hours of testimony the day before. Altman had said he entered a meeting at the White House on Feb. 2, having decided to disqualify himself.

After then-White House Counsel Bernard Nussbaum raised objections, Riegle said, Altman changed his mind and remained in the case for several more weeks until he began facing intense political heat from Congress.

Riegle said, as Republicans watched with glee, "The practical fact is that Altman came into that meeting going this way on recusal (in favor) and within 24 hours changed his view and is going in the opposite direction (against)." He said there was a "cause and effect relationship here and it should not have happened."

Altman's problems began when he became, in addition to his Treasury job, acting chief of the Resolution Trust Corp.

The RTC has been looking at potential civil and criminal violations involving Madison Guaranty Savings & Loan Association, a failed S&L that may have suffered losses from the president's former Arkansas land deal. It was owned by Clinton's business partner in the Whitewater land venture.

Altman briefed White House officials about RTC requests for a Justice Department criminal probe. He misled the Senate unintentionally, he said by failing to report dozens of contacts between Treasury and White House officials and by failing to mention his personal struggle with disqualification.

"You were the political contact, you knew you were the friend" of the president and first lady, Rep. Bill McCollum, R-Fla., told Altman.

The question of disqualification "is a false issue," Altman replied, repeating his Senate testimony that he already let RTC officials know they should keep him out of the case.

Altman said Treasury General Counsel Jean Hanson briefed the White House

on criminal referrals without his knowledge last September. He also blamed her for failing to correct his incomplete testimony last February.

At the House hearing, Hanson who said Altman told her to brief the White House struck back in a personal way. "I understand in Mr. Altman's situation that he would be inclined to blame me," she replied, "but I won't return the favor."

That contradiction and others involving Treasury officials was too much for Riegle. He lectured Bentsen, "I think that's a problem we can't have again."

In another development, Rep. Jim Leach, R-Iowa, disclosed new evidence that he said suggested "a major effort to block" the Madison probe.

Leach said RTC lawyers, in an "unprecedented" action, prepared a critical 13-page analysis of the Whitewater-related inquiry last fall and sent it to the prosecutors who were reviewing the referrals.

The action came around the same time that the White House was tipped off about the existence of the probe, he said.

\*\*\*\* filed by:APW-(AR) on 08/04/94 at 03:21EDT \*\*\*\*  
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#### Rep. Leach Says Treasury Aide Conspired To Block Whitewater

WASHINGTON -DJ- Rep. Jim Leach of Iowa, the ranking Republican on the House Banking Committee, charged that a top Treasury aide conspired to block the federal investigation into Whitewater.

Leach today said Jean Hanson, Treasury's general counsel, worked with Washington-based officials at the Resolution Trust Corp. last fall to first delay criminal referrals related to Whitewater and later argue that they should be halted altogether.

The referrals were ultimately made. President Clinton and First Lady Hillary Rodham Clinton were mentioned as 'witnesses' to wrongdoing in one of the referrals.

"It may be true that criminal referrals were not effectively blocked, but it is not true that an effort to do so was not made," Leach said. It is difficult to assess at what levels efforts were made, he said, "but it is clear they were coordinated in such a way as to be reported to the top of the" Resolution Trust Corp.

(MORE) DOW JONES NEWS 08-03-94

7:02 PM

\*\*\*\* filed by:TAPE(-- ) on 08/03/94 at 19:10EDT \*\*\*\*  
\*\*\*\* printed by:WHPR(JEL) on 08/04/94 at 08:17EDT \*\*\*\*

# Bentsen Denies Aides' Assertions Of Briefings on Whitewater Talks

By STEPHEN LABATON

Special to The New York Times

AI

WASHINGTON, Aug. 3 — Returning to the Senate to defend his reputation, Treasury Secretary Lloyd Bentsen today contradicted the description of his role in Whitewater discussions that his two top aides repeated today before a panel on the other side of Capitol Hill.

Given a gentle reception by the Senate Banking Committee, the panel that had grilled Deputy Secretary Roger C. Altman for nine hours the night before, Mr. Bentsen cited errors of judgment by Mr. Altman and the department's general counsel, Jean Hanson, and offered them only modest statements of support.

Despite rising calls in Congress this week for Mr. Altman to step down for misleading lawmakers, President Clinton said tonight in a news conference that he continued to have confidence in him.

"He admitted that he had not given all the information in a timely fashion," Mr. Clinton said of Mr. Altman, but he added that Mr. Altman had insisted he had not "willfully misled Congress."

"If you look at the facts," Mr. Clinton said, "there was no violation of the law; there was no violation of any ethics rule."

"The Secretary of the Treasury has confidence in him and so do I," the President said. He added that he had not had time to watch the hearings and that any "management questions" raised by the conflict between Treasury officials would be up to Mr. Bentsen to resolve.

Speaking slowly and appearing pained, Mr. Bentsen said that after 30 years in public service, including 18 in the Senate, "my reputation is something I treasure." He proceeded to flatly deny accounts by the two others that he had been briefed about any discussions with the White House concerning investigations by the Resolution Trust Corporation into a failed Arkansas savings and loan with ties to the Clintons.

"I have turned the Treasury Department upside down," he told the Senate Banking Committee. "I've turned my memory inside out. We went through thousands and thousands of documents and can't find one written briefing to me on these White House meetings. It wasn't until March 3d that I learned the extent of these meetings."

But in testimony before the House Banking Committee, Mr. Altman and Ms. Hanson stuck by their early testimony, which contradicts Mr. Bentsen's about his knowledge of the meetings and his role in Mr. Altman's decision to remain involved in the case.

Ms. Hanson repeated the testimony she made earlier in the week in the Senate that she had briefed Mr. Bentsen about the first discussion in September. And Mr. Altman recounted his conversations with Mr. Bentsen about the White House discussions on whether Mr. Altman, a longtime friend of Mr. Clinton, should remove himself from the investigation.

"I don't intend to resign," Mr. Altman said at one point, to Representative Rod Grams, Republican of Minnesota, who had told him "the best

course would be for you to resign" because "the Clintons put you in an impossible position."

Mr. Bentsen was treated gingerly by most of his former colleagues, who preferred to use him as a prop to attack Ms. Hanson and Mr. Altman, whom several Senators called untruthful on Tuesday night.

The Treasury Secretary has tried to remain above the Whitewater fray, insisting he knew nothing of the meetings over civil and criminal investigations into a savings and loan with ties to the Clintons until long after they occurred.

The discussions in September concerned a decision by the Resolution Trust Corporation, which is supervising the savings and loan bailout, to seek a criminal investigation of the Madison Guaranty Savings and Loan, which had been owned and operated by a business partner of the Clintons in the Whitewater Development Company. The February discussions concerned a civil lawsuit that the trust corporation has been considering involving Madison and possibly the Clintons.

At the time, Deputy Secretary Altman was also the acting head of the trust corporation.

Today Mr. Bentsen said that his general counsel was wrong and that he never was briefed about any of the discussions.

When Senator Jim Sasser, Democrat of Tennessee, asked whether Mr. Bentsen believed that Ms. Hanson was in error to write in a memorandum dated Sept. 30 that she had briefed the Treasury Secretary, he responded: "Well, I certainly think she was."

## A Bitter Feud

Although it was clear from the proceedings that Mr. Bentsen was less than satisfied with Mr. Altman's handling of the investigation and his original testimony to Congress about it, he was far more critical of Ms. Hanson. Administration officials have said the rifts in the Treasury will make a shake-up virtually inevitable, but it is unclear whether it is imminent.

Under questioning from Senator Barbara Boxer, Democrat of California, Mr. Bentsen said that Ms. Hanson had an obligation to step forward faster to correct what she now says was incomplete testimony by Mr. Altman when he told the Senate Banking Committee on Feb. 24 that there had been only one "substantive" contact between Treasury officials and the White House.

The remarkably public feud between the Treasury officials has had its bitter moments. When Representative Peter T. King, Republican of New York, asked Ms. Hanson whether she felt Mr. Altman was making her a scapegoat, she said, "I can understand why he would want to blame me for things, but I won't return the favor."

Few new details emerged today

from the score of Treasury and White House officials who testified about the Administration's handling of the Whitewater investigations — the topic to which Congressional Democrats decided to limit this round of hearings stemming from the Clintons' personal finances. The hearings are not examining the financial dealings in the 1980's involving Whitewater and Madison but they're only looking at the events of the last year involving the Government's handling of the case.

Joel Klein, the deputy White House counsel, gave a more detailed description of why Bernard W. Nussbaum, his former boss, had objected to Mr. Altman's plan to recuse himself, which would have left a career lawyer making the final decision about whether a civil lawsuit involving the Clintons might be filed.

## 'Incomplete' Letters

Mr. Nussbaum, the former White House counsel, has testified that he found the lawyer, Ellen Kulka, was a "tough litigator" because he had been on the opposite side of a bitterly fought case from her.

But Mr. Klein said Mr. Nussbaum had described Ms. Kulka as "aggressive" and "a difficult person to deal with, she could be unreasonable, she could be unfair."

Mr. Klein also said that Mr. Altman's letters to Congress trying to elaborate on his earlier testimony were "incomplete" and "troubling."

In the House, Representative Jim Leach, Republican of Iowa, asserted that he had new evidence that demonstrated that Ms. Hanson had tried to slow down the criminal referral by raising new legal arguments against them. Ms. Hanson has denied she ever tried to interfere with the case.

Mr. Leach said that interviews with Resolution Trust Corporation officials suggested that aides in its Washington headquarters had sought to delay the referral in order to shoot it down on ground that it may have been too late or covered in earlier proceedings. The referral in fact went forward, and the Whitewater independent counsel, Robert B. Fiske, Jr., is now pursuing it.

## No 'Intent to Harm'

But the bulk of both committee's attention today was on the three top Treasury officials.

When Senator Patty Murray, Democrat of Washington, asked Mr. Bentsen whether any Treasury officials should be removed, the Treasury Secretary paused dramatically, and then offered a half-hearted defense of his senior aides.

"I think that whatever happened here was not with intent to harm," he said. "I think there were some errors of judgment, but I haven't seen anybody who calls them right all the time."

Only Senator Alfonse M. D'Amato, the New York Republican, directly challenged Mr. Bentsen, but he did not attack him in the hearing. Instead, he held a news conference in the hallway and ridiculed Mr. Bentsen as he was testifying.

"Bentsen let himself down, he let Altman down and he let his office down," Mr. D'Amato said. "He has convenient memory lapses."

Mr. D'Amato also said: "Mr. Altman is like a person on a sinking ship who throws the women and children overboard. He did it with Ms. Hanson. He did it with Josh Steiner." Mr. Steiner is the chief of staff to the Treasury Secretary.

Across the Capitol, Ms. Hanson and Mr. Altman told their conflicting stories to the House banking committee, where Republicans called upon them to step down.

## THE WHITEWATER INQUIRY: High Power in a Hot Seat

## THE RITUAL

## A Televised Test of Character and Endurance

By DAVID E. ROSENBAUM  
Special to The New York Times

WASHINGTON, Aug. 3 — As Deputy Treasury Secretary and for many years before as a prominent and prosperous Wall Street investment banker, Roger C. Altman has been giving orders, to cutting deals, to being in charge.

But for the last two days, he has been anything but in command. He has been subjected to a form of torture peculiar to Washington: the televised Congressional hearing.

For a total of almost 15 hours, from 5 o'clock Tuesday afternoon until 2 o'clock this morning and again today from 9:30 A.M. until after 3 P.M., Mr. Altman, 48 years old, was forced to sit passively and respectfully, like a small boy in the principal's office or a motorist stopped for speeding, as lawmakers of both parties lectured him, reviled him and occasionally even questioned him.

There was no break for dinner. Mr. Altman ate fruit and crackers that his wife, Jurate Kazickas, had brought along.

In many respects, this ordeal was his own fault. Even when he is trying to be warm and helpful in his public appearances, he has a bearing, a way of weighing his words ever so carefully, that can give the appearance more of cleverness than of transparent truthfulness.

## Happy Birthday, Son

About 1 o'clock this morning, out of the blue, Mr. Altman told the senators: "Well, today is my son's 9th

birthday. I'm a little sorry to say that I didn't talk to him today. It's not likely that he's still watching. But if he sees the tape or something, I want him to know I love him."

His friends say he is a devoted father, and no doubt, in the 10-minute break he had just taken to stretch his legs, Mr. Altman had been thinking about his son and the birthday he had missed. But while the sentiments he expressed might have generated sympathy when spoken by someone else, coming from Mr. Altman they sounded to his critics like a calculated attempt to improve his image.

Roger Altman is, of course, not the first person to face the political equivalent of the third degree.

To take perhaps the most famous example, 21 summers ago, John W. Dean 3d, the Nixon White House counsel, sat in front of the Senate Watergate Committee for five days running and spilled the beans about Watergate. In those days, senators, witnesses and spectators alike smoked their way through the sessions. Mr. Dean, who had a three-pack-a-day habit, did not smoke in public even during the breaks.

## Long Hours of the Law

Lawmakers think nothing of forcing witnesses to testify long into the night, especially when the hearings are on television. The last day of the Clarence Thomas-Anita Hill hearings in 1991 lasted till 2 A.M., just when prime time ended on the West Coast.

Working late, after all, is part of the Congressional routine. One or two

times a week, the Senate does little business during the day and then stays in session past midnight.

Just last week, the House and Senate negotiators on crime legislation met until 2:15 one morning. At 5 A.M., Senator Joseph R. Biden Jr., the Delaware Democrat who was chairman of the conference, called the others at home to announce that they would reconvene at 8:30.

Still, there is something unusual about Congressional investigations.

## For Roger Altman, the political equivalent of the third degree.

something almost extra-constitutional, neither legislative nor judicial, where badgering witnesses is in order and normal rules of courtesy do not apply.

The late Senator Sam J. Ervin Jr., who was chairman of the Watergate committee, once put it this way: "The Congressional investigation can be an instrument of freedom. Or it can be freedom's scourge. A legislative inquiry can serve as the tool to pry open the barriers that hide governmental corruption. It can be the catalyst that spurs Congress and the public to support vital reforms in our nation's laws. Or it can debase our principles, invade the privacy of our citizens and afford a platform for demagogues and the rankest partisans."

## Prepared for Question

This time, depending on the perspective, Mr. Altman was the protagonist or the victim.

He got into the mess because of another Congressional hearing. Four different times last Feb. 24, senators on the Banking Committee asked him direct questions about whether he or members of his staff had been in contact with anyone at the White House about issues related to the Federal investigation of the Madison Guaranty Savings and Loan. Bill and Hillary Clinton had a direct interest in the investigation since Madison's owner, James B. McDougal, had been their business partner in the White-water real estate venture.

## What About Recusal?

Mr. Altman was prepared for the question. Senator Alfonse M. D'Amato, Republican of New York, had told him the night before the hearing that it would be asked. But each time he was asked the question, Mr. Altman gave what the senators clearly thought was a less than a straightforward answer.

There was only one "substantive" contact, he replied, apparently reading his answer.

Finally, exasperated, Senator Pete V. Domenici, Republican of New Mexico, asked, "You're not suggesting you had more than one, are you?"

Mr. Altman replied: "No, I'm just saying that if you — you know, you run into someone in the hall — did you see that thing in the paper this morning? — I'm not including that."

In fact, the Treasury Department's inspector general counted 40 contacts about Madison between Treasury and White House officials. Some of them involved the question of whether Mr. Altman, then the chairman of the Resolution Trust Corporation, the agency that supervises the savings and loan bailout, should withdraw or recuse himself from the Madison case.

In his testimony this week, Mr. Altman said he did not think meetings about recusal were what the senators had in mind in their questions in February.

Asked at a White House news conference tonight if he would seek Mr. Altman's resignation, President Clinton praised Mr. Altman's performance and said, "The Secretary of the Treasury has confidence in him and so do I."

Senator Richard C. Shelby, Democrat of Alabama, put simply on Tuesday night what other senators were saying more obliquely. "Do you believe," he asked, "that when someone asks you a straight question, that you should give them a straight answer, or should you try to dodge it or duck it?"

The reply was vintage Altman: "Senator, throughout the career that I've been privileged to have, both public and private, I have always tried to answer forthrightly."

At least Senator Shelby had asked a question. One Senator after another simply lectured Mr. Altman and when he tried to respond, cut him off saying there was too little time.

## Speeches and Motives

Shortly after midnight, Senator Jim Sasser, Democrat of Tennessee, observed, "You know, sometimes I think, Mr. Chairman, we could save a lot of time here if we just excused the witnesses and let senators make their speeches."

Senator John Kerry, Democrat of Massachusetts, said he thought he understood Mr. Altman's motives, and he asked if this was true: Mr. Altman was "trying to have the best of two worlds." He wanted to curry favor with the White House on the one hand and be a conscientious regulator on the other.

That is a kind of dilemma a politician and even a television viewer can grasp. If Mr. Altman had conceded it was the case, he would have won support. But instead he gave a long-winded response that left Senator Kerry to conclude, "You're not answering my question."

Mr. Altman finally got to bed about 3:15 this morning, he said. By 9 o'clock, he was back in the Rayburn House Office Building for his hearing before the House Banking Committee.

The representatives plowed the same ground that had been gone over incessantly at the Senate hearing. When it was done, the chairman, Representative Henry B. Gonzalez, Democrat of Texas, suggested that Mr. Altman be given the Congressional purple heart.

Joking, Representative Barney Frank, Democrat of Massachusetts, asked Mr. Altman what his plans were now.

A marathon runner who takes pride in his stamina, Mr. Altman said he was not going home to bed. Not when the Rolling Stones were in town for a concert and he had tickets.



Kinsler Bremner for The New York Times

The televised hearing is a rarefied form of torture that puts those used to being in charge on the defensive. Deputy Treasury Secretary Roger C. Altman faced the House Banking Committee yesterday.

## CRITIC'S NOTEBOOK

## Mining Some Drama From Whitewater at Last

By WALTER GOODMAN

After an opening that veered between a yawn and a farce, the Whitewater hearings caught fire this week. The promise of the appearance of a villain or a victim usually excites interest on the stage, and so it was for this television show that occupied PBS, CNN and C-Span for hours and hours. (The networks passed, presumably saving themselves for the trial of O. J. Simpson.)

The drama began to build on Tuesday morning with the questioning of Joshua L. Steiner, whose diary served as a metaphorical smoking gun against his former boss at the Treasury Department, Roger C. Altman. Mr. Steiner's hyperbolic prose turned the Senators into literary critics. By afternoon, expectations over how Mr. Altman would try to wriggle out of words, words, words ran high.

Up to then, it had not been much of a show. The shambles in the House of Representatives last week demonstrated the ability of its Democratic producers to turn a committee inquiry into theater of the absurd. The scene of 10 Administration officials' being questioned by 50 or so members of Congress lacked only the Flying Karamazov Brothers to perfect the chaos.

The more orderly Senate hearings began inauspiciously. The flailing Republican prosecutors, barred from visiting interesting neighborhoods in Little Rock, came off like amateurs stuck with a weak script. The most exciting issue was whether they were grasping at straws or straining at gnats.

Oh, there were drolleries in both Houses. See Lloyd N. Cutler, famed for decades as a power player in the establishment, taking umbrage at the suggestion that he might not be an impartial judge of the doings of his White House pals. See the unembarrassable Senator Alfonse M. D'Amato coming on as Mr. Ethical Propriety. See Representative Maxine Waters playing to the mob, which was absurdly watching something else. And

see Senator Barbara Boxer finding a silver lining in the suicide of Vincent W. Foster Jr.: his sad death would do for the condition of depression what the Simpson case has done for wife-beating.

And there were instances of astonishing sacrifice, as when Republican unknowns on the House Banking Committee gave up their five minutes on camera in the vain hope that a colleague might use them to conduct a coherent line of questioning. Congressional Emmys all round.

Words figured importantly even before Mr. Steiner went on. The language of veteran Washington hands was notable for its jargoniness. One learned that information passed along to the White House about the possibility that the First Couple

### Working to turn a protégé's diary into a smoking gun.

might be witnesses in a criminal case is called a heads-up, not an alarm bell. The meetings in which White House heavies reportedly laid into Mr. Altman for seeking to escape the developing mess over the investigation into Madison Guaranty of Little Rock were at first described as a sort of tea party. It took considerable coaxing and eight hours in the witness chair to get Mr. Altman to concede that Bernard W. Nussbaum, the White House counsel, was excited, which may have meant he was busting the furniture.

Theatergoers could see trouble ahead for Mr. Altman on Monday when the Treasury Department Counsel, Jean E. Hanson, contradicted his prior testimony on certain points; at least one of them would have to go. And then on Tuesday morning there was the real stuff of drama. Imagine how Mr. Altman must have felt when, watching television along with us happy few, he saw

his 28-year-old protégé giving grist to his enemies. Mr. Steiner, who had a reflective, self-improving young fellow's weakness for keeping a diary, spent the hours of what may have been his television debut being compelled to damage the man to whom he reportedly owed his big job. It was poignant.

He awakened expressions of motherliness in Ms. Boxer, and several of the male senators addressed the Treasury Secretary's chief of staff as Josh as they pressed him on what he meant when he wrote that Mr. Altman had "gracefully ducked" a question asked at an early Senate hearing about his White House contacts.

A friendly interrogator drew from Mr. Steiner the news that he had studied at Yale University and at Oxford, places where the words gracefully and ducked in combination might be given a benign deconstruction. Ms. Boxer classified the diary as a literary exercise, but her colleagues tended to be of a literal, not a literary, mind. Mr. D'Amato in particular was not impressed by literary license, even though he could be caught using incredulous and incredible interchangeably, but then, he never went to Oxford.

Mr. Steiner, who evidently had not been in Washington long enough to cloak his diary language in concussions like heads-up, was in the distressed position of any writer who finds himself eating his words. He ended his bad day with a forehead as damp as that of a Perry Mason witness on the verge of confessing everything. One must hope that the young man's writing style is not forever inhibited by this experience.

Bureaucratic etymology played its part, too, in Mr. Altman's testimony. In particular, the word "task," used as a transitive verb, and his somewhat special definition of the word "substantive" became issues. The exchanges set a Congressional record for the number of utterances of "redaction," which seems to mean cutting words that might prove embarrassing, and "recusal," an act that the Senators considered of the highest import while Mr. Altman contended it was of no significance at all. You needed a playbill to keep track of the

meetings or calls or contacts or whatever it was Mr. Altman did or did not have with White Housers. Mr. Altman went to a video of his disputed testimony, but it helped neither him nor viewers.

Tempers frayed and flared during an endurance contest that began on Tuesday afternoon and did not end until around 2 A.M. yesterday. A torial circumlocution gave way to blunt charges of lying. Mr. Altman's recollections or lack of recollection drew skepticism from some Democrats as well as all Republicans, including Senator Christopher S. Bond who may have unnerved his colleagues when he declared, "Truthfulness is the coin of the realm around here."

Truth did seem to emerge when Mr. Altman, squeezed, granted that George Stephanopoulos and Harold M. Ickes were angry, not just chatting, when they called him from the White House after he had finally withdrawn from participating in decisions on Madison Guaranty. Gracious! And the President was also miffed. Whether Mr. Clinton was furious, as Mr. Steiner wrote, or merely annoyed, as Mr. Altman reported, remains open to critical exegesis.

By the early hours yesterday, as Senator Donald W. Riegle Jr., the chairman, put it as politely as possible, repetition had set in. Although the show will run a bit longer, the climax seems to have been reached; it's the old problem of last acts. Mr. Altman took enough of a beating to win audience sympathy as a star performer trapped in a shabby role. Now he is significant mainly for his to Republicans trying to get at the White House and to Democrats trying to contain the damage or actually trying to find out what went on.

Senator Phil Gramm said it on PBS: "Altman is out." And yesterday, even as Mr. Altman was telling the House Committee he did not intend to resign, Lloyd Bentsen, the Treasury Secretary, was in the Senate, keeping a cool distance from his deputy, his counsel, the White House and all that: "A lot of things that happen over there don't get to me." It did not bode well for the Treasury team of Altman-Steiner-Hanson. Like a piece of performance art that makes the headlines, this show may draw real blood.

Meantime, the true objects of attention — everybody knows who — remain offstage, which is always a problem for a play.

## TESTIMONY

### Three Officials, Three Versions

Three top Treasury officials — Secretary Lloyd Bentsen, Deputy Secretary Roger C. Altman and the general counsel, Jean Hanson — have contradicted each other in their Congressional testimony. Below, a summary of the differences in two areas.

MS. HANSON



MR. ALTMAN



MR. BENTSEN



#### THE REFERRAL

On Sept. 29, 1993, Ms. Hanson alerted the White House counsel at the time, Bernard W. Nussbaum, that the Resolution Trust Corporation was preparing to ask for a criminal investigation into the failure of Madison Guaranty and that President and Mrs. Clinton would be listed as possible beneficiaries of illegal actions.

Has said that she informed Mr. Altman, then the acting head of the R.T.C., and Mr. Bentsen in September about the R.T.C.'s plan. Has also said that Mr. Altman instructed her to convey that information to Mr. Nussbaum. On Sept. 30, 1993, she sent Mr. Altman a memorandum telling him that she had spoken with Mr. Bentsen and the White House.

Says he does not remember Ms. Hanson telling him about the Madison investigation in September and denies instructing her to contact White House officials. Says he does not recall receiving the memo from Ms. Hanson.

Says he knew nothing of any White House-Treasury contacts until they appeared in news accounts in late February and March.

#### THE RECUSAL

On Feb. 2, Mr. Altman met with Mr. Nussbaum and other White House aides and told them he planned to recuse himself from the R.T.C.'s handling of Madison and Whitewater matters. After Mr. Nussbaum argued against the move, Mr. Altman changed his mind. Three weeks later, after the news accounts, Mr. Altman did recuse himself.

Says that on Feb. 1, 1994, Mr. Altman told Mr. Bentsen he had decided to recuse himself from the case — a course she had recommended and one in which Mr. Bentsen concurred — and that he planned to inform the White House.

Testified that around that time, Mr. Bentsen told him that he should recuse himself.

Testified that he never told Mr. Altman to recuse himself, but may have said that he sympathized with the position Mr. Altman was in. Said he was never told of meetings between Treasury and White House officials by Ms. Hanson or Mr. Altman.

A plane carried King Hussein of Jordan over Tel Aviv and back to Amman, escorted by an Israeli Air Force fighter jet. Below, Prime Minister Yitzhak Rabin talked to the King as his plane flew overhead.

## 'Jerusalem? Shalom! Do You Copy?'

By JOEL GREENBERG  
Special to The New York Times

JERUSALEM, Aug. 3 — Accompanied by an Israeli fighter jet escort and a blaze of official publicity, King Hussein of Jordan flew over Israel today, passing over Muslim holy sites in Jerusalem on his way home to Amman from Europe.

The flyover, announced to Israelis by Prime Minister Yitzhak Rabin's office, was an attempt to show how quickly changes were going into effect after the signing in Washington last week of a declaration that formally ended the state of war between Jordan and Israel.

Mr. Rabin said the King had requested the flight to demonstrate one of the dividends of the agreement, which provides for stepped-up negotiations on opening an international air corridor between Israel and Jordan.

#### Tearing Down Fences

Before the King's plane flew over Jerusalem, the Israeli Parliament overwhelmingly endorsed the Washington Declaration by a vote of 91 to 3.

In another sign of change in the relationship between the two countries, part of a fence marking the frontier between Israel and Jordan was taken down near the southern port city of Eilat in preparation for the opening of a new border cross-

A Jordanian royal cortege begins redrawing the Mideast air lanes in its own way.

ing next week.

Escorted by three Israeli F-15 fighters, the King's plane passed over Tel Aviv and circled Jerusalem at a low altitude, passing twice over Al Aksa Mosque and the gilded Dome of the Rock before heading out toward Jordan.

The dome was recently renovated by Jordan, whose role as custodian of Jerusalem's Muslim shrines was formally recognized by Israel in the Washington Declaration.

'Welcome to Israel'

Speaking to the King by radio as he entered Israeli airspace, Mr. Rabin said, "Welcome to Israel, even though it's in the air."

The King replied: "It's wonderful to be overflying your country for the first time in a civilian aircraft. I hope, sir, that we meet



before too long. To the people of Israel and yourself, all our best wishes and our prayers for peace, shalom."

After arriving in Amman, the King told reporters that seeing the city of Jerusalem after so many years had been "a very emotional experience." Jordan controlled East Jerusalem before it was captured by Israel in the 1967 Arab-Israeli war.

TREASURY'S HANSON UNDER FIRE AT WHITEWATER HEARING

(Eds: Recasts, edits)

By William Scally

WASHINGTON, Aug 1 (Reuter) - The Treasury Department's top legal officer defended her actions in the Whitewater affair Monday as she came under fire from senators of both parties.

General Counsel Jean Hanson appeared before the Senate Banking Committee to give her first public testimony on contacts between White House and Treasury officials regarding the affair that has embarrassed President Clinton.

"I have no doubt about the propriety of my actions and I have no reason to doubt the propriety of anyone else's actions," she told the Senate Banking Committee.

Hanson alerted the White House last fall about a referral to the Justice Department of a possible criminal probe of an Arkansas savings and loan. The referral from the government's savings and loan cleanup agency mentioned Bill and Hillary Rodham Clinton as possible witnesses in the case.

She also was at a meeting February 2 with White House officials about a civil case by the government involving the savings and loan, at which Deputy Treasury Secretary Roger Altman talked about separating, or recusing, himself from Whitewater issues.

Hanson was sharply questioned about the meetings and about her role in Altman's testimony to the committee February 24, which he had to correct and amplify in four later letters.

For the first time since congressional hearings began on Whitewater a week ago, Democrats joined Republicans in sharp criticism of an administration witness and of what Democrat John Kerry of Massachusetts called the "scurrying" of officials over the affair.

Altman was acting head of the savings and loan cleanup body, the Resolution Trust Corporation (RTC), as well as deputy Treasury secretary, when the RTC asked the Justice Department to look into a possible criminal investigation of Madison Guaranty Savings & Loan.

The Clintons were partners with Madison head James McDougal and his wife in the money-losing Whitewater vacation development.

Madison Guaranty later collapsed, and questions have been raised as to whether federally insured funds went to the investment or to retire a Clinton campaign debt.

Hanson testified that she sat at the February 24 Senate Banking Committee hearing without getting Altman to correct his testimony, although she knew it was wrong or incomplete.

Senator Barbara Boxer, a California Democrat, told her she had had an obligation to respond at the hearing instead of making a mental note that the official record would have to be corrected at a later date.

Other senators, including Committee Chairman Donald Riegle, a Michigan Democrat, questioned why she had not acted swiftly afterwards to put out corrections.

Altman had testified at that hearing that the February 2 meeting with White House officials, at which Hanson was present, was devoted to procedural issues involving Madison but did not mention he had said he wanted to recuse himself.

Altman also did not mention a September meeting with Hanson, even though the committee's senior Republican, Alfonse D'Amato, said he had warned Altman the evening before the February 24 Banking Committee meeting that Republicans would focus on Treasury contacts with the White House.

D'Amato said Monday that Hanson's testimony was "inconceivable" and she had been "less than candid."

Hanson said Altman had "tasked" her to alert Bernard Nussbaum, then White House counsel, to possible leaks of the criminal referral last September after an RTC official had called to warn her about them.

BC WHITEWATER (SCHEDULED)

TREASURY'S ALTMAN HEADS INTO WHITEWATER STORM

By William Scally

WASHINGTON, Aug 2 (Reuter) - Deputy Treasury Secretary Roger Altman heads for a storm Tuesday as he seeks to defend his role in the Whitewater affair.

Altman will appear before the Senate Banking Committee, where both Republicans and Democrats Monday displayed anger over Whitewater contacts between Treasury and White House officials and testimony Altman gave to the panel in February.

He later wrote four successive letters to the committee correcting and amplifying his testimony.

In a warmup for Altman's appearance, the committee Monday grilled the Treasury's top lawyer, Jean Hanson, late into the night about her meetings with White House officials on Whitewater and her part in Altman's February testimony.

Hanson said she had acted properly in discussing at two meetings with White House aides last fall the Resolution Trust Corporation's (RTC) referral of an investigation into an Arkansas savings and loan to the Justice Department for a possible criminal probe.

The referral mentioned President and Hillary Rodham Clinton as potential witnesses. Altman was then acting head of the RTC, a regulator of troubled Savings and Loan institutions.

Altman and Hanson, the Treasury's general counsel, had a further meeting on the case with White House aides last February 2. The meetings were part of more than a score of White House-Treasury contacts about Whitewater.

The Clintons were partners with the head of Madison Guaranty savings and loan, James McDougal and his wife, in the money-losing Whitewater vacation development project in Arkansas.

Madison Guaranty later collapsed; questions have been raised as to whether federally insured funds went to the Whitewater investment or to retire a Clinton campaign debt.

Hanson said Altman "tasked" her to alert then White House Counsel Bernard Nussbaum to the criminal referral of the Madison case last September.

Hanson testified that she sat at the February 24 Senate Banking Committee hearing without getting Altman to correct his testimony, although she knew it was wrong or incomplete.

Altman did not mention the earlier meetings on Whitewater, nor his February discussion with Nussbaum on separating himself from the affair.

To the disbelief of senators, she said she had been unable to rectify the testimony promptly because she could not get a transcript of the hearing to check what had been said.

Hanson also helped prepare Altman for the hearing by laying out in a working document a series of questions and answers that might take place.

Massachusetts Democrat John Kerry said he was "dumbstruck" by the document because she had written questions and answers "so incorrect, so contradictory" that it was as if she were "taking a fall for Altman."

REUTER

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PM-MO- Whitewater-Bond, Bjt,0525

Missouri Senator Questions Abrupt Halt of Foster Suicide Interviews

By CURT ANDERSON= Associated Press Writer=

WASHINGTON (AP) Sen. Christopher Bond says Democrats abruptly stopped the questioning of Arkansas officials who might have shed more light on the suicide of White House counsel Vince Foster.

In an op-ed article published Monday by The Washington Times, the Missouri Republican said the last-minute decision not to allow questioning of officials in the U.S. attorney's office in Little Rock, Ark., was an example of "the entire Whitewater fiasco."

"The death of Vincent Foster is shrouded in mystery not because it is mysterious, but because there has been an attempt to keep the investigators and the American people from learning all the relevant facts," Bond wrote.

Bond, a member of the Senate Banking Committee, said an agreement was reached between the panel's Republicans and its Democratic chairman, Sen. Donald Riegle of Michigan, to interview officials in the Little Rock federal prosecutor's office about a search warrant signed the day of Foster's death, July 20 of last year.

That warrant authorized the FBI to search the offices of Capital Management Services Inc., owned by former judge David Hale, then the target of a Small Business Administration fraud probe into use of minority loans.

Hale, who pleaded guilty to two felonies in the case, claims then-Arkansas Gov. Bill Clinton tried to influence him to loan \$300,000 to Whitewater Development Corp. investors. Clinton and his wife, Hillary Rodham Clinton, were investors in the Whitewater land venture.

Before his death, Foster was working in part on the Clintons' tax returns for Whitewater.

Knowledge of the Hale search warrant easily could have spread in Little Rock, Bond suggested. There is evidence associates in Foster's former law office tried unsuccessfully to contact him the day he died.

"It is possible that Mr. Foster knew of the search in advance," Bond wrote.

Special Counsel Robert Fiske said his probe into the Whitewater affair found no evidence Foster knew about the warrant. But Bond said that conclusion was based on a single interview with one assistant prosecutor in the U.S. attorney's office.

To investigate further, Bond staffers arranged to hold telephone interviews with other people on the U.S. attorney's staff on July 26. The Justice Department agreed to the depositions and sent a representative to Little Rock to monitor them, Bond said.

One hour before the depositions were to begin, Democratic lawyers "abruptly informed" Bond's attorneys the information sought was beyond the scope of the first installment of Banking Committee hearings. That came after Riegle previously had agreed to the interviews.

A Democratic source on the Banking Committee who spoke on condition of anonymity said there was no attempt at a cover-up and that Bond set up the depositions without coordinating them with either party's lawyers in advance.

By the time those attorneys were made aware of Bond's plans, the source said, it was too late to decide whether the depositions violated the Senate's agreement with Fiske not to delve into areas he still was investigating.

Questions also arose about whether the depositions ran counter to the Senate's own vote to limit the initial Foster suicide probe to actions of police after his body was found, the source said.

\*\*\*\* filed by:APW-(MO) on 08/02/94 at 00:22EDT \*\*\*\*

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BC-WILLIAMS

----- AUTOBREAK (2)-----

(EDITORS: BEGIN OPTIONAL TRIM)

The strategy continued when they reached the White House and Williams was installed as the First Lady's chief of staff, forcing her to postpone her doctorate once more.

Williams helped Hillary Clinton shape a social side of White House activities that was less formal and more intimate than during recent Republican administrations. But she also is as deeply involved as the First Lady in health care and children's issues.

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Lavelle notes that Williams is the first chief of staff for a First Lady to also carry the title of ``assistant to the president,'' with others having been called ``deputy assistant.'' Her active involvement in the administration brought her running to Foster's office when word of his suicide arrived the night of July 20, 1993, and to now-disputed meetings that discussed Whitewater, the Clintons' failed Arkansas land deal.

(EDITORS: BEGIN OPTIONAL TRIM)

In a entry to his journal, embattled Deputy Treasury Secretary Roger Altman wrote, ``Maggie told me that Hillary was paralyzed by this.'' He also wrote, ``Maggie's strong inference was that the White House was trying to negotiate the scope of the independent counsel with (Attorney General Janet) Reno, and having enormous difficulty.''

The journal entry was the subject that sparked the sharp exchange with Republicans during last week's Whitewater hearing. ``I don't recall ever saying that to Mr. Altman,'' Williams testified. To which Rep. Michael Huffington, R-Calif., replied, ``Either you are telling the truth or Mr. Altman is telling the truth, but not both, and that's a problem.''

(END OPTIONAL TRIM)

Williams is scheduled to testify Wednesday before the Senate Banking Committee's inquiry. At such times, according to LaVelle, Williams calls upon her ``deeply spiritual side'' to carry her through. ``She grew up in the church. She knows that there is a God,'' LaVelle said.

``When things get pretty rough, I think she feels like she has some sort of foundation to steady her. These have been some very bumpy days.''

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A photo is available from the KRT Photo Service; call (202) 383-6099. Photos move on the KRT Photo Service and are posted to the ``KRT Daily Photos'' icon in the category folder on PressLink the day the story moves; call 1-800-435-7578 or (202) 383-6099.

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AT-RISK READERS: The KRT News Service wants to help newspaper editors identify stories that may be of interest to ``readers at risk'' people newspapers are at risk of losing as readers: young people, women, African-Americans and Hispanics. These stories can be identified by a note (AT-RISK) at the top of the story and on budgets.

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# DISPUTES ACCOUNT OF TOP OFFICIALS

'RECOLLECTIONS DIFFER'

Counsel Testifies That Talks  
on Whitewater Were Not  
Wrong or Unethical

By STEPHEN LABATON

Special to The New York Times

WASHINGTON, Aug. 1 — The Treasury Department's top lawyer contradicted her bosses' accounts today of how the department decided to notify the White House about an investigation that potentially involved President Clinton and his wife. Other banking officials who testified today called the notification highly unusual.

At a daylong hearing before the Senate Banking Committee, Jean E. Hanson, the department's general counsel, said she had briefed the White House at the instruction of her immediate supervisor, Deputy Treasury Secretary Roger C. Altman. Mr. Altman has denied telling Ms. Hanson to do that.

And she said she told Treasury Secretary Lloyd Bentsen about her discussions, contradicting Mr. Bentsen's assertion that he was not aware of the meetings between Treasury and White House officials last September.

The discussions involved an investigation into the bankruptcy of Madison Guaranty Savings and Loan, an Arkansas thrift run by the Clintons' former business partner. The Resolution Trust Corporation, which Mr. Altman then headed in an acting capacity, was considering referring the case to the Justice Department for criminal prosecution.

"I am aware that others' recollections differ from my own," Ms. Hanson said in her opening statement. "I do not question the good faith of anyone who has a differing recollection. Most importantly, I think these differences in recollection are irrelevant. What matters is that each of the events in which I was a participant pursued legitimate objectives and was appropriate. Despite differences in recollections, no one to my knowledge intended to do, or did, anything wrong or unethical."

The actions by Ms. Hanson and Mr. Altman came under fire from Senators sitting on the panel today. Mr. Altman first told the same Senate panel of his contacts with the White House on Feb. 24, and he has since amended and added to his account on several occasions.

Some of the senators said today that Mr. Altman had misled them through omission and that Ms. Hanson, who was sitting next to him when he testified, should have promptly corrected his account.

Senator Alfonse M. D'Amato, Republican of New York, admonished Ms. Hanson, and said her failure to do so showed that she "was less than candid and frank."

Ms. Hanson, clearly exasperated, shot back: "Sir, sir, sir, I take my responsibilities seriously, and I did everything I could consistent with my responsibilities. You may disagree, sir. You may disagree. But I discharged my responsibilities consistently."

Several Democrats on the panel, including Senators John Kerry of Massachusetts, Barbara Boxer of California, Paul S. Sarbanes of Maryland and the committee's chairman, Donald W. Riegle Jr. of Michigan, said that Ms. Hanson should have acted more quickly to correct Mr. Altman's testimony.

And Senator Richard H. Bryan, Democrat of Nevada, said he didn't find her explanation persuasive as to why she did not act to correct the record.

Several career officials of the trust corporation, which supervises the savings and loan industry, also criticized Ms. Hanson and Mr. Altman in testimony before the Senate committee, saying it was highly improper for the Treasury Department to give the White House advance notice of a criminal investigation that might involve the President.

White House officials who testified before the House Banking Committee last week sought to portray the warning about the investigation as proper and routine.

Today, the trust corporation officials who testified said they thought that Mr. Altman, who was running their agency at the time, should have separated himself from the investigation long before public pressure forced him to do so in February. One of the officials, John Ryan, now the acting head of the agency, said he was surprised to hear that Ms. Hanson, at Mr. Altman's request, had asked the R.T.C.'s lawyer to brief the Clintons' personal lawyer on the investigation. The banking agency's lawyer, Ellen Kulka, said she thought the briefing would be improper and did not comply with the request.

## Hanson's Explanation

Ms. Hanson said the discussions she had with the White House were intended to help the White House to deal with what she expected would be press leaks about the Whitewater investigation. She said leaks at the agency handling the savings and loan bailout were "a fact of life."

Ms. Hanson, like other Administration appointees who testified before her, said that none of her actions, or Mr. Altman's, or those of White House officials, blocked or interfered with the Madison investigation.

But the R.T.C. officials said that the existence of the investigation should not have been discussed outside the Treasury Department because that risked compromising it. They said that they had implored their bosses to keep the information confidential.

## 'Extraordinary Case'

Under questioning from Senator Richard C. Shelby, Democrat of Alabama, Mr. Ryan said the Madison case was treated differently from other banking investigations.

"Basically you thought this was an extraordinary case," Mr. Shelby said. Mr. Ryan: "It was an extraordinary case."

Mr. Shelby: "Possibly involving some people at the White House."

Mr. Ryan: "That's correct."

Mr. Shelby asked if that was why Mr. Ryan was surprised by the discussions with the White House. "I thought that it was a surprising revelation," Mr. Ryan said.

"And highly unusual, I suppose," Mr. Shelby said.

"And highly unusual, yes, sir," Mr. Ryan replied.

Republicans on the committee, who have been trying to lend a sinister air to what the Democratic Senators and the White House have tried to paint as innocent conversations, sought to portray the Treasury Department's dealings with the White House as a special favor that would have been denied to anybody else involved in a banking investigation.

Expression of Doubt

Responding to questions later from Senator Lauch Faircloth, Republican of North Carolina, William Roelle, the former chief financial officer of the R.T.C., expressed doubts about the White House explanation that Ms. Hanson, Mr. Altman and White House officials were merely trying to deal with the inevitability of press leaks about the case.

"By that standard, the R.T.C. could tell anybody anything they want so long as they say there is a possibility there may be a press leak," Mr. Faircloth said. "Is that right?"

Mr. Roelle: "No, sir."

Mr. Faircloth: "Has there ever been another case where the R.T.C. gave, an, i.e., heads-up in criminal

**Ire from some  
senators over  
conflicting and  
amended testimony.**

referrals because they thought there might be a press leak?"

Mr. Roelle: "No, sir, not that I am aware of."

Mr. Faircloth: "This was an all-time first, to notify the Clintons."

Mr. Roelle: "Pardon me?"

Mr. Faircloth: "This was an all-time first, to notify the White House."

Mr. Roelle: "As far as I know, yes."

Ms. Hanson faced difficult questions from the committee about why she did not take any steps to correct the Feb. 24 testimony of Mr. Altman, at which he said there was only one discussion between him and White House officials — a "heads-up" about an impending statutory deadline for filing a civil lawsuit that could involve the Clintons.

Ms. Hanson said today that she knew then there were more discussions. And she and other White House officials have now testified that the Feb. 2 discussion was not only about the statutory deadline, but also about whether Mr. Altman should remove himself from the investigation.

She said that she had intended to correct the record but that her intentions were overtaken when the White House independent counsel, Robert B. Fiske Jr., issued grand jury subpoenas to gather information about the discussions between the Treasury and White House officials.

Senator Riegle found her explanation unpersuasive. "A later response down the line is not the same as a true and accurate response in real time," Mr. Riegle said.

Asked by Senator Bryan what lessons could be learned from the affair, the resolution trust regulators said it was a bad idea to have Mr. Altman, a political appointee and friend of the Clintons, at the head of the agency. They also described how Mr. Altman wavered for weeks at the beginning of the year between staying involved in the case and recusing himself.

"I thought Roger Altman was put in a terrible situation," Mr. Roelle said.

Ms. Kulka, the general counsel at the trust corporation, testified that she advised Mr. Altman to recuse himself because the "political ramifications were enormous and he was taking a significant political hit" for staying on the case.

"I said to Ms. Hanson, 'I can't believe Roger would want to be involved in the case,'" Ms. Kulka said. "She said, 'Think about it.' I internalized that maybe she was referring to the White House's position on it."

THE NEW YORK TIMES, TUESDAY, AUGUST 2, 1994

# Altman's Double Life as a Politician Brings Him to the Edge of Scandal

By LOUIS UCHITELLE

The Congressional hearings on Whitewater that may separate Roger Altman from his job as Deputy Treasury Secretary had opened last Tuesday morning. And there he was that night, lanky and amiable, chatting with the Clintons at a black-tie State Department reception for the leaders of Jordan and Israel. The powerful of Washington were gathered there, and to some, Mr. Altman's appearance seemed to proclaim, "I am one of you, and I am staying."

Certainly Mr. Altman, a quietly intense man, holds a high public office, which has been his goal since the 1960's, when, as a graduate student in business, he first tasted politics, taking time off to campaign for Robert F. Kennedy. Until Whitewater washed over him, Mr. Altman, 48, seemed on track to succeed Treasury Secretary Lloyd Bentsen. He remains a member of the inner circle of President Clinton's economic advisers, and his colleagues have rallied to him, hoping for a vindication that would be the Administration's as well.

"Roger is one of the six or seven people who is always consulted on any significant economic position," said Gene Sperling, a deputy to the President on economic policy. "That continues right now."

Still, Mr. Altman could not have been comfortable at the reception. Juggling roles on Whitewater has brought the sort of criticism he would not have received in his other life, as an investment banker — and he is as much an investment banker as he is a politician.

Except for a stint in the Carter Administration, Mr. Altman, who is 48, spent the 70's and 80's on Wall Street, growing very wealthy. Investment bankers often glide between Wall Street and Washington, of course. But while the juggling of roles that are at odds works on Wall Street, and even is applauded there, it can leave an investment banker who goes into politics vulnerable, particularly in a tricky case like Whitewater.

## Strong Opinions

"A unique thing about investment banking is that it allows for multiple roles," said Jeffrey E. Garten, an Under Secretary of Commerce who has worked on Wall Street with Mr. Altman and admires him very much. "You are not penalized in your career for taking strong public positions that may or may not be consistent with the flow of deals."

As vice chairman of the Blackstone Group, a Wall Street firm partly owned by Japanese, Mr. Altman represented Japanese companies as they acquired American operations. But as a man deeply interested in public policy, he became concerned that Corporate America was losing out competitively to Corporate Japan. And Mr. Altman said so in bylined op-ed articles, even as he helped Japanese companies make more deals.

Mr. Altman was a co-author of a 1987 article that argued against letting Japanese companies dominate the semiconductor industry. "We are witnessing a staggering decline in American electronics," the article said. "Such a prospect is anathema to our economic future."

Mr. Altman's Treasury job forced on him a similar juggling of roles, but under harsher scrutiny. Early in his tenure, he took on an additional task: acting head of the Resolution Trust

Corporation, which administers insolvent savings and loan associations. As Deputy Treasury Secretary, Mr. Altman was forced to take the second job while the President sought a permanent appointee. But as the R.T.C. chief, he became aware that the agency would recommend a criminal investigation of the failed Madison Guaranty Savings and Loan, and its role in the Clintons' investment in the Whitewater real estate development.

Today, Mr. Altman will tell the Senate Banking Committee what he did with this information. In testimony that could save or destroy his public career, he will argue that while he gave the White House some information about the pending inquiry, he never went beyond what was legal and ethical. He will undoubtedly be asked to explain why he hesitated to recuse himself from the case, in the face of his two conflicting roles: Clinton loyalist and acting chief of an agency potentially suspicious of Mr. Clinton.

## Loyalty to the Top

Mr. Altman hewed to a standard of behavior that on Wall Street would be acceptable but in Washington often is not. He recognized this. In a handwritten letter to the President in late February, he apologized for embarrassing Mr. Clinton and said he had finally recused himself after "it became clear that appearances of a conflict were taking hold."

To those who knew him in New York, Mr. Altman's behavior is consistent with his reputation for forging loyal ties to his boss — his boss of the moment. His eagerness to please Mr. Clinton, and protect him, may have helped to enmesh Mr. Altman in Whitewater, some who know him say.

As a young investment banker, Mr. Altman became close to Peter G. Peterson, chairman of Lehman Brothers. But when Mr. Peterson lost control of Lehman in 1983 to Lewis L. Glucksman, the firm's chief of trading, Mr. Altman and other top partners switched allegiance, inviting criticism that they should have challenged the Glucksman coup. Mr. Peterson is not among the critics.

"Roger had a very good career ahead of him at Lehman, and I told him, it was the right decision for him

## Behavior that would be praised on Wall Street brings criticism in Washington.

and the firm to cooperate enthusiastically with Lew," Mr. Peterson said. Mr. Altman did cooperate. Mr. Peterson later founded the Blackstone Group and Mr. Altman joined him again, in 1987, after Lehman had been taken over by another firm.

In politics, Mr. Altman attached himself early to Gov. Jimmy Carter, mostly as a fund raiser. In the Carter Administration, he became the Assistant Secretary of Treasury for Domestic Finance. That gave him a role in negotiating the Federal Government's \$1.5 billion bailout of the Chrysler Corporation. Once back on Wall Street, Mr. Altman became Chrysler's investment banker.

During the Reagan-Bush years, he raised money for Vice President Walter F. Mondale, then Gov. Michael S.

Dukakis and, finally, Gov. Bill Clinton. Locally, he forged ties to Mayor Edward I. Koch and then Mr. Koch's successor and nemesis, Mayor David N. Dinkins, advising both.

After Mr. Clinton was elected in 1992, he urged Mr. Bentsen to take Mr. Altman as his deputy. Once in the job, Mr. Altman became the favorite to succeed the 73-year-old Treasury Secretary.

But for all that is riding on today's testimony, Whitewater is not the first crisis, or the worst, in the life of Roger Charles Altman. When he was 10, his father, a Boston food broker, died. His mother brought up two sons on a Boston librarian's meager salary, not enough for college. Scholarships helped him through Georgetown University, where he met Mr. Clinton, and the University of Chicago's business school. But he also sold frozen pies or cooked for his roommates to make ends meet.

A first marriage, in his 20's, ended in divorce, and Mr. Altman did not marry again until he was 35, this time happily, and he and his wife adopted three children. Then in 1992, he collapsed while jogging in Central Park in Manhattan, the victim of an irregular heartbeat. An emergency crew got his heart going again, but it was weeks before "he got his life back," as a friend put it, and also returned to his beloved jogging.

Mr. Altman takes medicine now to control his heart arrhythmia and he wears medical alert "dog tags" that explain his ailment. Most mornings he jogs in the Georgetown neighborhood where he rents a home. During those runs he invariably stops at a church to pray for a few minutes. He is a devout Roman Catholic.

## Driven to Succeed

The hardship that kept Mr. Altman so poor as a youth pushed him into Democratic politics, and also onto Wall Street, in search of a good living. He joined Lehman Brothers in 1969, weeks after receiving his M.B.A.; by 1974, at the age of 28, he was a partner, the youngest in the firm's history. That says something about his skill.

"He has this touch with clients, in being able to put himself in their shoes and figure out how they see the world; he is very empathetic," said Mr. Garten, the Commerce official who was a colleague at Lehman Brothers and, later, at Blackstone. Mr. Altman was less skilled at creating the complicated securities used in merger deals, "but he could arrange the deals and explain their intricacies," Mr. Garten said, "in ways that chief executives could understand."

In Washington, Mr. Altman and Mr. Bentsen, while supportive of each other, have very different styles. The courtly Mr. Bentsen is punctual and gives full attention to each visitor. Mr. Altman, in contrast, runs late, and visits with him are invariably interrupted by phone calls and by aides entering unannounced.

"Roger has a great ability to handle multiple issues simultaneously," said Frank N. Newman, an Under Secretary of the Treasury. "He can be in the middle of a discussion with one group of people and get interrupted by a phone call on another issue, and switch to that, and, without missing a beat, go back to the original discussion."

More than anyone else, the busy Mr. Altman represents Treasury in the daily give and take at the White House. Last weekend, he was giving advice on the dollar, said Mr. Sperling, the White House aide, even as he prepared his Whitewater testimony.

THE NEW YORK TIMES, TUESDAY, AUGUST 2, 1994

# Aide Defends Her Actions On Whitewater

Treasury's Hanson Says  
Altman Sought Briefing

By Sharon LaFraniere  
and Susan Schmidt  
Washington Post Staff Writers

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Treasury general counsel **Joan E. Hanson** told Congress yesterday that her boss, Deputy Secretary **Roger C. Altman**, "tasked" her with the job of alerting the White House to a criminal investigation involving the First Family and that she viewed the briefing as "entirely appropriate."

Hanson also said she had no memory of a warning from a top regulator to keep to herself information about nine criminal referrals from the Resolution Trust Corp. The warning came from former RTC vice president **William Roelle**, who testified yesterday that the information was highly confidential and Hanson's disclosure of it was "wholly improper."

Hanson acknowledged that she, Altman and Secretary **Lloyd Bentsen** have different recollections about who ordered the White House briefing and who knew about it. But, she said, "frankly the differences here are not important," because no one from the White House or Treasury interfered with the case.

The second day of testimony before the Senate Banking, Housing and Urban Affairs Committee highlighted the tension between the Treasury Department and its temporary ward, the Resolution Trust Corp., the S&L cleanup agency that investigated the failed Madison Guaranty Savings & Loan and its connections to President and Hillary Rodham Clinton.

Hanson said she had to relay information to the White House because the RTC routinely leaked to the news media and the White House had to be ready to respond to imminent inquiries. RTC officials complained that the Treasury Department had violated the confidentiality

WHITEWATER, From A1

of the case and could have seriously jeopardized the investigation.

A key question as hearings continue is whether Hanson's explanations fit with Altman's testimony, scheduled to begin today. Altman, the target of much criticism from senators of both parties today, will have to explain inaccuracies in February testimony to them about Treasury's contacts with the White House.

Roelle said in his testimony that he briefed Hanson on the RTC investigation Sept. 27 and explicitly told her not to discuss the RTC's requests to the Justice Department for a criminal investigation of Madison.

Roelle, who said he had not at the time received news media inquiries, testified he considered it "wholly im-

proper" for Hanson to discuss the criminal referrals with anyone except Altman, then the RTC's temporary chief.

Hanson also said she could not explain various memos written last fall at the time she first briefed the White House. One was written by White House associate counsel **Clifford M. Sloan** on Sept. 30 1993, based on a telephone conversation with Hanson that contains highly detailed information about the specific allegations and the people named in the nine criminal referrals RTC sent to the Justice Department. Hanson said the information must have come from news inquiries the RTC had received.

Hanson also was questioned by committee Chairman **Donald W. Riegle Jr. (D-Mich.)** about why she sat silently behind Altman on Feb. 24 when he gave his now famous testimony that Treasury officials had had only one substantive contact with the White House about the Madison investigation. Why didn't Hanson correct testimony she knew was wrong and incomplete?

Hanson said she thought she'd have a chance to amend the record "in a careful thoughtful way," but that "events of next week overtook us"—specifically that newspapers discovered the earlier White House meetings. Riegle told her he believed she had improperly "withheld" testimony from the committee that day by not correcting Altman.

The testimony focused principally on two White House briefings. In one, held Sept. 29, Hanson told White House aides that the RTC had prepared criminal referrals on Madison that named the Clintons. In the second, held Feb. 2, Altman briefed the White House on the RTC's work on a possible civil case against Madison, and discussed the possibility of removing himself from the case.

John Ryan, the RTC's acting chief operating officer, said he found Altman's Feb. 2 briefing at the White House "surprising" and "highly unusual." That meeting focused on when the legal deadline would expire for the RTC to file a civil suit against the officers and directors of Madison. Ryan said information of that nature should be kept confidential because it "could compromise the RTC's ability to bring a case."

After the Feb. 2 briefing, Hanson asked if the RTC could brief the Clintons' private attorney about the issue of the deadline.

Ryan said he was "surprised at that request and disgusted with the gener-

al counsel." Ellen Kulka, the RTC's general counsel, testified she turned down Hanson because it was too soon to discuss the issue with the Clintons' private attorney and because such a discussion might not appear proper.

The RTC officials said the handling of the Madison case demonstrated the need for the Clinton administration to appoint a permanent head of RTC, a supposedly independent agency, instead of leaving it in the hands of the Treasury Department. Steve Katsanos, the RTC's spokesman, told the committee that the agency was "certainly much more political now" than under President George Bush.

What exactly Altman told the White House on Feb. 2 is in dispute. In depositions, Altman's assistant, Benjamin H. Nye, and White House deputy chief of staff **Harold Ickes** quoted Altman as saying the RTC could not prepare a civil complaint before the deadline expired. Altman supposedly relied on Kulka for this conclusion, but Kulka testified yesterday that she never told Altman she would not be ready to file suit before the deadline.

The RTC officials agreed that Altman, a friend of the president's, was in a difficult spot in his dual role as the acting head of the RTC and deputy chief of the Treasury Department. Both Ryan and Kulka said he should have recused himself from the Madison case, even though Altman had said that he would go along with whatever recommendation the RTC made.

Puzzled, Kulka said, she asked Hanson one day as they walked in a hallway: "I just can't believe that he's willing to put himself in this position to take all this political heat when it's clear he's not going to make the actual decision. Why would he ever do it?"

"Think about it," Kulka said Hanson replied. It then occurred to her, Kulka said, "it may have been because the White House did not want him to."

Senators of both parties expressed unhappiness about Altman's failure to mention in his Feb. 24 testimony that he'd discussed recusing himself with White House officials. Hanson and RTC officials said they'd helped Altman prepare for the testimony and that he had a written statement on his recusal discussions with the White House. However, he did not mention those discussions when he answered the committee's questions about the Feb. 2 meeting.

Democrats on the committee tried to establish that the Bush administration also gave the Madison case special treatment. Questioned by Sen. John F. Kerry (D-Mass.), Roelle disclosed that former RTC chief executive **Albert Casey** told him he wanted to inform the RTC's oversight board of an early criminal referral on Madison. That referral, which also named the Clintons, was sent to the Justice Department in September 1992.

Casey later told him that then-White House counsel **C. Boyden Gray** called to ask about the criminal referral, Roelle testified.

# Whitewater File Was Kept At White House Residence

*Foster Office Papers Stored for Several Days*

By Ruth Marcus  
Washington Post Staff Writer

A Whitewater file taken from the office of White House deputy counsel Vincent Foster after his death last year was given to Hillary Rodham Clinton's chief of staff and—at the First Lady's direction—transferred to the White House residence before being turned over to the Clintons' personal lawyer, administration officials said yesterday.

It was unclear yesterday why then-White House counsel Bernard Nussbaum gave the file to the First Lady's chief of staff, Margaret Williams, rather than transferring it directly to Robert Barnett, the Clintons' personal lawyer at the time.

A White House official said Williams, after being asked by Nussbaum to take charge of the documents, checked with the First Lady in Little Rock, Ark. Hillary Clinton told Williams to check with another White House employee "about a safe place in the residence to store the documents," the official said.

The files were moved from the West Wing of the White House—where Williams and Nussbaum worked—to a locked closet on the third floor of the White House residence where other personal papers were kept. Williams had a key to the closet, the official said. Barnett picked up the documents five days later.

David Kendall, a law partner of Barnett's who took over as the Clintons' personal lawyer, said yesterday neither of the Clintons looked over the files before they were given to their lawyer. The Clintons were partners in the Whitewater real estate venture with James B. McDougal, former owner of the failed Madison Guaranty Savings & Loan.

"Neither the president nor the First Lady examined or reviewed the documents from Mr. Foster's office relating to personal legal matters which were preserved and safeguarded until Bob Barnett could pick them up after the Foster funeral," Kendall said.

Questions about how the Whitewater file was handled have plagued the White House for months. Special counsel Robert B. Fiske Jr. is investigating, and Congress has said it hopes to hold hearings on the matter. Kendall said the documents have been safeguarded at Williams & Connolly and reviewed as requested by Fiske.

Neither Williams nor Nussbaum



MARGARET WILLIAMS  
...checked with the First Lady

nor their private lawyers returned calls seeking comment yesterday.

After Foster's death, officials said his personal papers were given to the Foster family's lawyer, and that his official files were distributed among other lawyers in the counsel's office. In December, the White House disclosed that a Whitewater file also had been found in Foster's office.

The revelation helped fuel the Whitewater controversy and raise suspicion that the White House was not providing a full picture of events.

At that time, the White House did not reveal Williams's involvement or the fact that the file was kept at the residence. The statement at the time, by communications director Mark Gearan, said only that the files were sent to the Clintons' personal attorney. White House sources said the statement was drafted by Nussbaum and that Gearan did not know of Williams's involvement at the time.

The transfer of the file to Williams was first reported by Newsweek.

Foster, Hillary Clinton's former law partner, died July 20 of a gunshot wound to the head.

Sources familiar with the handling of the files said that Nussbaum called Williams two days after Foster's death to ask her to take charge of the Clintons' personal papers.

Williams checked with Hillary Clinton, who agreed that the papers should be given to Barnett. Because Williams and Barnett were going to Little Rock for Foster's funeral, the documents were sent to the residence for safekeeping. Barnett retrieved the documents July 27.

TUESDAY, AUGUST 2, 1994 THE WASHINGTON POST

## 76% of Buys Rejected Under New Gun Law

In the Brady law's first 100 days, about 76 percent of prospective gun buyers were barred from purchasing them after background checks, the Treasury Department said yesterday.

Together with anecdotal evidence, the figures—based on a survey of gun dealers and police in nine cities—show the law is working, said Treasury Secretary Lloyd Bentsen.

The department's Bureau of Alcohol, Tobacco and Firearms said 70 licensed firearms dealers reported receiving 11,727 applications for guns since the law took effect Feb. 28 and denying 624, or 5.3 percent.

A companion survey of law enforcement agencies found 64,432 applications received and 3,008 denied, or 4.7 percent.

The survey was conducted in Abilene and Houston, Texas; Louisville; Seattle; Pittsburgh; Providence, R.I.; Atlanta; Shreveport, La., and Cleveland.

The Treasury Department said the survey results roughly comport with FBI nationwide figures that show that between March 1 and May 31, police conducted follow-up queries in 6.4 percent of firearms transactions under the Brady law.

# Journal 101: The Washington Diary Debate

## Josh Steiner Was Preserving His Thoughts. Big Mistake.

By Howard Schneider  
Washington Post Staff Writer

### Dear Diary,

Can you believe the fix poor Josh Steiner has gotten himself into?

Here he is 28, the youngest chief of staff at a Cabinet agency, a real comer at the Clinton administration Treasury Department—and he goes and spills his guts in a diary! In Washington!—the town where you're candid at your own risk. Even with yourself.

"Dear Sweetpea . . ." he writes to his girlfriend.

What does he think this is, Camp Minnetonka? Talk about innocents abroad.

Didn't he ever hear of Richard Nixon? Ollie North? Bob Packwood? There are plenty of people who could have told him to keep his pen in his pocket protector.

"Every now and again you watch a disaster unfold and seem powerless to stop it," he wrote back in February. How about keeping your thoughts to yourself? That might have helped.

"You would have to have your head examined if you wanted to have anything to do with public life and kept a diary" these days, says Stephen Hess over at the Brookings Institution.

Hess only recently came around to that point of view. Just last year he encouraged former White House counsel Bernard Nussbaum to keep a record of his thoughts. "I said, 'Bernie, it will all get away from you and you'll want to remember it for your grandchildren,'" Hess recalled the other day—as Nussbaum, diary-free as far as anyone knows, was preparing to go before a House committee unencumbered by a written version of events.

### DIARY, From FI

"That qualifies as the worst advice ever given," Hess said. Hess thinks the historical record will suffer as a result of episodes like this, because if diaries keep getting subpoenaed eventually people will wise up and stop keeping them.

Or, as Bob Packwood, a man on the business end of one of those subpoenas, put it: "It frightens me to think that the private thoughts, hopes, dreams and despairs of all our citizens can now be seized by the government." This just before the Senate Ethics Committee got his diaries.

I guess we'll get a sense of how bad the problem is during today's hearings at the Senate Banking Committee, where it looks like Honest Josh may get his comeuppance.

"Such an incredible city," he wrote. No surprise there. "Been battling w/ the (Resolution Trust Corporation)/Madison. Wrote two pages about what's been going on, suddenly realized I could be subpoenaed. . . . So on that subject, nothing."

TUESDAY, AUGUST 2, 1994 THE WASHINGTON POST

Ever since Congress got hold of your writings as part of its Whitewater investigation they have become like the Dead Sea Scrolls—an unexpurgated glimpse behind the scenes, and worthy of the most exacting exegesis.

How mortifying.

You can understand the official stuff, but what about that "Dear Sweetpea" letter he faxed to his girlfriend?

Lessons: If you are going to use the fax, destroy the original; don't put pet names in writing.

"I . . . liked spending part of Sunday morning cooking with you," Josh wrote to her. "The fallout from Roger's unfortunate meeting is continuing. Senator Dole went on the Senate floor today to make all sorts of horrible accusations and I fear that they will only continue. The biggest danger is that this meeting will give the Republicans further ammunition in their call for Congressional hearings. These would be a real disaster."

You can say that again. And now the Republicans have the diaries to stoke their questioning.

It seems Steiner's recollection of meetings between his first boss at Treasury, Deputy Secretary Roger Altman, and the White House don't look good for the administration. Altman (who, it turns out, kept his own diary) had been briefing the White House on the Resolution Trust Corp.'s criminal probe of Whitewater's ties to a failed savings and loan . . . well, it was only a matter of time.

The investigators naturally asked for all staff records of those meetings, and Steiner had to fork over the goods.

I can imagine what Lloyd Bentsen thinks about all this. The treasury secretary knows how to play the game. He prepares for questions by reviewing three or four different answers before choosing, and here his top aide takes the brilliant tack of not only being honest, but putting it in writing!

Hah! Where'd he get that idea?

Probably some public policy class: "Rule 6(b)—Written reflection can help the Public Official choose a rational and efficient course of action."

Not.

Written reflection is only trouble.

For instance, what about that Jay Stephens episode? It sounds pretty clear that tempers were rising in the White House when it was discovered that the former Republican U.S. attorney was going to be working on the case for the RTC . . .

"Simply outrageous that RTC had hired him, but even more amazing when George [Stephanopoulos] then

suggested to me that we needed to find a way to get rid of him. Persuaded George that firing him would be incredibly stupid and improper."

It's easy to imagine Steiner's temptation. On the ultra-inside of the swirl of events, maybe he was already pinning over his place in history instead of thinking first about securing it.

What's a memoir worth, anyway, without memories? You can almost smell the midnight oil.

Now Steiner's lawyer is positioning him for a major-league correction before the Senate committee.

"It was never Josh's intention that the diary would be a complete and accurate recordation of historical events," Steiner's lawyer told the New York Times last week.

A partial and false record then?

It's sad in a way. Today's truth becomes tomorrow's fiction. If it happens for the Josh Steiners of the world, we'll never get anywhere.

But now I'm straying perilously close to the rocks of candor myself. Wouldn't want to make Steiner's same mistake in case all of this becomes public.

So on that subject, nothing.

## A Matter of Grave Impropriety

**E**ven Alfonse D'Amato, the Republicans' Whitewater pitbull, knew they had gone too far. At the end of the long and degrading afternoon, he was uncharacteristically subdued. He all but apologized for his side. "We have our little, you know, back and forth as it relates to some politics that come in, and we have not been without our own overstatements at times, this senator included."

It was ghouls' day in the Senate Banking, Housing and Urban Affairs Committee hearing room, and the street pol in D'Amato sensed it would do him and his party no good. The senator from New York, who has scarcely shut his mouth since he first heard the sounds of Whitewater, sat silent while his brother Republicans exhumed the body of Vincent Foster, the White House lawyer who shot himself a year ago in Fort Marcy Park. The Senate's decision to review the suicide finding, although it had been certified by Whitewater special counsel Robert B. Fiske Jr. was, as Sen. Christopher J. Dodd (D-Conn.) observed, "obscene". It had unleashed the Perry Mason in the Republican members—and the vulture.

Their idea it seemed was to cast aspersions—and slime—on every aspect of the tragedy. Sen. Lauch Faircloth (R-N.C.) tried to suggest foul play on the part of the Virginia coroner before him. Why, thundered Faircloth, had the coroner not taken an X-ray during the autopsy.

The wretched coroner explained several times that the new X-ray machine did not always work too well—and besides an X-ray was mandatory only when a bullet remained in the body. Foster's had gone in and come out. Faircloth also seemed to find something sinister in the actions of former associate attorney general Webster L. Hubbell, who, on the night of Foster's death, escorted Foster's sister, Sheila Anthony, from an inquiring U.S. Park Police officer.

Similarly, Sen. Connie Mack (R-Fla.) tried to smear President Clinton's visit to the newly widowed Lisa Foster on the night of her husband's death—"showed up at the investigation scene" was how he put it—as if the president could not have had anything in mind when he ostensibly went to console the widow of his old friend but the obstruction of justice.

Asked if she had felt pressure, Park Police Officer Cheryl Braun said she was "awestruck." This was a most unsatisfactory answer, because the

Republican idea is to prove that Clinton has not the genuine aura of the presidency and should not be in the White House.

For a while, it looked as though the Republicans had found a bumper sticker for the hearings. Before the questioning began, D'Amato breathlessly told of the disappearance of a Capt. Charles Hume of the Park Police. The captain figured in the early hours of the investigation. D'Amato was all wild-eyed speculation and Faircloth took up the cry, "The cover-up continues." Where is Capt. Hume? It had a certain ring, like Joe McCarthy's slogan of of Army-McCarthy days "Who Promoted Peress?" But Hume had a short shelf-life as a possible kidnaper or even murder victim. Chairman Donald W. Riegle Jr. (D-Mich.) belatedly explained that the captain had indeed agreed to testify but having had no invitation from the committee, had simply gone on vacation.

The Republicans, having given free rein to their paranoia, spent the entire afternoon in Foster's newly reopened grave. It never crossed their minds, apparently, that the country that was watching might find their behavior morbid—and in fact, improper.

Supposedly, the hearings are about impropriety, and there is certainly a lot of it going around. Fiske has made a finding that there was nothing illegal in White House behavior in the widespread circulation of reports that the Clintons might be in hot water over their Whitewater transactions in the Madison Guaranty Savings & Loan. Too many people held too many meetings on the subject in the diffuse, uncorseted way of the Clinton White House, where the first reflex is to kick a subject around and then have a meeting about it.

The House Banking, Finance and Urban Affairs Committee is in disrepute because of its behavior in the hearings. Democrats have ridiculed the need for them and shouted at each other and Rep. Maxine Waters (D-Calif.) told a Republican colleague to shut up. Not edifying. But is it worse than the Senate, where they shout at witnesses? If the House was farce, the Senate made a spectacle of itself.

What will Whitewater do to Clinton, who is suffering another slump in the polls, according to the latest NBC-Wall Street Journal survey? Obviously, it does not help. The hearings remind people that the first Democratic president in 12 years is more trouble than they expected. But Whitewater does not help Republicans either because their conduct on Friday was scummy—and out of bounds.

# Lost Threads of a Presidency

THURSDAY, AUGUST 2, 1994 THE WASHINGTON POST

If you talk these days to President Clinton's supporters—including some officials of his administration—you discover that their mood ranges from depressed (those are the optimists) to despondent.

Something has gone terribly wrong. Here is an articulate, activist president presiding over one of the most vigorous economic recoveries in years. Yet his ratings go down as the economic numbers move up. The principles of his health care plan—universal coverage paid for mostly by employers—are broadly popular. Yet as soon as you stick the "Clinton" label on the proposal, support falls through the floor. This seems the only case in recent history where stamping "Made by the U.S. Congress" on a program might make it *more* popular.

If you want to know how beleaguered the administration feels, consider this: When some horrible event happens—most recently, the murders for which O. J. Simpson faces trial—many Clintonites experience a grim sense of relief. They figure that at least for a couple of weeks, the media will lay off attacks on the president because there is something more interesting to cover.

There are some immediate explanations for why the administration has come to this turn. It's worth remembering that last December, the president was very popular, coming off his budget and NAFTA victories and the initial cheers for his speech on health care. Then came new speculation on the president's love life and the rebirth of the Whitewater story.

It doesn't matter that most Americans aren't really sure what Whitewater is all about. The story was a killer because for month after month, every television viewer in America knew that "new questions" were being raised about Clinton's integrity. At some point, people get tired of this. Initially, they might blame the media for being so negative. But then they start blaming their president. They just don't want their chief executive to be the subject of so many doubts, questions, rumors and jokes.

Whitewater also engulfed the White House itself. It hit at the very moment when a new strategy was badly needed to get the health care plan moving. The White House's short-term, campaign mentality sent everyone scurrying to beat back this one story, and much else—including a rethinking on health care—dropped by the wayside. Allies turned on allies as the administration was gripped by the Great Fear that scandals produce these days. Nobody wants to be the scapegoat or to end up on trial for perjury or to be the victim of a nasty campaign of leaks. Trust, essential among people who work together, begins to evaporate.

It must also be said that all these problems have been aggravated by the extraordinary level of personal attack against Clinton. Many presidents have been vilified by their foes, but no one has gotten it as much as Clinton has—and on so many fronts. John Kennedy's love life and Lyndon Johnson's past business dealings never got a going over comparable to what Clinton is going through. Franklin Roosevelt could be at least as cagy as Clinton in getting partisans on all sides of an issue to believe

he empathized with them. But this was seen as "flexibility," not "sickness." Ronald Reagan compromised much more than people remember, yet few accused him of selling out.

All true enough. But the real question is why the administration was not better immunized against all this, knowing it is governing in a hostile, cynical environment. The central problem is that somewhere along the line, in the midst of all the spin and the messages-of-the-week, voters have lost sight of Clinton's purposes for being president. Take three areas.

**The Lost Campaign:** It's forgotten that the 1992 Clinton campaign was built around a straightforward theme. Clinton spoke incessantly about economic pressures on "the forgotten middle class" and government's need to respond to fears of middle class collapse. Clinton talked about programs to retrain the work force, to educate kids for a more competitive environment, to ease the transition from old jobs to new jobs.

Clinton still loves this rhetoric, and a variety of programs have been launched. But mostly, they aren't very big or very visible, having been ground into small pieces by budget pressures. The fact that what was so essential to the campaign has been a sideshow to the presidency feeds the sense that President Clinton is a different man from Candidate Clinton.

**The Lost Task Force:** In retrospect, it's easy to see that having a health care task force largely divorced from the normal workings of administration and congressional politics was a mistake. Much of the compromising and retooling now going on at the last minute could and should have been done much earlier. The task force should have served as staff to a joint administration-congressional effort. Hillary Rodham Clinton could have played the popular role of chief broker and conciliator, short-circuiting some of the vicious attacks she came under. Most important, the whole process would have looked less technocratic, focused on principles and purposes rather than on esoteric details.

**The Lost Values:** Clinton's single most effective speech as president was his address to a convention of black ministers in Memphis. He spoke movingly about racism and also about personal responsibility, family breakup, the moral costs of unemployment and crime. He argued that government had a role to play in solving problems, but that only individuals and communities could solve the country's moral crisis. Instead of looking slippery, he looked gutsy. And he did so while saying things that most Americans felt they needed to hear. Why was this emphasis lost?

Clinton says so many things to so many audiences that administration officials can no doubt point to instances when he's done riffs on job training, the middle class, values and the like. And health care has now been boiled down to one popular theme—cover everybody.

Still, the central threads of this presidency have disappeared. Clinton's best defense against all the personal charges always has been that he was in politics to do big things. When voters can no longer see what those large purposes are, the personal overwhelms the political.

## Mayor Kelly's Budget Catch-Up

**S**PURRED BY congressional insistence that the city's proposed \$3.4 billion budget can and must be cut by at least \$100 million right away, Mayor Kelly has come up with a serious set of proposals to get there. Some are familiar and years overdue. Others are untried and less certain to bring relief. All are being dropped in the laps of the council and Congress for action—and deserve swift but thorough consideration.

The most welcome aspect of the mayor's formula is that it goes beyond mere quick-fix efforts to proposals for consolidation of services, more privatization of municipal functions, further cutting of the payroll through employee buyouts and changes in benefit programs, including public assistance, Medicaid and disability compensation. At best, however, it is still only a partial response to a financial emergency that has intensified by alarming proportions every year and that still threatens to drown the city government in billions of dollars of red ink: unfunded pension liability.

The bulk of the mayor's proposed spending reductions—\$76.9 million of a \$112 million total—would come from consolidations and other changes in the bureaucracy. Can all of these changes be approved and effected in time for a fiscal year that begins in two months?

Certainly the council should gather its committees, hold hearings, review the math and move quickly. There is no reason to delay consolidations of economic development functions, for example, because these have been suggested by various council members for years. If the council has other proposals for consolidations, this is the occasion to put them on the table. It is also time for the council to stop blocking worthy efforts to save money, such as closing the law school and loosening the restrictions on contracting services. These are, as Mayor Kelly described them, the big-ticket items.

There are other "big-ticket" proposals that Mayor Kelly did not offer, including eliminating scheduled pay raises; this alone could save more than \$100 million. That may be politically sensitive, but it's an option.

This and other decisions by the council will also offer voters important political insights. Mrs. Kelly's main challengers for mayor—Mr. Barry and Mr. Ray—will be on the spot. The budget emergency offers a fair test of their seriousness in treating the fiscal health of the District—a central issue of this campaign.

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# Clinton : The Sequel

"Beverly Hills Cop 3" did not do well. Neither did "City Slickers 2" nor, for that matter, "The Shadow," which was based on the old radio show of the same name. This has not been a good summer for movie sequels—not that Bill Clinton has noticed. With dogged perseverance, he continues to do what has been done before—if not by him then by previous presidents. On too many occasions, you could call him Clinton II.

At the moment, a bus tour promoting health care reform is wending its way through an indifferent country. This, of course, is a reprise of the hugely successful tour Bill and Hillary Clinton took right after the Democratic National Convention. The other day, the president

*"The rhetoric has been more heated than any action taken."*

visited Independence, Mo., and once again invoked the legacy of Harry Truman, this time for universal health coverage. Within a month of his inaugural, Clinton had been to Hyde Park, N.Y., Franklin D. Roosevelt's home, suggesting at the time that FDR was going to be the model for his presidency. He has clearly fallen short.

But it is John F. Kennedy who seems to inhabit the Clinton imagination. The parallels are obvious—two young Democratic presidents who followed two old Republican ones. And so are the perils. While Clinton could not avoid being compared to Ronald Reagan when he spoke at the same Normandy beach where Reagan had, he seemed to go out of his way to conjure up JFK during that same trip. In Berlin, he—like Kennedy 31 years earlier—spoke a key phrase in German: "America is on your side, now and forever." The line brought cheers from the crowd, but it made me wince. It emitted, as all sequels do, the faint whiff of plagiarism.

Clinton should never have attempted something similar. Not only is he not Kennedy, he did not have Kennedy's moment. East Germany is now eastern Germany, the Soviet empire is gone and with it our core foreign policy goal. Kennedy could make common cause with Berliners by declaring himself one of them, but Clinton can do nothing of the kind. Clinton's foreign policy rhetoric soars on occasion, but it has an empty quality to it. After all, what's the point? Better yet, what's the cause?

Clinton's self-comparison to Kennedy is a problem of his own making and would be nothing more than a curiosity if it did not have genuine foreign policy dimensions. But both in the presidential campaign and, on occasion, after assuming office, Clinton has echoed Kennedy rhetoric for foreign policy predicaments and then failed to follow through. Both Bosnia and Haiti come to mind. For both, the president has employed language that is way ahead of what the United States is—or was—prepared to do. On Bosnia, for instance, the U.S. harrumphs about Serb obstinacy, but Washington will not put a single soldier on the line. That policy is correct—but it is at odds with the rhetoric.

On Haiti, something similar has happened. Armed with a newly minted U.N. resolution authorizing the use of force to topple the military regime there, the United States is going to have little choice but to act. But here, too, the rhetoric has been more heated than any action taken. The upshot is that a military clique with a sorry excuse for an army has all but told the United States to go jump in the lake. But that "lake," the Caribbean, is supposedly an American one—our sphere of interest if only because a leaky boat can make it from Haiti to Florida. That gives the United States a stake in Haiti.

The sense that the Clinton presidency is constructed from the nostalgic parts of earlier ones is, to me, palpable and gives Clinton a "Zelig" quality. He seems to go through history as if accompanying someone else. Maybe that's because he's at odds with his times. His adolescent expectation was to be a liberal president, a Cold War commander in chief. Both now are political anachronisms. The Cold War is over, and liberalism is either intellectually spent or too expensive to be chanced. In their own ways, both Bosnia and health care are examples of rhetoric and impetus out-racing the new political reality. We are reluctant to pay for either—in blood or in money.

Whatever the reason, I sense in Clinton a man with an inner eye on old newsreels: How would Kennedy have done it, Roosevelt, Truman, even Reagan? For those of us over a certain age, the effect is a disconcerting *deja vu* in which the context is changed but Clinton plays it otherwise. Especially in foreign policy, the Clinton presidency has the feel of a sequel, of someone looking to a figure from the past as a role model for what should be done in the present. Clinton II has been a disappointment, but for all we know Clinton I might be a hit. Too bad we've never seen it.

TUESDAY, AUGUST 2, 1994 THE WASHINGTON POST

## The Gangs' Assault on Justice

SUNDAY'S front-page story about witness intimidation by leaders of the First Street Crew drug gang offers a chilling account of how a code of bloody vengeance is enforced in the District. This story, however, is not an isolated event. It is part of a pervasive, menacing tableau of violence that gets played out daily on the streets of the nation's capital. Tragically, in the struggle between the criminal justice system and an outlaw mentality that is growing in some crime-ridden neighborhoods, it seems the outlaws are winning.

In this one case, nine people feared as potential witnesses and informants were slain. More than 40 other witnesses, including family members and friends, ended up under the shield of the federal witness protection program equipped with new names and addresses. The special protection costs in this case have reached \$526,000 and are climbing. Astonishing as the death toll is in this case, the terror generated by the First Street Crew is no greater than that imposed on other neighborhoods by other equally brazen gangs. Killing, maiming and scaring off people who might help the authorities have become commonplace in the District.

You would think that a city facing an attack on the integrity of its criminal justice system would be up in arms. That is not the case.

Federal judges in U.S. District Court and prosecutors are alarmed. The judges recently determined to throw the book at criminal defendants and their followers caught intimidating witnesses. U.S. Attorney Eric Holder has asked the city to quadruple the maximum prison sentence for obstruction of justice from 10 years to up to life imprisonment. Currently, obstruction of justice effectively results in less than three years in jail. Because the penalty for first-degree murder conviction is greater, current law offers defendants a perverse incentive to intimidate or kill off witnesses who can send them to jail for the rest of their lives. Mr. Holder told the council during hearings on his proposal: "We owe it to [witnesses who come forward] and the citizens of the District to use all appropriate means to vindicate the integrity of the system."

Surprisingly, the city said no. Speaking for the executive branch, the city's lawyer contended that since the law only took effect over a year ago, and is now consistent with Maryland, Virginia and federal statutes, "it is not clear why the Council should revisit this issue so soon after it last acted." With witnesses being shot and frightened with impunity, the city's nonchalance borders on the unreal.

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# Treasury Aide Says Whitewater Talks With White House Were Appropriate

By ELLEN JOAN POLLOCK

Staff Reporter of THE WALL STREET JOURNAL  
WASHINGTON — Treasury General Counsel Jean Hanson described her discussions about Whitewater with White House aides as "entirely appropriate and necessary," and said the inconsistencies between her testimony and that of Deputy Secretary Roger Altman were "irrelevant."

But several current and former officials of the Resolution Trust Corp. told the Senate Banking Committee that when Mr. Altman was temporary head of the RTC, the agency was strongly influenced by the Treasury. And former RTC official William Roelle told senators that he had cautioned Ms. Hanson that information about criminal referrals involving the failed Arkansas thrift at the heart of the Whitewater controversy shouldn't be disseminated.

Congressional investigators are scrutinizing several meetings Ms. Hanson had with White House staffers, and her recollections about some of those contacts differ from those of Mr. Altman and Treasury Secretary Lloyd Bentsen. Yesterday she said those differences were innocent ones, partly due to memory lapses. But she also acknowledged that when Mr. Altman appeared before the Banking Committee on Feb. 24, she was immediately aware that some of his testimony was "incomplete."

## Hanson Defends Altman

Mr. Altman has repeatedly come under attack for his role in the Whitewater affair, with some senators calling for his resignation. But Ms. Hanson came to Mr. Altman's defense, and expressed chagrin that much of the criticism was based on reported inconsistencies in their accounts.

She said that "each of the conversations between White House and Treasury officials at which I was present served a legitimate government purpose." And Ms. Hanson and the RTC officials repeatedly said that nothing was done to impede the investigation of the Arkansas thrift.

But Ms. Hanson gave the committee some ammunition to use against Mr. Altman when he testifies today. She said, for instance, that at his Feb. 24 hearing, Mr. Altman didn't fully read answers that had been prepared for him about his meeting with White House officials on Feb. 2.

There also was plenty of evidence that the committee will deal harshly with Mr. Altman when he testifies today. Democrats and Republicans expressed anger that Mr. Altman hadn't answered their questions completely, when he testified before the committee on Feb. 24. "The fact of the matter is, Mr. Altman didn't tell this committee the truth," said Pete Domenici (R., N.M.).

Particularly troublesome to the committee was Mr. Altman's failure to disclose meetings that Ms. Hanson and another Treasury aide had with White House Counsel Bernard Nussbaum the previous fall. And when he told the senators about his Feb. 2 meeting with White House aides, he said he had discussed only statute-of-limitation issues affecting the investigation of Madison Guaranty Savings & Loan. He didn't mention that he also had discussed the possibility of recusing himself from Madison matters.

Ms. Hanson said that although she was sitting behind Mr. Altman as he testified, she didn't try to correct him because, "I didn't think there was anything I could do about it."

Republican Sen. Phil Gramm of Texas questioned why a March letter from Mr. Altman that was meant to supplement his Feb. 24 testimony failed to mention the recusal issue. Ms. Hanson said she wasn't able to check for omissions in Mr. Altman's testimony because she didn't have a transcript until after she was subpoenaed by the Whitewater prosecutor and withdrew from the case.

Mr. Altman isn't likely to get enthusias-

tic support even from Democrats when he testifies today. Mr. Altman's Feb. 2 White House briefing "still strikes me as excessive and even strange," said Sen. John Kerry, a Massachusetts Democrat.

On Cable Network News yesterday, Mr. Altman said: "There was never any intent to mislead the committee." He added that his testimony today "will prove convincingly that I did testify forthrightly." Mr. Altman also said that he doesn't plan to resign.

In her testimony yesterday, Ms. Hanson said she briefed Mr. Nussbaum about press inquiries involving the Madison thrift at Mr. Altman's request, although he doesn't remember this. Ms. Hanson told the committee that it was necessary for her to brief Mr. Nussbaum so that he could deal with press questions "intelligently."

Much of the hearing yesterday focused on Mr. Altman and what he told the White House about the RTC's investigation of Madison. Four RTC officials painted a picture of Mr. Altman scurrying to keep Clinton aides apprised of so-called criminal referrals involving Madison. The Clintons were partners in the Whitewater real-estate venture with Madison's former owner.

The RTC officials were asked about a earlier deposition by White House aide Harold Ickes that Mr. Altman had informed the White House on Feb. 2 that the RTC was unlikely to be prepared to file civil suits involving Madison before a statutory deadline expired on Feb. 28. Republican senators argued that the revelation of the status of the RTC probe gave Mr. Clinton — and possibly others involved in the Whitewater affair — an unfair advantage in the Madison investigation.

## Hanson Contradicts Ickes

Ms. Hanson yesterday contradicted Mr. Ickes's testimony. She said that Mr. Altman merely told White House aides that it was "unclear when the investigation was going to be completed but it certainly would be completed by Feb. 28," when the statute of limitations was set to expire. President Clinton later signed a law extending the statute of limitations.

RTC General Counsel Ellen Kulka testified that Ms. Hanson, at Mr. Altman's behest, had asked her to brief Mr. Clinton's personal lawyer about statute-of-limitation issues affecting the Madison investigation. Ms. Kulka said that she declined, and told Ms. Hanson that she thought it wasn't an appropriate time to be talking with Mr. Clinton's lawyer.

RTC Communications Director Stephen Katsanos testified that he had been asked by Treasury press aide Joan Logue-Kinder to tell Hillary Rodham Clinton's press secretary, Lisa Caputo, about press inquiries involving Mrs. Clinton. He said he did so only because "I was concerned about my long-term employment safety." Ms. Logue-Kinder said yesterday that she had merely asked Mr. Katsanos to contact the White House about a press inquiry the Treasury couldn't answer. She said that Mr. Katsanos's concern was "preposterous" because she hadn't any control over his employment.

Democrats emphasized that despite the repeated contacts between Treasury aides and the White House, the course of the Madison investigation wasn't changed. They repeatedly asked the panel of RTC officials whether Mr. Altman or anyone else had sought to influence the outcome of the Madison investigation. Each answered no.

Mr. Roelle also was questioned by Sen. Kerry about a contact between RTC officials and the Bush White House in late 1992. He said that shortly before the presidential election, the RTC received inquiries about the investigation from Mr. Bush's White House counsel, C. Boyden Gray, indicating the GOP administration likewise had contacts with the independent RTC.

Mr. Gray couldn't be reached for comment yesterday.

— Jackie Calmes and David Wessel contributed to this article.

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## Elephant in Corner

While Roger Altman may be the last to understand, everyone else sees he's the designated fall guy in Whitewater, the Friend of Bill thrown off the back of the sleigh to allay the pursuing wolves. So when he appears before the Senate Banking Committee today, both Republicans and Democrats will be swimming over the various discrepancies and inconsistencies in his statements and contacts on the Resolution Trust Corp.'s handling of the case against Madison Guaranty and Whitewater. But will anyone notice the elephant in the corner?

To wit, Mr. Altman, how did you ever end up running the RTC in the first place? It's supposed to be an independent regulatory agency, and you are a political appointee at the Treasury. An independent regulator inevitably will and probably should be sensitive to an incumbent administration, but his first loyalty is to the mission of his own agency. This will not mix with your first loyalty, to the success of the President and his policies. Your tenure at the RTC was a conflict of interest waiting to happen, as it did in spades.

The history of Mr. Altman's dual role is worth recounting. Indeed, it tells more about the subversion of the regulatory process than Senators are likely to divine in the bones of his diary.

When the Clinton entourage arrived in town, the RTC was in the very capable and highly independent hands of former airline executive Albert Casey. He had managed to unload huge hunks of assets from seized S&Ls, to the great benefit of the economic recovery. He planned to close the agency by the end of 1993, folding any remaining problems into the FDIC; he branded as "obscene" the agency's \$1,000 lawsuits seeking retribution for S&L losses from their directors, their accountants and their cousins and aunts. Others, starting with Banking Chairman Don Riegle and Rep. Bruce Vento had different ideas. So there were some scandals about what the RTC paid Price Waterhouse in copying charges.

Days before President Clinton's inauguration, Mr. Casey submitted a letter of resignation effective when his successor was confirmed by the Senate. The RTC took the position that the agency could not function without a Senate-confirmed chief executive. But when Mr. Casey found no support in the administration and especially when Treasury Secretary Bentsen joined the copying-cost outcry, he resigned, remarking, "I feel that they want their own person in there."

When Mr. Casey departed in March, Deputy Treasury Secretary Altman stepped into the breach, temporarily, they said, until a new per-

manent chief executive could be found. In mid-July, the administration announced the selection of Stanley Tate, a Republican real estate developer from Miami. Mr. Altman's role was extended pending the nominee's confirmation, but Mr. Tate quickly became an object of controversy. He attended a meeting prematurely, it was alleged. "Whistleblowers" appeared to charge the agency was mismanaged, and Chairman Riegle demanded a plan to deal with their concerns. The veteran of the Keating Five and Chairman of the current investigation refused even to schedule confirmation hearings on the new nominee.

So at the end of November Mr. Tate withdrew. He said he'd compiled a 200-page book on what was wrong with the agency. But he said "very high-level" Treasury officials warned that he should issue only a brief withdrawal statement, or he "would be dragged through the mud." Mr. Altman's role continued. A Treasury spokeswoman said that it would take time to find a new nominee for the permanent slot: "We really weren't prepared with a backup list."

In December, interim CEO Altman brought in a new team at the RTC, John E. Ryan as deputy director and Ellen Kukla as chief counsel. In February, Mr. Altman said on television that a new nominee as permanent CEO would be put forth "shortly," but nothing happened. Someone determined that Mr. Altman could continue as interim CEO for 120 days following Mr. Tate's withdrawal, and this period expired on March 30, 1994. Mr. Ryan,

already handling the agency's day-to-day affairs, took over completely with Mr. Altman's official departure.



Don Riegle

Mr. Ryan, "who will carry the title 'acting' CEO, can serve in that position indefinitely, a Treasury Department spokesman said. No Senate confirmation is required, he said, adding Treasury has no timetable for nominating a permanent CEO," the Dow Jones Ticker reported. As we explained yesterday, Mr. Ryan is one of the most important regulators who approved BCCI, and later left to work for a law firm with suspicious connections. Now he runs the supposedly independent RTC without benefit of Senate confirmation.

All this while, of course, the RTC has been dealing with a criminal complaint listing the President of the United States and the First Lady as possible witnesses in a case against their former friend and business partner. Was there undue influence? Do we really need to deconstruct Mr. Altman's diary to decide that? Nothing in its details is likely to be as compelling as what we already see on the face of the matter.



Roger Altman

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# Treasury could se sticks with her Whitewater story

By Judy Keen  
and Dennis Cauchon  
USA TODAY

The Treasury Department's top lawyer was attacked by Senate banking committee Democrats and Republicans Monday for failing to quickly correct errors in earlier Senate testimony by one of her bosses.

Treasury counsel Jean Hanson's testimony is key to Congress' Whitewater investigation because she has contradicted versions of events related by Treasury Secretary Lloyd Bentsen and Deputy Secretary Roger Altman.

Hanson was sitting behind Altman on Feb. 24 when he told the committee he'd had only one substantive contact with the White House about the probe of Madison Guaranty Savings & Loan, owned by the Clintons' Whitewater partner, James McDougal.

Altman failed to mention several other White House contacts and the full content of the Feb. 2 meeting he did disclose — omissions Hanson says she

knew of as he spoke.

"If you're sitting there and you have the information and it's withheld, that is not proper in my view," Sen. Donald Riegle, D-Mich., the committee chairman, told Hanson.

Hanson said she had "fully expected" Altman would correct his testimony.

The Clinton administration was relieved after last week's Whitewater appearances by White House aides ended with few fireworks. But the credibility of Hanson and Altman is taking a beating as the focus shifts to their conduct.

Sen. Barbara Boxer, D-Calif., after Hanson told why it took so long for Altman to correct his testimony, said, "I think that is a tortured answer."

Sen. Alfonse D'Amato, R-N.Y., said Hanson's explanation for how much information the Treasury passed to Clinton aides "is so distorted it is not worthy of belief."

Altman will be grilled today on whether he testified honestly when he said Feb. 24:

► He and his staff had only



ON THE HILL: Treasury Department counsel Jean Hanson, with lawyer Harvey Pitt, came under fire Monday at Senate hearings.

one substantive contact, on Feb. 2, with the White House. While up to 40 contacts have been reported, Altman says he didn't know of them on Feb. 24.

► On Feb. 2, he discussed only the deadline for suits involving Madison. It's now known he also discussed with White House aides whether he should step aside.

Monday, Hanson said she told Bentsen about the Madison probe soon after she learned of it — contradicting Bentsen's statements he learned of it in newspaper reports in October.

She also stuck with her story that Altman told her to brief the White House about the probe. Altman says he did not.

But she defended their actions as appropriate and their

flawed memories as understandable: "Frankly, the differences here are not important ... because no one, not me, not anyone at Treasury and no one at the White House attempted to interfere" with the probe.

Also Monday, former regulator William Roelle testified he gave information to Hanson about the Madison probe with a plea it remain confidential.

Hanson said she told the White House three days later because she expected leaks to reporters.

Roelle, a former official in the Resolution Trust Corp., also said the Bush administration sought information about the Madison probe in 1992.

Former Bush officials said they don't remember that.

## Altman's job may hang in balance

By Dennis Cauchon  
and Judy Keen  
USA TODAY

Deputy Treasury Secretary Roger Altman says he doesn't plan on being the "fall guy" for the Clinton administration on Whitewater.

He may not have a choice. Altman makes a dramatic effort to save his job today when he testifies to the Senate Banking Committee.

He'll meet an angry group of senators who think he lied to them on Feb. 24 when he testified about Whitewater.

For Altman, 47, a millionaire Wall Street executive, it may mean the end of a promising political career. Altman had been considered a possible successor to Treasury Secretary Lloyd Bentsen.

The White House says Altman is not doomed yet. But top aides say he must restore his credibility with Congress in hearings this week.

Altman isn't going to go without a fight. He insists he did nothing wrong.

"We now know that there was nothing unethical and nothing unlawful that was done," Altman said on CNN Monday. "There's no reason

to step aside."

Altman is the No. 2 official at Treasury, but his influence has extended far beyond his department.

He ran the White House "war room" in the successful effort to win congressional approval of Clinton's economic plan in 1993. He's also been a major force in health care and the North American Free Trade Agreement.

He has a long relationship with President Clinton. The two were classmates at Georgetown University. Clinton has considered vacationing at Altman's 500-acre cattle ranch in Wyoming.

During the campaign, Altman raised large amounts of money for Clinton.

But recently, the White House has downplayed his friendship with Clinton. Aides say he's never been invited to the White House to watch a movie and lost contact with Clinton after college.

Altman works in a big office in the historic Treasury building shown on the back of the \$10 bill. Its location: 1500 Pennsylvania Ave., next door to the White House.

He's known to be abrupt and condescending at times.



By Denny Johnston, AP  
ALTMAN: Deputy Treasury secretary testifies today

Other times, he's charming and witty. But he's always hard-working and ambitious.

Altman never wanted the job that may do him in: temporary head of the Resolution Trust Corp., which handles failed savings and loans.

The law requires the deputy treasury secretary to run the RTC if a vacancy exists.

Altman wanted to withdraw from the Madison S&L case. But he changed his mind after meeting with the White House Feb. 2. White House Counsel Bernard Nuss-

baum, who helped change his mind, resigned in March because of Whitewater.

Republicans say Altman lied to the Senate when he testified Feb. 24 that he'd had only one contact with the White House about Whitewater. Even at the meeting he described, he failed to be forthright about what was discussed, the senators say.

White House aide John Podesta called Altman March 1 to express concern about the omissions, but corrections weren't made until three weeks later, after they became known publicly.

"Altman deliberately failed to tell the full details," said Sen. Phil Gramm, R-Texas. "He didn't dare to open a Pandora's box."

Despite his problems, Altman has kept working.

"It's very interesting about Roger," says Robert Rubin, Clinton's top economic adviser. "Roger has obviously got to prepare for his testimony."

"But he was with us ... (Wednesday night) until 11 o'clock (at) a gathering of administration people who are trying to think through the next couple of years. ... He's remained fully involved."

But others feel that any health care measure that passes will be labeled a Clinton achievement, giving Democrats a huge partisan boost in this election year. "If health care passes, then gridlock is broken and Clinton wins," says GOP pollster Bill McInturff, who has been advising Republican leaders on the issue. "But if it doesn't, then Democrats who argue that it will hurt Republicans are crazy, because it's their president and their issue."

Among those who are believed to be determined to resist Democratic pressure is House whip Gingrich. "If we can't get market-driven reform we will oppose anything being done this year," Gingrich told other party leaders at a strategy session last week, according to one participant in the meeting.

(Optional add End)

On the television program, Republicans complained that the Democrats were in too much of a hurry to push health care legislation through before the Congress leaves for its summer recess in two weeks. "You are bound to do very dumb things when you legislate in such a hasty manner," Gingrich said. Other Republican lawmakers on hand were Oregon Sen. Bob Packwood, and Florida Sen. Connie Mack.

Packwood pointed out that some provisions of Democratic reform proposals would not go into effect until the next century. "If we aren't even going to implement some provisions for eight years why can't we wait five weeks to vote?" he asked.

Mack said that many of the elderly citizens in his state were concerned about Democratic proposals to cap spending on Medicare. "What they are afraid about is that when you put a cap on how much can be spent somebody has to give up something. What we are talking about is the potential damage that can be done to the best health care system in the world."

End

### Treasury Counsel's Testimony Contradicts Boss on Whitewater (Washn) By Sara Fritz and Michael Ross= (c) 1994, Los Angeles Times=

WASHINGTON The Treasury's top lawyer admitted Monday that she knew Feb. 24 that her boss, Deputy Treasury Secretary Robert C. Altman, was giving inaccurate testimony to Congress about his Whitewater-related discussions with the White House. But she did nothing to correct him.

In testimony before the Senate Banking, Housing and Urban Affairs Committee, Treasury General Counsel Jean Hanson appeared to take responsibility for Altman's failure to fully inform the panel about his discussions with the White House. Nevertheless, her admission only fueled charges that Hanson and Altman had acted improperly.

Altman, an old friend and former classmate of the president, is scheduled to be questioned by the committee Tuesday about his failure to testify fully in February about the extent of discussions between Treasury and White House officials after he learned that President Clinton and first lady Hillary Rodham Clinton had been named as possible witnesses in the investigation of a failed Arkansas savings and loan.

Treasury officials had recognized that word of the investigation by the Resolution Trust Corp. was sure to be embarrassing for the Clintons because they had been partners with James B. McDougal, owner of the S&L, in an unprofitable real estate venture called Whitewater Development Corp. The RTC was looking into allegations that money from McDougal's Madison Guaranty Savings & Loan had been diverted to Whitewater.

Hanson, a former aide to the Clinton family, testified that she did not know anything wrong when it seemed that Altman was giving accurate testimony.

connection with an investigation. She also downplayed as "not significant" the differences between her recollections and those of Altman about contacts with the White House.

But Democrats as well as Republicans criticized the Treasury's decision to alert the White House and Hanson's failure to correct Altman's testimony.

Committee Chairman Donald W. Riegle Jr., D-Mich., who until now has defended the administration's actions, severely admonished Hanson for failing to correct Altman's testimony if not at the Feb. 24 hearing, at least in the days that followed.

Earlier in the day, former RTC official William Roelle testified that he told Hanson in late 1993 that the president's name was mentioned in letters from the RTC to the Justice Department regarding possible criminal conduct by Madison owners. He said he warned her that the information was confidential. He told the committee that she should not have shared it with the White House.

Members of the Senate committee agreed with Roelle. Democratic senators as well as Republicans rejected Hanson's assertion that she needed to tell the White House about it because the president's aides needed to be prepared for press inquiries.

Hanson replied that it never occurred to her that contacts with the White House later would be viewed by the president's critics as evidence of a possible coverup. She emphasized that the administration took no action to interfere with the inquiry after learning about it.

"I have no doubt about the propriety of my actions," Hanson said. "I have no reason to doubt the propriety of anyone else's actions."

After learning about the RTC investigation from Roelle, Hanson said that she alerted Altman, who was then serving in the dual role of RTC chief executive officer and deputy secretary of the treasury. At Altman's direction, she said, she also told chief White House Counsel Bernard Nussbaum that the president had been linked to the investigation.

In all, Treasury and White House officials had as many as 40 contacts about the RTC investigation between September 1993 and February 1994. Among them was a meeting

Feb. 2 by Altman and Hanson with White House officials. The deputy treasury secretary discussed his subsequent decision to disqualify himself from dealing with the Madison investigation at that meeting.

When Altman was called to testify before the Senate Banking panel about RTC matters on Feb. 24, Hanson accompanied him and sat in a chair behind him while he fielded questions.

When the committee asked him whether Treasury officials had discussed the Madison case with the White House, Altman mentioned only the Feb. 2 meeting. He did not acknowledge any of the other Treasury contacts nor did he tell the committee that during the Feb. 2 meeting he had discussed the issue of disqualifying himself.

Hanson said she was aware of the omissions but she decided to say nothing. "Without discussing the matter with Mr. Altman and others at Treasury, I did not believe that I could suggest to Mr. Altman on the spot that he change his response," she said.

(Optional Add End)

Democrats sought to defend the propriety of the White House-Treasury contacts by emphasizing that Republicans had asked the RTC about the Madison inquiry. They also pointed out that the White House had been told by the RTC that the investigation was ongoing. They also pointed out that the White House had been told by the RTC that the investigation was ongoing.

case and the Clinton connection to it. When Casey asked what he could tell Gray, Roelle said he told Casey that "it would be inappropriate to discuss it with the White House."

"Mr. Casey said 'OK, I'll tell them that,'" Roelle recalled.

# Contacts called 'inappropriate'

Federal regulators testified during Whitewater hearings yesterday that White House officials were given highly confidential information about an ongoing government investigation of an Arkansas thrift tied to President and Mrs. Clinton despite pleas by the regulators that briefings would be inappropriate.

William Roelle, a former senior vice president and chief financial officer at the Resolution Trust Corp. (RTC), told the Senate banking committee he had "no idea" why briefings between White House and Treasury Department officials went forward after warnings that they violated RTC policy.

During questioning by Sen. Connie Mack, Florida Republican, Mr. Roelle said he specifically told Treasury General Counsel Jean Hanson — who first briefed the White House on the RTC probe — during a Sept. 27, 1993, conversation that "it would be inappropriate to discuss it with anybody."

"I thought that these things should be kept confidential, and the best way to do that was not to discuss them," Mr. Roelle said during the second day of Senate Whitewater hearings.

Two days later, Mrs. Hanson personally relayed the confidential information on the RTC refer-

als to Bernard W. Nussbaum, then White House counsel. Records show she told Mr. Nussbaum the Clintons had been listed as "potential witnesses."

John E. Ryan, RTC's acting chief executive officer, also acknowledged that the agency's investigation of Madison Guaranty Savings and Loan Association was handled differently than others — despite claims by Deputy Treasury Secretary Roger C. Altman, the RTC's former boss, that the case was handled "the same as any other case."

Asked by Sens. Pete V. Domenici, New Mexico Republican, and Richard C. Shelby, Alabama Democrat, if the RTC handled the Madison case similarly to others, Mr. Ryan said: "I would agree it was not in certain respects."

Mr. Ryan also confirmed that Mrs. Hanson, in relaying a message from Mr. Altman, had asked the RTC to brief the president's personal lawyer, David Kendall, about the Madison investigation.

"I was surprised at the request and disgusted with the general counsel," Mr. Ryan testified. He told the committee the request was "premature" and "highly unusual."

Ellen Kulka, the RTC general counsel who emerged during five hours of testimony as a tough lit-

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gator, confirmed she had been asked by Mrs. Hanson to brief Mr. Kendall but declined to do so.

"I told Mrs. Hanson that I didn't think this was the appropriate time to do it," Mrs. Kulka said. "And that I thought at the appropriate time we would certainly enter into those discussions with attorneys for any possible defense."

During a Feb. 2 meeting, Mrs. Hanson said Mr. Nussbaum showed concern — even raising his voice — that Mr. Altman would recuse himself from the Madison case, as he had threatened, and

save Mrs. Kulka, whom he described as a "tough lawyer," in charge of the matter.

Mrs. Hanson, who repeatedly told committee members she could not recall many of her specific actions and conversations about the RTC probe or the White House contacts, testified that Mr. Altman told her to advise the White House about the RTC referrals after the information had been given to her by Mr. Roelle.

"Mr. Roelle summarized the referrals and said that President and Mrs. Clinton were mentioned as possible witnesses," she said. "I reported this conversation to Mr. Altman, who tasked me to advise Bernard Nussbaum."

Mr. Altman, whose resignation has been sought by some committee Republicans, has said he does not recall giving Mrs. Hanson any instruction to inform the White House, and does not believe he did. The dispute is expected to resurface during hearings today.

Mrs. Hanson described the different recollections as "insignificant."

Mrs. Hanson's sometimes nervous testimony was challenged by both Republicans and Democrats after she admitted she knew Mr. Altman that misled the banking committee during hearings in February on the number of White House-Treasury contacts and did nothing to correct the record.

"If you're sitting there and you have the information and it's withheld, that's not proper in my view," said committee Chairman Donald W. Riegle Jr., Michigan Democrat.

Sen. Barbara Boxer, California Democrat, also challenged comments by Mrs. Hanson that she gave confidential RTC information to the White House because of pending media leaks. Mrs. Boxer said there was no "governmental reason" to pass on the information on those grounds.

The Senate Banking, Housing and Urban Affairs Committee is looking into suspected improper White House-Treasury contacts over the RTC's Madison investigation.

Yesterday, the panel also heard from Stephen Katsanos, director of the RTC's office of corporate communications. The committee's hearings continue today with Treasury officials: Mr. Altman; Joshua Steiner, Treasury Secretary Lloyd Bentsen's chief of staff; Dennis Foreman, deputy general counsel; Jack DeVore, former assistant secretary for public affairs; and Benjamin Nye, special assistant to Mr. Altman.

Mr. Altman, whose veracity and credibility have been questioned by some Clinton administration officials and in news leaks about the White House-Treasury contacts, said yesterday he does not intend to resign and will prove during his testimony that he did nothing illegal or unethical.

A longtime friend and confidant of the president's, Mr. Altman said two investigations — one by special counsel Robert B. Fiske Jr. and another by the Office of Government Ethics (OGE) — had cleared him of any wrongdoing. He said suggestions by Republicans that he leaked "insider" information to the White House about the RTC investigation and its ties to the Clintons were "categorically false."

"We're not perfect. We made mistakes, but nothing unlawful occurred and nothing unethical occurred and I think that is bottom line," Mr. Altman told CNN. He said he saw "no reason to step aside."

The OGE said an investigation had shown that no Treasury employee violated ethics rules in the White House contacts, although the report suggested that too much confidential information had been turned over.

Results of the OGE inquiry were released Sunday afternoon in an unusual press briefing by Mr. Bentsen.

Sen. Christopher S. Bond, Missouri Republican, challenged the OGE findings, saying investigators did not have "all of the information we have" and did not interview members of the White House staff or the president.

"It expressly excludes any comment on White House officials' ethics," Mr. Bond said. "It relies on some technicalities and some debatable assumptions. Many of the contacts detailed in the report are troubling, and I think that troubling nature is something we have to address here."

Mr. Bond noted, however, that despite White House claims that the briefings were solely in response to media inquiries about the RTC investigation, the OGE report said "the fact information has been leaked would not cause an agency to consider the information to have lost its non-public character."

He said the report concluded the RTC's disclosure policy may have been violated by the briefings "if information regarding a criminal referral was discussed without the necessary authorization."

"The thing that further calls into question this report is that having made the very clear principle that a leak to the press or a potential leak does not justify disclosure of non-public information, it then proceeds to justify the discussions between the Treasury and the RTC on the basis there was an impending leak to the press," Mr. Bond said.

"No disrespect to my friends from Pennsylvania, but this gives a Philadelphia lawyer a bad reputation," he said.

Sen. Lauch Faircloth, North Carolina Republican, challenged testimony by White House officials last week before the House banking committee. The officials, including White House Counsel Lloyd N. Cutler, said the briefings — which began in September 1993 — were the result of efforts by administration officials to solely respond to media inquiries.

Mr. Faircloth said testimony by Mr. Roelle to congressional investigators showed there had been no media inquiries of the RTC about the Madison referrals in September 1993, and "no indications that a press leak was imminent."

"Does the RTC usually brief people named in criminal referrals if the RTC thinks there be a chance that there may be a press leak? Is this normal procedure?" he asked Mr. Roelle.

Mr. Roelle said "no." He said he was not aware of any other RTC inquiry where briefings were authorized because of the possibility of media leaks.

Madison's owner, James B. McDougal was a partner with the Clintons in Arkansas' Whitewater Development Corp. Madison was seized by federal regulators in 1989 at a cost to taxpayers of \$50 million.

The Washington Times • TUESDAY, AUGUST 2, 1994

## There's no special rule for Whitewater hearings

There has been a great deal of erroneous comment in the media about the House Banking Committee's conduct of hearings in the so-called Whitewater affair.

As for complaints about the limited scope of the hearings, this is governed by House Resolution 394, H.R. 394. I noted my objections in a June 17 letter to House Speaker Tom Foley, when I questioned the limited scope of the hearings. H.R. 394, which passed 408-15, requires that the hearings "not interfere with the ongoing investigation" of Independent Counsel Robert Fiske. Regarding the five-minute time constraint, the House Banking Committee has conducted numerous high-profile hearings on other matters under the same rule of the U.S. House of Repre-

sentatives, without complaint or objection from anyone.

The purpose of the five-minute rule is to guarantee full participation by all members of the 435-member House, and the 51-member Banking Committee. It prevents senior members from taking all the time, and also prevents domination of the time by either side of the aisle. The five-minute time limit is standard in House debate. A member can get additional time by unanimous consent, or by asking someone else to give up some or all of his or her allotted time. To put it simply, the Rules of the House (Rule 16(j) (2)), require committee hearings to proceed under a five-minute rule, which is mandatory for all committees and cannot be waived.

The Chair did not invent, impose

or design a special rule for conduct of the Whitewater hearings. Members who claim this know they are wrong, and observers who believe it are simply misled. I have carried out this rule for past hearings and will continue to do so in future hearings.

Rule 16(j) (2) states: "Each committee shall apply the five-minute rule in the interrogation of witnesses in any hearing until such time as each member of the committee who so desires has had an opportunity to question each witness."

**HENRY B. GONZALEZ**  
Chairman  
Committee on Banking, Finance  
and Urban Affairs  
U.S. House of Representatives  
Washington

## Job Corps gives disadvantaged young people real opportunities

Let's set the record straight on Job Corps ("Job Corps successes doubted by senators," Federal Report, July 19). Job Corps works. A winning, time-tested program, Job Corps touches the lives of 60,000 severely disadvantaged youth every year. It succeeds in a way no other program does — public or private — to turn around those who need the greatest help. It succeeds in a way no other program does — public or private — to turn around those who need the greatest help. And it does this in a cost-effective manner.

Since 1964, Job Corps has guided more than 1.5 million young people — mostly high school dropouts with few prospects of success — away from the anguish of poverty, unemployment and crime. It has replaced their desperation with job skills, gainful employment and hopeful futures.

Despite this documented record of successes, there has been a move to block President Clinton's proposed expansion of Job Corps. Two members of the Senate would like to freeze spending and turn away thousands of young people who want the chance for a fresh start. They contend that the program is not achieving positive results. Here are the facts:

■ Dropout rates: Job Corps is a comprehensive, residential program that sets the same tough stan-

dards demanded for success in life. Given the participants' backgrounds, it should come as no surprise that about one-third withdraw during the first three months because of the strict discipline and behavioral codes.

■ Placements: Participants in the program have a high chance for success. About 65 percent of Job Corps students are placed in jobs or enrolled in full-time education, ultimately becoming productive, contributing members of the work force.

Nearly 40 percent of Job Corps placements are in jobs directly related to the training, according to 1992 data. If a young person gets more education or advances in another field, their training is still a success. And Job Corps participants earn an average of 15 percent more per year than their peers — gains which hold steady for at least four years.

■ Salaries: The average salary of a Job Corps center director is \$59,000 a year. The high salaries alleged are actually the total incomes of chief executives of major corporations that have contracts to operate Job Corps centers along with other businesses. In fact, Job Corps pays only a limited, prorated share of these executives' salaries.

■ Costs: The upfront costs of Job Corps are far exceeded by the returns. It costs an average of

\$21,000 a year per student for training, counseling, housing, medical expenses and general living costs. That is far less than the economic and social costs of welfare and incarceration.

The real test is whether taxpayers get back more in benefits than they invest in the program. Economists at Mathematica Policy Research concluded that Job Corps increased the earnings and employment rates of participants, producing a \$1.46 net lifetime return on every public dollar invested.

The bottom line is this: Job Corps successfully serves a group of young people few other programs even target — disadvantaged young people who have little education, low rates of employment and poor economic prospects — young people who are seriously at-risk of permanently falling between the cracks of society.

For 30 years, Job Corps has been proving — one person at a time — that firm, intensive and caring guidance pays off. We should not rob thousands of young people of the last real chance they may have to become productive members of society.

**DOUG ROSS**  
Assistant Secretary for Employment  
and Training  
U.S. Department of Labor  
Washington

# How to get rid of the Office of Government Ethics

By Mark Levin

The Office of Government Ethics (OGE) has become the bureaucratic equivalent of Rep. Henry Gonzalez's House Banking Committee—partisan and inept. As such, the OGE makes a farce of its mission, which is to implement and oversee ethics laws applicable to executive branch officials. It is time to abolish the office.

Recently the OGE released its conclusion that there were no ethical violations resulting from the multiple contacts between Treasury Department and White House officials. This finding comports with White House Counsel Lloyd Cutler's testimony before the House Banking Committee, during which

Mark R. Levin is director of legal policy at Landmark Legal Foundation.

Mr. Cutler said that OGE had assured him informally that it found no ethical violations.

Yet we learned a few short days ago that Treasury Secretary Lloyd Bentsen sent copies of interviews from his inspector general's ethics investigation—which related to the Treasury-White House contacts, among other things—to Mr. Cutler, the president's counsel. Mr. Bentsen sent the information to Mr. Cutler the weekend before congressional hearings began so the White House could use the interviews to prepare its testimony.

The law is clear. All inspectors general are to be free and independent of political influence or interference. The provision of sensitive IG investigative information by Mr. Bentsen to Mr. Cutler—prior to its release to an investigative committee of Congress or the public—is another Treasury-White House contact that may have compromised

the integrity of an independent office. It is especially troublesome as it occurred after all the flak about prior Treasury-White House communications, and because Mr. Cutler failed to reveal it during his congressional testimony.

How serious is the Bentsen-Cutler conduct? Sherman Funk, who served as inspector general at the Commerce and State Departments, said the release of the interviews during an ongoing investigation was "totally inappropriate."

Mr. Funk stated further that "[t]he whole purpose of the IG is their independence, and if their independence can be questioned the very usefulness of the IG is impaired."

Did the OGE know about the Bentsen-Cutler conduct at the time it issued its report absolving all Clinton administration officials of ethical violations? Did Messrs. Bentsen or Cutler advise the OGE

of their information-sharing? Is it the rule of the OGE to accommodate Clinton administration witnesses and congressional Democrats by releasing their findings—albeit incomplete—just prior to the coming week's Senate White-water hearings, which are expected to focus on Treasury-White House communications?

Equally disturbing are the OGE's actions in handling the Clinton legal defense fund. Again, the law is clear. Executive branch officials, including the president and first lady, may not solicit gifts. Nonetheless, in late June the Clintons' lawyers announced the creation of the fund, which authorized its trustees to "raise funds and solicit donations..." The OGE reportedly gave the White House its "general" approval on the legality of the trust fund, although it did not do so in writing (such as a legal memorandum).

In response to heavy criticism about the obvious illegality of the defense fund, the Clintons' lawyers now claim that neither the Clintons nor the trustees will be soliciting

**Did the OGE know about the Bentsen-Cutler conduct at the time it issued its report absolving all Clinton administration officials of ethical violations?**

contributions. In other words, they will only be receiving and spending the hoped-for \$1 million to \$2 million in donations that miraculously appear in the mail.

ear give permitting the Clintons and their trustees to solicit donations to the legal defense fund, has now given its written imprimatur endorsing the fund as long as no donations are solicited. No doubt Oliver North wishes he had received such favored treatment when a federal prosecutor sought unsuccessfully to imprison him for accepting a mere security fence.

To create a legal defense fund that accepts donations is to solicit donations. The existence of the Clinton defense fund violates federal ethics rules, and no amount of dissembling by the Clintons and their super-expensive lawyers changes that fact.

The OGE has had ample opportunity during the course of the Clinton administration to demonstrate its seriousness and competence in even-handedly enforcing the ethics laws. Unfortunately, it is not only unreliable, but affirmatively partisan. It should be abolished and replaced with a real enforcement office—one with ethics.

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# Wrong on NAFTA, wrong on GATT

The growing battle over the General Agreement on Tariffs and Trade (GATT) promises to be a replay of last year's debate on the North American Free Trade Agreement (NAFTA). Most of the same people who opposed NAFTA also oppose GATT, while most who favor the one also support the other. All that's missing are the dulcet, pear-shaped tones of a certain populist billionaire from Texas, but sooner or later even he will probably show up and sound off.

One way to decide what you think about GATT might be to look at what the supporters and opponents of NAFTA said about it and then check out who was right and who was wrong. Since largely the same people are on the same side of both,

we can judge who's right on GATT by finding out who was right about NAFTA.

One of the main economic arguments against NAFTA was what Ross Perot called the "giant sucking sound" the loss of American jobs would cause as they flowed down the economic drainpipes to Mexico. As Mr. Perot kept pointing out, the Mexican government and the Big Business friends of



Samuel Francis

NAFTA loved to talk up all the cheap labor, low costs and other attractions of moving plants south of the border.

But once the national debate on NAFTA cranked up, their supporters suddenly shut up about

that. Go to Mexico? Us? Surely you jest. Who'd want to move factories to Mexico, where the labor is so unskilled and the infrastructure so backward? Remember the 293 economists trotted out by the NAFTA-crats to prophesy that the agreement wouldn't cost Americans any jobs?

Indeed, U.S. Trade Representative Mickey Kantor, to name only one, was explicit about the effects of NAFTA. In a column in the Wall Street Journal on Aug. 17, 1993, he wrote about the bonanza NAFTA would be for American workers in the automobile industry.

Mexican "tariffs on automobiles," he wrote, "were once 100 per cent. [U.S.] Car manufacturers had to build plants in Mexico to sell there."

"With NAFTA, those cars will be built here and the people who build them will have jobs."

Well, Mickey was right about one thing. The people who build the jobs all right. It's just that

under NAFTA those people aren't Americans after all.

On June 29, the Journal carried a front-page story titled "Detroit South" about what a bonanza NAFTA has indeed been—for U.S. car makers and their new Mexican employees. It focused on the new Chrysler plant being built at Saltillo, 190 miles from the Rio Grande, but that's not the only one.

"General Motors Corp. is building a new truck-assembly plant in Silao... Queretaro has become, almost overnight, a mecca for parts makers... Rockwell International Corp. is building a plant there to make window regulators... By 1995 Saltillo will have one of North America's bigger auto-making complexes, with two GM plants, the new Chrysler assembly plant and an existing Chrysler engine plant and several parts makers."

By 1998, the Journal reports, the auto industry in Mexico will add 50,000 jobs, mainly from U.S.

companies' investments there at the expense of American workers, and there may be 20,000 more Mexican jobs engendered by those jobs. "Every new plant," the Journal bubbles, "trains thousands of Mex-

**President Clinton tried to extract promises from U.S. auto makers that they wouldn't move plants to Mexico. Ominously, the companies wouldn't give such pledges. Now we see why.**

icans, nearly all of them new to factory work."

Last fall, as the NAFTA debate escalated and NAFTA's critics predicted this very result, President Clinton tried to extract promises from U.S. auto makers that they

wouldn't move plants to Mexico. Ominously, the companies wouldn't give such pledges. Now we see why.

Well, at least they didn't just plain lie, like Mr. Kantor, Mr. Clinton, Al Gore, Jack Kemp and most of the rest of the NAFTA-crats who snickered and sneered at the "giant sucking sound" and those who warned of it.

And how about all those economists who swore on a stack of free trade textbooks it would never happen? Here's one economist, Raymond Vernon of the Kennedy School of Government at Harvard, quoted in The New York Times last week in yet another front-page story titled "U.S. Corporations Expanding Abroad at a Quicker Pace." Says Professor Vernon, "The United States is simply not the lowest-cost producer in the world, and moving abroad to these countries [like Mexico and Thailand] is inevitable."

Indeed. That, if you'll recall, is precisely what we, the opponents of NAFTA, told you last year. Lots of people laughed, and lots of people didn't listen. Now we're telling you similar things about GATT. Maybe this time you'll pay attention.

# Reform as ray on the Hill

When in doubt about a name, the reform-minded Republican said, he refers to Democratic congressmen as "Mr. Chairman," guring that there are so many committees, it's a good bet the title will fit.

There are 266, counting subcommittees, House and Senate. Since Democrats head them, and here are 312 Democrats in Congress, Rep. David Dreier's bantering guess gets good odds.

He talked about it in the House, complaining of inaction on congressional reform legislation that would cut the number of committees as part of an effort to improve the way Congress operates.

Much of the legislation is inside tuff, procedural, parochial and easily shelved in the final weeks of Congress that has more compelling business at hand. Items like committee realignment, two-year budgeting and curbs on proxy voting don't mean a lot away from the Capitol.

But reform does, especially after ethics episodes like the House bank overdrafts. The reform issue took hold in the 1992 campaign, and is a challengers' theme again this year. All that helped get the Joint Committee on the Organization of Congress created in the first place, to draft changes that would make things work better.

After a year, 36 hearings and 240 witnesses, the panel proposed relatively modest changes for each branch, including one aimed at reducing congressional payrolls by about 12 percent over the next five years, to match reductions that are supposed to be made elsewhere in government.

There was to have been action early this year, but the reform package is stalled, in part because of other priorities, in part because changing the system has to affect somebody's powers, and the elders who have it don't yield it willingly.

There's something flattering about being addressed as "Mr. Chairman," even if it is because the other guy forgot your name. And it's more than a title because committees have staffs, and the chairman is the boss.

Politically, the best-selling item on the reform list is a measure that would make Congress subject to the laws it passes on employee rights, civil rights, health, safety—the whole array of requirements the government sets for private business.

That's a marketable issue, a sure-fire applause line since the 1992 campaign. Mr. Dreier said there's a guaranteed standing ovation for the congressman or candidate who tells the crowd Congress shouldn't be exempt from laws that cover everybody else.

So a bill on that score is likely to be approved, but separately, not as part of the reform package. That would strip away one of the selling points for the more technical side of congressional reform.

object to any provision that would subject Congress to regulation by the executive branch agencies that make the rules for private employers, on grounds that it would breach separation of powers.

To get around that problem, there would be separate compliance offices in Congress. So it still wouldn't be the system that covers everyone else. Even so, a compliance bill could put a popular reform vote on the congressional record before the Nov. 8 elections.

Republicans say they want more; seeing an issue in all this, they blame the Democratic establishment that controls Congress for inaction on broader reform efforts. "It is ironic that the majority leadership appears to be in favor of just about every kind of reform... except reform for the Congress itself," said Rep. Bill Emerson of Missouri, as House Republicans tried unsuccessfully to force action on the whole package in mid-July.

And there are Republican proposals for far more drastic changes in the name of reform—term limits, the balanced budget amendment, and item veto power.

Rep. Peter Hoekstra of Michigan is campaigning for a national referendum system so that voters could tell Congress what they want done on such matters. "Get ready," he told the House.

Improbable as that is, it has political appeal.

Walter R. Mears is vice president and columnist for the Associated Press.

## Court date for Hillary

On July 25, U.S. District Judge Royce C. Lamberth ordered first lady Hillary Rodham Clinton and her top health care aide, Ira Magaziner, to face trial in a civil suit charging the coverup of involvement by special interests in drafting the Clinton health care plan. The trial date is set for Sept. 12.

The specific legal issues before the bench are whether the first lady's health reform task force violated the Federal Advisory Committee Act by holding the meetings of her task force in secret and whether Mr. Magaziner perjured himself when he testified under penalty of perjury on March 3, 1993, that only federal employees

*Once Mrs. Clinton loses the lawsuit, the secret proceedings of the task force will be made public.*

were involved in the secret meetings.

The issues before the public are more important. They involve the first lady's candor, or lack thereof, and the White House's cynical manipulation of the public's health concerns in order to benefit special interests allied with the Clintons.

The Federal Advisory Committee Act requires task forces not wholly composed of federal employees to meet in public. When pressed by the Association of

American Physicians and Surgeons to comply with the law and open the meetings, Mrs. Clinton and her aides claimed that only federal employees were involved in the work of the task force.

This claim disintegrated when Kent Masterson Brown, attorney for the Physicians and Surgeons, presented Judge Lamberth with 37 pounds of evidence that Mrs. Clinton's task force had 357 members who were not federal employees.

On July 26 under pressure of the evidence, Mrs. Clinton's Justice Department lawyers abandoned the "federal employees only" defense. The new defense of the secret meetings is that the health care task force did not influence, and was not intended to influence, the content of President Clinton's health care reform plan. If the task force was not established by the president or utilized by him to obtain advice or recommendations, it is not covered by the Federal Advisory Committee Act.

What are we to make of Mr. Clinton's publicly expressed appreciation to the task force for its contribution to his health care plan if the work of the task force was not utilized by the president? Even more puzzling is Ira Magaziner's staffing memo of Jan. 26, 1993, a copy of which is in Judge Lamberth's hands. The memo clearly states that the goal of the task force "is to prepare comprehensive health care reform legislation in the next 100 days."

Mrs. Clinton, Mr. Magaziner and their Justice Department lawyers are driven to implausible argument by a desperate need to keep the public from finding out about the special interest groups that prepared the health care plan. Once Mrs. Clinton loses the lawsuit, the secret proceedings of the task force will be made public.

The opened files will expose the president and first lady to charges of public deception that will make Richard Nixon's transgression look mild in comparison. Hidden behind Mr. Clinton's promise of "universal coverage" paid for by employers and the federal government, special interests were working feverishly devising a scheme that would drive doctors out of private practice, terminate "fee for service" insurance policies, curtail the supply of medical specialists, and herd the public into impersonal, bureaucratic health care organizations that would save money by rationing medical services.

Among the lawsuits and investigations that threaten Mr. Clinton's presidency, there are no greater dangers than that the secret files of the health care task force will reveal a cynical president defrauding the public on behalf of special interests.

Paul Craig Roberts, a distinguished fellow of the Cato Institute, is a columnist for The Washington Times and is nationally syndicated.

The Washington Times • TUESDAY, AUGUST 2, 1994

## Woman with health insurance woes speaks at Clinton rally

By Jill Zuckman Boston Globe

JERSEY CITY, N.J. Carol Landry Billias is one of the real people that President Clinton likes to talk about when he talks about what is wrong with health care in America.

She also wants Congress to see how real her problems are, so she climbed aboard a bus in Boston on Sunday to travel to Washington to tell them. Monday, Billias, of Lynn, Mass., stood with Clinton at a rally here and shared her pain. She was asked to speak only at the last minute; not even her family back home knew she would be making news.

Billias described the difficult choice she and her husband had to make as their small business foundered during the recession paying the mortgage or paying the health insurance premium. They chose to keep their house.

Not long after, their health insurance was canceled. Then Billias was diagnosed with chronic hepatitis C, "a disease there is no getting out of," she said. That meant Billias has a pre-existing condition. No one wants to insure her, she said, and no one wants to insure her family.

A health insurance salesman told her she "was a burning house," and now her husband is afraid to be tested for the disease because that would mean he would be denied health insurance under the same pre-existing conditions labels.

"The system has really failed me," Billias said.

Billias was just one of more than 100 bus riders from the Northeast, each with a story, each eager to tell it. The caravan, which left Boston on Sunday, is expected to reach Washington Wednesday after stops in Philadelphia and Baltimore. It is sponsored by several unions as well as professional health advocacy groups.

Under a hazy August sky, Clinton came to Liberty State Park in the shadow of Manhattan and its Wall Street skyscrapers. To his left stood the Statue of Liberty and Ellis Island, to his right rested the "Health Security Express" buses. And before him stood several thousand people who came to clap for health care.

The day before, Hillary Rodham Clinton had come to Faneuil Hall to press her case for health care. And on Saturday, both Clintons visited Independence, Mo., the birthplace of President Truman, to remind people it has been 50 years since Truman first called for health insurance for all Americans.

Monday, Clinton spoke the same words he has been speaking for weeks: The rich can buy health care and the poor have Medicaid. Even prisoners are guaranteed health care, he said. But working Americans continue to risk losing the coverage they have and must bear the burden of paying for those who do not have insurance, he said.

But it was the real people with the real problems that Clinton said Congress must hear about.

Of Billias, he asked: "I think Carolyn is a real American and what is their answer to her?"

Other "real Americans" included Jean and Jim Quinn of Middleton, Mass. After Jim Quinn had worked for 28 years at Pan American World Airways, the company shut its doors on Dec. 4, 1991, a date he will never forget. With his job went the health and life insurance, and everything else the Quinns had counted on.

For Jean Quinn, a kidney transplant recipient, the loss of the health insurance is serious. She needs three life-sustaining drugs each day and she has a pre-existing condition now. Her husband works in a warehouse, but has no health insurance.

Riding the bus from Boston to Washington, she said, "I hope we can make a little bit of difference. It hurts so

bad."

Jim Quinn said he gets frustrated when he sees the politicians fighting over something that would mean so much to his family. Jean Quinn said it was ironic that the medical technology existed to give her the gift of life, "but you need the health care to maintain it."

Nancy Denofio, a writer from Manchester, Mass., has had multiple sclerosis since 1982. She was diagnosed the day her husband lost his job. Since 1986, Denofio has been legally blind, a result of the multiple sclerosis. She is a talkative and friendly woman who can not believe there are those who could oppose Clinton's efforts.

Those who do, she said, are deluding themselves. "I never thought

I was going to be told I would have MS. I never thought I was going to lose my eyesight," she said. "I thought I was going to be healthy for the rest of my life."

In particular, she is upset with Senate Republican leader Bob Dole of Kansas. "Everytime something good is said, Dole comes out and says something to down the administration," she said.

## Treasury counsel says deputy treasury secretary ignored her advice

By Bob Hohler Boston Globe

WASHINGTON The Treasury Department's top lawyer said Monday that embattled Deputy Treasury Secretary Roger C. Altman ignored her advice in February Senate hearings, when he failed to disclose fully his contacts with the White House on the Whitewater affair.

Jean Hanson, the Treasury's general counsel, told the Senate Banking Committee she could not explain why Altman, an appointee of longtime friend President Clinton, repeatedly omitted information about his White House contacts when senators questioned him in February.

Hanson said she had prepared written responses for Altman to questions the Senate panel was expected to ask, but that Altman disregarded them. Altman's omissions were reported several days later, prompting him to revise the sworn testimony he provided the committee.

Contradicting Altman, Hanson also testified Monday that he assigned her last September to inform the White House that the Resolution Trust Corp. was about to forward to the Justice Department criminal referrals that named the president and Hillary Rodham Clinton as potential beneficiaries of a possible criminal enterprise.

The Clintons were partners with the head of the Madison Guaranty Savings and Loan, James McDougal and his wife, in a failed real estate development called Whitewater.

Madison later collapsed, and questions were raised as to whether federally insured funds went to the investment or to retire a Clinton campaign debt.

Altman, as former interim head of the RTC, which was investigating the savings and loan debacle, has become the center of a political storm over contacts among the White House, Treasury and RTC over Whitewater, contacts the Senate and House banking committees are investigating. Amid calls for his resignation, he is scheduled to appear before the Senate panel Tuesday.

In network television interviews Monday, Altman defended his record, denouncing as "a wild, malicious and false charge" the assertion by Republican lawmakers that he provided "inside information" about the RTC's Whitewater investigation to Clinton's top aides.

At Monday's hearing, several senators attacked Hanson, who as the Treasury's general counsel had represented Altman and sat behind him during his February testimony.

"There were incomplete answers, one after another" to

the Senate panel "and you allowed that to go on," said Sen. Donald W. Riegle Jr., the committee's chairman. "You had an obligation to respond in real time."

Hanson said she had expected to consult Altman after the hearing and work with him to correct his testimony in supplementary letters.

"But the events of the next week overtook us," she said, referring to news reports that revealed Altman's omissions and word that Robert B. Fiske Jr., a special counsel investigating Whitewater, had issued subpoenas to White House and Treasury officials.

Meanwhile, under questioning by Sen. John F. Kerry, D-Mass., a longtime government regulator testified that an aide to President Bush had contacted the RTC six weeks before the 1992 election to inquire about Whitewater matters.

William Roelle, the RTC former chief executive officer, said C. Boyden Gray, Bush's White House counsel, sought information about the case in September 1992 and was rebuffed.

"So even in the Bush administration, this case was treated differently from other cases, was it not?" asked Kerry.

"Yes, sir," Roelle replied.

Roelle, Hanson and other witnesses painted a bleak picture of the RTC during the nationally televised hearing.

It was the RTC's inability to keep a secret that prompted Altman to tell Hanson to alert the White House about "imminent press leaks" of the criminal referrals, Hanson asserted.

She said Roelle told her the referrals, written at a regional office in Kansas City, "would be leaked to the press when they arrived in Washington which in fact did occur very close in time to Mr. Roelle's call to me."

Hanson's message was the first of an estimated 40 contacts between Treasury and White House officials on Whitewater, contacts that critics said created an appearance of impropriety.

A grand jury investigation by Robert B. Fiske Jr., an independent counsel appointed by the Justice Department to examine all aspects of the Whitewater affair, concluded that the contacts within the administration broke no laws. But Fiske withheld judgment on their propriety.

White House officials have said the contacts were necessary to permit the president to respond to media inquiries about the criminal referrals.

(EDITORS: STORY CAN TRIM HERE)

To the surprise of several senators, RTC officials acknowledged that their attempts at halting press leaks have been in vain.

John E. Ryan, the interim deputy chief executive officer of the RTC, described the corporation as "an information sieve."

Confidential information circulates freely, asserted Sen. Barbara Boxer, Democrat of California, who cited a daily newsletter that is distributed by the RTC's press officer to top administrators and district managers. She said the newsletter is nicknamed the "leak sheet."

The RTC became "highly politicized" under Altman's interim direction, with Hanson, the Treasury lawyer, effectively "running the legal department at RTC," Roelle said.

In such a climate, said Stephen Katsanos, the director of corporate communications, he was ordered by an aide to Altman no longer to mention the Clintons in his daily newsletter. He said he responded that he would do so only if Altman put the order in writing, which Altman did not do.

But Katsanos said he reluctantly complied with an order to inform Hillary Clinton's press office about media inquiries on Whitewater. Asked why he complied, he said he

was worried about his "long-term employment."

Ellen Kulka, the RTC's general counsel, said she declined a similar request from Altman, to brief the Clintons' private lawyers about the RTC's investigative procedures for Whitewater.

Kulka described the request as "startling," and Ryan said he was "disgusted" when he learned of the request.

Much of the RTC's problems sprang from Altman's double role as acting chief of the corporation and deputy Treasury secretary, according to several senators and former RTC employees.

"I think it probably is a bad idea to let someone serve in that dual capacity," Ryan said. "If we learned anything from all this, then we shouldn't repeat that mistake."

## Federal marshals sent to guard abortion clinics around country

By Ana Puga Boston Globe

WASHINGTON Attorney General Janet Reno said Monday federal marshals had been dispatched to guard some abortion clinics around the country, following last week's murder of a Florida doctor and his bodyguard.

Confirming weekend reports, Reno and other Justice Department officials declined to say how many marshals had been sent or where. Reluctant to fuel tensions between abortion rights supporters and foes, the department tried to mount the mission without attracting media attention, said a Justice Department source.

Abortion rights advocates, however, reported that marshals have been deployed to clinics in Texas, Kansas, Mississippi and Florida.

Meanwhile, abortion rights activists called on the Justice Department to intensify its investigation of clinic violence to determine if some recent acts represent a nationwide conspiracy.

The question is important because the Supreme Court ruled in January that in conspiracy cases, prosecutors may use federal anti-racketeering laws to sue militant protesters and collect damages for the clinics. Moreover, the Freedom of Access to Clinic Entrances Act, signed into law by President Clinton two months ago, makes it a federal crime to blockade or disrupt abortion clinics with violence or threats.

Revealing few specifics, the attorney general and other officials Monday indicated the department was investigating Friday's shotgun killings in Pensacola, Fla., of Dr. John B. Britton and his escort, James H. Barrett, to determine whether federal charges can be brought against Paul J. Hill, 40, a former minister charged in connection with the murders.

On the night of the Pensacola killings, a Falls Church, Va., abortion clinic was firebombed. No one has been charged in that case yet.

"We are trying to take all prudent steps ... using all federal tools in the best possible fashion, including the clinic access legislation, to appropriately address an issue of deep concern to this nation," Reno said.

It has not been decided whether federal or state authorities will prosecute Hill, an anti-abortion protester who had appeared on television advocating clinic violence.

Justice Department spokeswoman Julie Anbender confirmed marshals were dispatched over the weekend to clinics that have been subject to violence in the past or have received threats of violence.

"We aren't talking about how many or where, because

"We've been finding all kinds of stuff all over the runways," said Sgt. Michael Pate of the 438th Explosion Ordnance Disposal Unit.

The four-man team, which swept the area before the operation began, has picked up 60mm mortars, Czech- and Russian-made grenades, and 37mm projectiles scattered over the runway and areas where the Rwandan government army had fled.

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## **Rep. Leach slings more mud, gets tripped again by the facts**

**By Thomas Oliphant Boston Globe**

WASHINGTON Leach as in reach has done it again.

For three months, the Church Lady of Whitewater managed to stay out of the gutter, where intemperate mudslinging and posturing had properly put him, along with his fast-disappearing reputation for probity.

Last week's House Banking Committee hearings, however, were apparently too much of a temptation, for Republican Rep. Jim Leach of Iowa quickly reverted to his new persona of genteel character assassin. Fortunately as happened after a grotesque performance on the House floor in March he got caught empty and red-handed again, but his latest attempt provides ugly evidence of the disgusting spectacle Whitewater has become.

Leach tried to come as close as possible to suggesting without actually doing so that President Clinton obstructed justice in the non-scandal by tipping off another pol. The fruit of his perfidy was a front-page headline in The Washington Times last Thursday "Documents Hint Clinton Advised Tucker Of Probe." The headline was as phony as the story underneath it, but with Leach's connivance what happened was a classic example of the intersection between political mudslinging and the standards-free behavior of ideological and tabloid media outlets.

Leach made his move at the very end of last Tuesday's testimony by Lloyd Cutler, the White House special counsel. It was a slippery, evidentiary version of Tinkers to Evers to Chance except that it was in fact a hidden ball trick.

Leach claimed that handwritten notes of an associate counsel, Cliff Sloan, showed that on Sept. 30, he was informed by Treasury counsel Jean Hanson that Arkansas Gov. Jim Guy Tucker was a "subject" of the famous criminal referrals to the Justice Department by the Resolution Trust Corp.

Here, now, is how Leach spreads his poison: "According to the record, Mr. Sloan briefed (senior White House aide Bruce) Lindsey who briefed the president on the referral prior to the president's meeting with Mr. Tucker."

And here is how Leach implies what he doesn't know: "Insider notification of a possible mention gives a political figure more than

a PR heads up; it gives a political figure two options: one, to attempt to sidetrack an investigation; two, to frustrate an investigation by possible destruction of documents. Whether the first approach was implicitly undertaken, clearly it ... didn't work ... We do know that the president met with Jim Guy Tucker, which any lawyer who knew about this circumstance should have been compelled to advise the president not to meet."

Cutler warned Leach on the spot that direct testimony two days later would be to the contrary, but the poison had two days to spread.

Leach repeated his innuendo at the beginning of

Thursday's hearing and then got blown out of the water by the facts.

On top of the Sept. 30 conversation, Sloan's notes also include a jotting on Oct. 7 indicating he told Lindsey he had "additional information" for him; nor are Sloan's the only contemporary notes that bear on this matter. Bruce Lindsey's notes, while undated, show together with Sloan's that it was after Oct. 7 that Lindsey learned the RTC referral mentioned Tucker.

That is crucial, because the president's meeting with Tucker was on Oct. 6. In testimony on Thursday, Lindsey said that during a trip to California on Oct. 4 and 5, he only told the president of the RTC's "incidental" mention of the Clintons in the referrals and of press inquiries about them.

What is more, the White House submitted an agenda for the meeting with Tucker that contained no Whitewater mention, as well as a statement by an aide who attended the entire session that said no Whitewater conversation occurred which both Tucker and the president also adamantly insist.

With the facts on the record, Rep. Bill Orton, D-Utah, called Leach's charges as unfounded as they were outrageous. The Church Lady took umbrage, whining that "no allegation was made that anything was revealed."

Baloney. Once again, Leach has tried the smear to cover his lack of evidence. And once again, fortunately, he got caught.

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(Thomas Oliphant is a Washington columnist for the Boston Globe. Readers may write to him at the Boston Globe Washington bureau, 2000 Pennsylvania Ave. NW, Suite 3800, Washington, DC, 20006.)

power who might minimize the importance of the Holocaust. When, in 1985, President Reagan made the horrendous decision to visit the Bitburg cemetery, with its graves of dead SS members, and defended his decision by referring to victims on both sides in the Holocaust, Kissinger rose to defend the decision, noting that "one can point out that the president's record on the issue of the Holocaust is impeccable."

In fact, before Bitburg, Reagan's primary statement regarding the Nazi death camps was his delusional claim to both Israel's Yitzhak Shamir and Nazi hunter Simon Wiesenthal that he photographed the camps during the Allied liberation. This mystery aside, just what did Kissinger believe he was claiming on behalf of Reagan? Who, excluding perhaps former Ku Klux Klan leader David Duke and the ultraconservative Patrick Buchanan, in American electoral life has a record on Holocaust victims that is anything but "impeccable?"

Kissinger has always been openly and unapologetically committed to a philosophy of *raison d'etat* in international affairs. The Vietnamese, Cambodian, Angolan, Chilean and Chinese people, among many others, have been forced to pay a terrible price for the amoral basis of Kissingerian diplomacy. What Kissinger's silence during Nixon's anti-Semitic tirades suggests above all is the price that Kissinger himself must be paying for his contempt for the morality of others; beneath it, apparently, lies a powerful contempt for his own Jewish self.

Distributed by the Los Angeles Times-Washington Post News Service=

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### SCHELL COMMENTARY: O.J. Simpson's Show Killed the Whitewater Show By Jonathan Schell=(c) 1994, Newsday=

The Whitewater affair which, at worst, involves the improper use of bank funds to cover campaign debts more than a decade ago and the possible interference by the White House in current federal investigations of those improprieties has always received far more coverage than it deserves. The debut last week of congressional hearings on the affair, however, was distinctly lackluster. This event, which might have been expected to rivet the country's attention, fell flat. It is interesting to speculate why.

Some of the reasons are perfectly obvious. To begin with, the House had agreed with the request of Special Counsel Robert B. Fiske to investigate only matters that he had already investigated. Thus the House Banking Committee restricted itself to looking into possible White House interference, of which Fiske has completed his investigation. Second, Fiske has already pronounced that no one in the White House broke any laws. Third, the Democratic majority on the committee voted to bar questioning about the suicide of White House aide Vincent M. Foster. Coverage of the scandal has always catered to the sensational, and adding a White House suicide would have lifted the Whitewater story to a new plane of interest.

Another reason was the style of the day's sole witness, Lloyd N. Cutler, the White House counsel. Cutler, a respected old Washington hand, wears his reputation like a shield, and such slings and arrows as the Republicans were able to hurl at him bounced off harmlessly.

His presentation was a fog bank in which the accusations of the Republicans simply disappeared. He

shrouded with learned complexity certain embarrassments that were otherwise all too plain. He overflowed with euphemistic understatement. Lawyers at the White House, he said, at one point decided that Congressional testimony by Deputy Secretary of the Treasury Robert C. Altman "might require supplementation." He was even a shade apologetic though for what, or why, would be impossible to guess from his testimony. Pressed to explain, he answered, "I found that there were too many people having too many discussions about too many sensitive matters. ..."

Most skillful, perhaps, was his explanation of why officials of the Resolution Trust Corp. had alerted the president to the fact that his name had been mentioned as a possible beneficiary of illegal actions. He called this warning a "heads-up" that was not only improper but positively necessary to the art of governing. Before he was done, the "heads-up principle" was ready to take its place alongside the separation of powers, judicial review, and other basic tenets of American government. According to this new principle, it's the solemn obligation of executive officials to warn presidents of legal actions heading their way, the better to enable them to deal with "press queries."

However, none of this fully explains the curious inattention that surrounded the hearings. A further crucial reason, it seems to me, was obliquely referred to by Rep. Toby Roth, R-Wis., who likened Cutler to O.J. Simpson's attorney, Richard Shapiro. Rep. Barney Frank, D-Mass., called Roth's mention of the Simpson case "the least appropriate analogy I have heard in 14 years in the Congress."

And yet Simpson stalks the hearings, and for a very simple reason. Almost the whole United States is already engrossed in the live coverage of his case. Steeped as the television audience is in the DNA analysis of Simpson's hair samples, how can it be expected to bring itself up to speed on the diaries of Treasury chief of staff Josh Steiner?

The public, it appears, cannot follow two live hearings at the same time. This may turn out to be an iron law of American life. When it came time for the Whitewater hearings, the stage was occupied. The Simpson trial got there first.

Distributed by the Los Angeles Times-Washington Post News Service

# Clinton hitting road for his health (plan)

By GREGG CLARKE  
in Jersey City  
and SUSAN WILLIAMS  
in Washington

Clinton has set a goal to pass a health care reform, a campaign promise that now is a make-or-buy stage in Congress this week.

"Let's give health care to the American people. The decision is not in my hands alone," a presidential Clinton told a rally of 1,500 at Liberty State Park in Jersey City. Once, he pounded the podium with his fist so hard that the presidential seal fell off.

But on Capitol Hill, rank-and-file members of Congress said they are growing more

pessimistic that a reform package will pass this year.

Defying the "fear-mongers" seeking to kill his plan, Clinton insisted that the reform legislation he backs would give people the choice of doctors while achieving universal coverage.

Earlier, Clinton met with Senate Democrats who are set to release their health care plan today.

The compromise proposal, engineered by Senate Majority Leader George Mitchell (D-Maine) would delay the so-called employer mandate requiring companies to pay for workers' health insurance.

Such a provision would limit in any if universal coverage had not been achieved by a certain date.

Emerging from the White House meeting, Senate Finance Committee chairman Daniel Patrick Moynihan (D-N.Y.) said: "I think we have the votes for the Mitchell compromise."

But New York members of the House said the watered-down package would not fare well in their chamber.

"I'm having real problems with the whole health care bill, when we look at what we need for New York," said Rep. Edolphus Townes (D-Brooklyn). Some health reform proposals would cut funding in health sector, important to New York, such as teaching hospitals.

Townes said he was pessimistic that reform would pass by Election Day and that he

would rather vote against it than approve a plan that was bad for the state.

House members also are squeamish about voting for the employer mandate because they would be taking a politically unpopular stand for nothing if the Senate doesn't go along. But without a mandate, "we will not get universal coverage" and many members will vote against it, said Rep. Eliot Engel (D-Bronx).

Unable to count on Republican votes, Democrats' leadership must bridge differences in their own party to pass any plan. "It's only a little better than 50-50" that an agreement can be reached, said Rep. Charles Schumer (D-Brooklyn).

## Bill can't get to bat in dispute

By BILL MAGDOEN in New York  
and TIMOTHY CLAYTON in Washington

President Clinton would like to take a swing at heading off a Major League baseball strike, but so far nobody will let him in the game.

Offering to help settle the bitter dispute, Labor Secretary Robert Reich has been keeping in contact with players union chief Don Fehr and the owners' lead negotiator, Richard Ravitch.

"We've had several conversations to get a sense of where things are," said Steven Rosenzweig, an associate deputy labor secretary. "At this point, we are just monitoring the situation."

The Federal Mediation and Conciliation Service also has assigned a mediator to the situation. During the 1981 strike, that agency's chief, Ken Moffitt, played a key role in the settlement and later became the union leader.

Over the weekend in Cleveland, Clinton expressed the hope that the strike, set for Aug. 12, would be averted.

"The first 12 people I shook hands with said, 'Can't you do anything about the baseball strike?'" the President said.

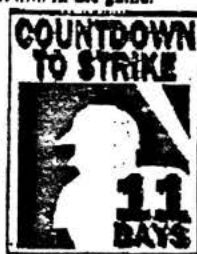
Clinton declined to say who — if anyone — he would do.

"There's because neither side would let the President or anybody else involved in the negotiations."

"We can't do anything if they don't want us there," one administration source said. "And there's been no indication that they do."

As Ravitch put it yesterday: "I am no helpful role that any external party can play at any point. It becomes useful, I'm sure Don [Fehr] and I would consider it."

Echoing Ravitch's go-it-alone attitude for now, the union's associate general secretary Eugene Orta said,



"I'm sure that should the need for outside assistance arise, neither party to these negotiations will hesitate to seek it."

But if the administration did enter the talks, there would be risks.

"If they get involved, they'd better settle it," Brooklyn Institute senior fellow Stephen Hess said. "This is an administration that doesn't need another failure."

Meanwhile, Chicago White Sox owner Jerry Reinsdorf — long considered a leading hawk in the showdown with the players — yesterday denied published reports that he might defect — signaling that the current hard line might be breaking.

"What I said was, the White Sox make money, have a good sense and we can survive under the present system," he said. "But there are 15 other teams who are losing money and who can't survive under this system. We'll fight as long as we have to to protect the industry. I'm the last guy who is going to jump."

## W'water leaked, says ex-prober

By KAREN BELL  
New York Times Staff Writer

WASHINGTON — A top savings and loan regulator testified yesterday that he implored the Treasury's lead lawyer to keep information about a Whitewater probe confidential, but she promptly told the White House.

William Kooie, former vice president of the Resolution Trust Corp., said he told Treasury general counsel Louis Lomax in September about an RTC probe of a failed S&L linked to the Clintons, stressing that it must remain inside the agency.

But Lomax, who also appeared before the Senate banking panel as the Whitewater hearings entered their second week, said she did not recall Kooie's plea for confidentiality.

New York Sen. Al D'Amato and other Republicans kept trying to build their case that the White House required insider information about

the S&L probe.

In grilling Lomax, lawmakers set up today's questioning of Deputy Treasury Secretary Roger Altman — who will be confronted with discrepancies in his story about what he said and did about the RTC probe.

Kooie said ALTMAN offered her to brief the White House. Altman has denied that and — repeatedly appearing on television yesterday — while GOP lawmakers called for his resignation — predicted he'd quiet questions about his truthfulness.

Representative BERNARD LERER, who corrected Altman in February when he failed to give the Senate the full story about his "contact" with the White House, was sitting right behind him at the time.

Lomax said the discrepancy in what she and Altman remember are unimportant because he was tried to influence the RTC probe.

Meanwhile, D'Amato's recent charge that Altman passed other inside information to the White House got unheeded.

D'Amato had complained that Altman told the White House on Feb. 2 that the RTC was unlikely to finish its civil case against the S&L by the time the statute of limitations expired Feb. 28.

That was improper, D'Amato argued, because it gave the Clintons a heads-up not to sign a "holding agreement" to let the RTC extend a case.

But yesterday, RTC general counsel Miles Kallia said she didn't tell Altman that the RTC wouldn't be finished — and in fact told him that while the agency was pressed for time, it would push forward with its case toward wrapping up by Feb. 28.

Lomax backed up Kallia, saying Altman "clearly stated that it was unclear when the RTC investigation was going to be completed ... but that it was going to be completed by Feb. 28."

## Funnyman Mason has the last laugh

WASHINGTON — Many people may find the Whitewater hearings a snooze, but comic Jackie Mason thinks they could be worth a few laughs.

Mason turned up for yesterday's Senate review of the complex finances of the Resolution Trust Corp. and "pontificated" with the White House about a probe of a failed savings and loan.

"It sounds very funny when you talk about it on the stage," insisted the one-man Broadway hit. All the White House "apologies" is hilarious, he said.

"It's like G.I. Simpson ... everybody's supposed to think he's innocent, but he's got blood all over his face," Mason said. "The blood is all over" this administration, he said.

NY Daily News  
8/2/94

# Disclosure to White House was ethical, Treasury counsel testifies

BY RANDY LILLESTON  
Democrat-Gazette Washington Bureau

WASHINGTON — Despite warnings from longtime government officials, the White House was provided with knowledge of a federal investigation into Madison Guaranty Savings & Loan Association, a Senate committee holding Whitewater rings was told Monday.

But such a disclosure was proper and ethical, Jean Hanson, the general counsel for the Treasury Department, told the Senate Banking Committee on Monday.

The committee was in its second day of hearings into contacts between Treasury, the Resolution Trust Corp. and the White House on Madison Guaranty, a now-failed Arkansas savings and loan owned by James McDougal, a partner with then-Gov. Bill Clinton in the Whitewater real estate investment.

"I understood the ethics rules. I understood how they operated. I was providing the information for a proper governmental purpose," Hanson said.

## Did White House pressure Altman?

The disclosures were part of a day of hearings in which committee members tried to determine the number and depth of the contacts between Treasury, the RTC and the White House. They also tried to determine whether the White House pressured Deputy Treasury Secretary

Roger Altman.

Witnesses testified Monday that:

- During the 1992 presidential campaign, C. Borden Gray, the White House counsel for the Bush administration, asked the RTC for details on any investigation into Madison Guaranty. Gray has denied such an action.

The witness, former RTC official William Roelle, also said RTC investigators reopened a civil investigation into Madison Guaranty in February 1992, the day after the first article about Whitewater appeared in *The New York Times*.

RTC officials appearing before the committee Monday could not list any new development that would cause the agency to reopen the Madison Guaranty investigation. This raised questions about whether the action was politically motivated.

- Some top RTC officials expressed strong concerns about information flowing from the agency to the White House concerning Madison Guaranty, but that did not stop the flow.

"In my judgment, it would have been better if no one had known about this," Roelle said.

- Some panel Democrats tried to cast doubt on meetings between RTC officials and staff members for Sen. Alfonse D'Amato, R-N.Y., a leading Whitewater critic.

But D'Amato said the meetings involved discussions only about deadlines involving civil

actions in the Madison investigation. RTC officials were not asked about the Madison investigation, he said.

- Republicans criticized a report from the Office of Government Ethics, released Sunday by the Treasury Department, clearing Treasury officials of ethical violations concerning the White House contacts.

## Conflicting testimony

Hanson's testimony stood at times in contrast with depositions and testimony from other key figures in the inquiry, particularly Treasury Secretary Lloyd Bentsen and Altman. She tried to downplay the differences.

"The fact that we have different recollections should come as no surprise," Hanson said. "Witnesses often have different recollections, and frankly, the differences here are not important."

She said she first learned of the Madison investigation in September 1993 when Roelle told her that nine criminal referrals concerning Madison Guaranty would come from the RTC's Kansas City office.

Hanson said she "understood" that the information would be leaked to the media, but she did not elaborate despite repeated questioning by senators.

"I reported this conversation to Mr. Altman, who tasked me to advise Bernard Nussbaum,

then counsel to the president, of the imminent press leaks," she said.

Eventually, Hanson was involved in meetings with White House officials about the leaks, she said.

And the propriety of those meetings is a major point of the congressional Whitewater hearings.

Hanson also came under criticism for preparing Altman for a Senate Banking Committee hearing in late February. At that hearing, Altman did not disclose that he was considering removing himself from consideration in Madison Guaranty matters.

In fact, Hanson testified, Altman had decided to do so, but administration officials talked him out of it.

## Bipartisan criticism

That caused Democratic and Republican members of the committee to criticize her at length.

Hanson's testimony came late in the day, after hours of testimony from four current or former RTC officials. In the morning, RTC general counsel Ellen Kulka told the panel she had briefed Altman on Feb. 2 concerning "procedural aspects" of the Madison Guaranty case.

However, Altman did not tell her that he intended to brief White House officials about the case, she said.

"I had no knowledge of his

having given (a briefing) to the White House or his intent to do so" until late in the month when she helped prepare Altman for a congressional committee meeting, Kulka said.

Those testifying before the committee Monday said they did not feel any White House or Treasury Department influence concerning the Madison investigation.

"No one at the Department of Treasury has exerted any pressure or instructed me to do anything to influence the RTC's investigation of Madison Guaranty, and I have never talked to anyone at the White House about Madison Guaranty or anything else for that matter,"

John Ryan, RTC deputy and chief executive officer, said Monday. The same portion of the hearing took place on Monday with witnesses including Altman and Joshua Stein, Treasury Department chief of staff whose diaries constitute an important part of the committee's investigation.

ARKANSAS DEMOCRAT GAZETTE  
8/2/94

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# Why Bernie Nussbaum had to go

Did you catch Bernie Nussbaum, the former White House chief lawyer, testifying to the House Banking Committee on peripheral Whitewater matters last week?

I found him *amusing*, candid and unnecessarily verbose. I also thought he provided a vivid and compelling demonstration of the reasons he was ill suited for the job and inevitably lost it.

Like his friend Hillary Clinton, Nussbaum is a corporate lawyer trained in the science of the law but not in the art of politics. He sees issues only from the strict confines of the law rather than with the instinct of a politician, which is the instinct of one possessing a feel for how matters will be perceived.

The complication is that the White House chief lawyer must combine the science of law with the art of politics — the way the new temporary counsel, Washington veteran Lloyd Cutler, seems to do it.

A good corporate lawyer working in New York City on mergers and acquisitions, as Nussbaum worked until coming to Washington, must apply Murphy's Law and develop contingency plans for anything that might go wrong legally. A good White House lawyer needs to apply Murphy's Law to the culture of Washington, where the Republicans and the media will eat alive a Democratic president.

You will recall that Nussbaum advised that Zoe Baird's hiring illegal immigrants as domestic help and not paying Social Security taxes posed no reasonable threat to the worthiness of her nomination to be attorney general of the United States.

He advised that Lani Guinier's writ-

John Brummett



ings — that maybe blacks should be given something beyond the one-man, one-vote principle to counter the potential tyranny of the white majority — were academic musings designed to stimulate debate and would not present political problems.

He didn't stop the travel office debacle. He saw no law preventing the ouster of career employees there, and there wasn't one. But he warned of no political problem in the seeming cynicism and heavy-handedness.

On the currently more relevant matter of whether Roger Altman, the college friend of President Clinton, assistant Treasury secretary and acting head of the Resolution Trust Corp., should have disqualified himself from matters having to do with Madison Guaranty Savings and Loan, Nussbaum testified that he had read and studied the law and the ethics rules and determined that Altman needn't disqualify.

He acknowledged asking Altman to reconsider after Altman indicated he probably would refuse. He acknowledged telling Altman he wasn't obliged to do it under any law or written rule.

He elaborated by explaining that people who sign on to do public service shouldn't run from that public service simply because somebody suggests they

might face an ethical question.

Admittedly, Cutler had the advantage of hindsight when he took over Nussbaum's job, investigated the matter of White House contacts with the Treasury Department and determined that while no law or ethics rule was broken, there were too many such meetings and some of them were ill-advised from the standpoint of appearances.

Of all the unwise conversations, the one that was most unwise, Cutler said in answer to a congressman's question, was Nussbaum's urging Altman to reconsider whether to disqualify himself.

As Cutler surely understood, and as Nussbaum surely didn't, a White House lawyer implying that he wanted to keep a presidential chum ultimately in charge of a criminal referral mentioning the president would, if word ever got out, carry the color of cover-up, high-level protection or special privilege.

The Treasury Department has its own lawyers for advice on matters affecting a supposedly independent agency such as the RTC.

Nussbaum was right legally at the time. Nothing in the written record required Altman's recusal. Cutler was right in political retrospect that, strict matters of law aside, Nussbaum erred.

And what do you get from a White House that until recently had a chief lawyer who applied the science of law but not the art of politics? You get an administration in which everybody stays out of jail, but may not stay in the White House beyond one term.

John Brummett's column appears every Sunday, Tuesday, Thursday and Saturday.

## Clinton's tasteless performance

...didn't listen to all of the speech in which Bill Clinton tried to compare himself to Harry Truman.

He delivered the speech Saturday at Independence, Mo., Truman's home town. With a statue of the nation's last president worthy of the name poised behind him, Clinton declared that in the battle for universal health care, he was taking up the cudgel for the middle class, just as good ole Harry did when he tried unsuccessfully to get some kind of national health care proposal through Congress almost 50 years ago.

Clinton didn't really have to demonstrate his immodesty by comparing himself to Truman. Other speakers, including Vice President Al Gore and the governor of Missouri, had made sure that neither the local audience nor the people who watched the event across the country on C-SPAN missed the message of the day.

I hope every fan of Harry Truman resented the tasteless performance as much as I did.

I knew Harry Truman. Harry Truman was (and is) a hero of mine. Sorry, Bill, but you're no Harry Truman. Never were. Aren't now. Never will be.

Harry Truman had guts. Harry Truman was a man of his word. Harry Truman could make up his mind. Nobody ever doubted that Harry Truman was president of the United States. Nobody ever questioned who wore the pants in his family.

Truman was Democrat and so is Clinton. There the similarity ends.

If Bill Clinton had been president in 1945, we might still be debating whether

John R. Starr



to drop the atomic bomb and end World War II.

If Bill Clinton had been president during the early stages of the Cold War, Berlin and probably the rest of Europe would have fallen into Russian hands, and there would have been no Marshall Plan to rebuild war-shattered capitalist economies.

If Bill Clinton had been president in 1950, we wouldn't have 37,000 troops in South Korea today. There wouldn't be any South Korea. Maybe no Japan.

### The farce on C-SPAN

While I was watching the 10 White House aides testifying (if you can call it that) before the House Banking Committee, I couldn't help thinking:

• What was our boy Mack McLarty doing sitting there and looking like the Godfather of that motley collection of scoundrels?

• Were the Republicans on the committee ever going to ask a penetrating question?

• Were the Democrats ever going to do anything but ask sometimes foolish, always exculpatory, questions?

• What did Maxine Waters — who, in effect, asked each of the witnesses: "Isn't it true that you are a good guy, a successful whatever it is you are and a

good husband and father?" — contribute to the hearing?

• If Waters were a white male, would she have gotten away with telling another committee member to shut up?

• How long has Chairman Henry Gonzalez been senile and what besides seniority qualified him to be a committee chairman?

• Why is C-SPAN wasting air time on this farce?

• Was any committee member, Democrat or Republican, interested in the facts?

### Roy's revenge

If the ads that Little Rock city director Hampton Roy ran as a candidate for lieutenant governor had sounded as good as the ones he is running to promote himself as a Democrat for Sheffield Nelson, he might have won, thereby sparing us the burden of Jim the Guy Tucker.

The Democrat-Gazette told us that Roy "began airing" the ads on three Little Rock radio stations, leaving me with the impression that he was so stung by his defeat by Jim the Guy in 1990 that he was paying for a little personal revenge.

Maybe, but the two spots I heard noted at the end that they were paid for by the Sheffield Nelson for Governor Campaign, meaning, I guess, that Roy is eager to get revenge, but not eager enough to pay for it.

John R. Starr is the former managing editor of the Arkansas Democrat-Gazette. His column appears every day.

# Treasury counsel says Altman misled Congress

Deputy secretary scheduled to testify  
at Senate's Whitewater hearing today

By Richard Whittle  
and Thomas G. Watts

Washington Bureau of The Dallas Morning News

WASHINGTON — Treasury Counsel Jean Hanson testified Monday that Deputy Treasury Secretary Roger Altman misled Congress in Feb. 24 testimony on his contacts with the White House on the Madison Guaranty Savings and Loan case.

■ Schedule of TV coverage.

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Ms. Hanson told the Senate Banking Committee that she was surprised when Mr. Altman failed to tell the panel that he had discussed with then-White House Counsel Bernard Nussbaum whether Mr. Altman should recuse himself from acting in the Madison case.

"He had an answer in front of him that had been gone over and that he had reviewed that had the recusal issue in it," Ms. Hanson said during the committee hearing on Page 1A.

Continued from Page 1A.

committee's second hearing on the Whitewater affair. "I did not know, as I sat there, why it was that he didn't include that in the discussion."

She said that she was tempted to hand Mr. Altman a note reminding him to mention his discussion with Mr. Nussbaum of the recusal issue.

Instead, she said she decided to correct the testimony for the record later because Mr. Altman — without having mentioned the recusal discussion — told the senators: "That was the whole conversation."

At the time, Mr. Altman was acting chairman of the Resolution Trust Corp., which had sent the Justice Department "criminal referrals" asking it to investigate Madison and was studying whether to sue the failed thrift and those associated with it for misused deposits.

President Clinton and first lady Hillary Rodham Clinton were partners in a real estate venture called Whitewater Development Corp. with the owner of Madison. They were mentioned in the RTC referrals as possible witnesses, Ms. Hanson testified.

Sen. Alfonse D'Amato of New York, senior Republican on the banking committee, and other Clinton critics say that Mr. Altman lied to Congress about what he told the White House about the Madison case.

The Republicans also say that Ms. Hanson and Mr. Altman improperly passed information about the criminal referrals to Mr. Nussbaum and to other White House officials, potentially tipping off the investigation's targets. Some Republicans have said that Mr. Altman should be fired.

Mr. Altman, a former New York investment banker who went to college with Mr. Clinton, said in a CNN interview Monday that he was "looking forward" to testifying to the Senate committee Tuesday to

answer those critics.

Democrats have repeatedly said during the hearings, which began last week, that Whitewater Special Counsel Robert B. Fiske Jr. examined Mr. Altman's meeting with Mr. Nussbaum and other "Treasury-White House contacts" and found no criminal violations.

White House Counsel Lloyd Cutler and the Office of Government Ethics also have examined the contacts and found no ethical violations. The ethics office said, however, that some of the meetings were "troubling," and Mr. Cutler said that too many officials had discussed the Madison case.

"I'm sure they'll give me a tough time," Mr. Altman said of the Senate committee, whose members include Sen. Phil Gramm, R-Texas.

Mr. Gramm has said that Mr. Altman "did not tell us the truth about the number of and nature of the contacts he had with the White House."

Mr. Altman replied on CNN that, "if there had been false testimony — and Sen. D'Amato has alleged that — Mr. Fiske would have reached a different conclusion."

In four letters sent to the Senate committee after his Feb. 24 testimony, Mr. Altman revised his testimony as to how many contacts he had with the White House concerning the Madison case.

Ms. Hanson said she also noticed other omissions in Mr. Altman's Feb. 24 testimony as he was giving it and had intended to correct the omissions later by sending the Senate committee supplementary answers in writing.

But she said she was unable to do so because of the furor caused by a March 3 Washington Post story about the Treasury-White House contacts that prompted Mr. Fiske to subpoena her and various other officials to testify to a federal grand jury.

The committee chairman, Sen.

## TV COVERAGE

The Senate Banking Committee will hear testimony Tuesday at 8:30 a.m. Dallas time. Deputy Treasury Secretary Roger Altman is among the witnesses scheduled to testify.

■ TV: CNN, C-SPAN will provide partial coverage with the entire day's hearing replayed at 7 p.m.

■ RADIO: KRLD-AM (1080) will provide updates every half-hour.

SOURCE: The Dallas Morning News

The Dallas Morning News

Donald Riegle, D-Mich., chastised Ms. Hanson for failing to correct Mr. Altman while he was testifying.

"I think you have some obligation to respond in real time," Mr. Riegle said. "If you're sitting there and you have the answers and don't provide those answers, that is not proper, in my view."

Ms. Hanson replied: "There was no intention on my part not to do that."

She also argued there was no significance in either Mr. Altman's omissions or "differences in recol-

lections" between her and Mr. Altman and her and Treasury Secretary Lloyd Bentsen about what Mr. Bentsen knew about the Treasury-White House contacts.

"The fact that we have differences in recollection should come as no surprise," she said. "Witnesses to events often have differing recollections."

She added: "They are not important because no one — not me, not anyone at Treasury and no one at the White House — attempted to interfere in the substance or processes of any criminal referrals or the substance or processes of any potential civil claims involving Madison."

Testifying earlier in the day, several RTC officials said they thought it improper for Ms. Hanson to have informed Mr. Nussbaum in a Sept. 29, 1993, meeting of the existence of the criminal referrals.

William Roelle, who was senior vice president of the RTC, had informed Ms. Hanson of the criminal referrals two days before she told Mr. Nussbaum about them. Mr. Roelle said that while such referrals led to actual investigations only 10 percent of the time, they were highly confidential.

Mr. Roelle said the existence of criminal referrals should be kept secret because the information could be used by a target to thwart the investigation. On the other hand, he said, if the criminal referrals were disclosed and later found to be baseless, reputations could be unfairly tainted.

"It just would have been better, in my judgment, if nobody (at the White House) had known about this," Mr. Roelle told the committee.

Mr. Roelle also said he told Ms. Hanson that she should not discuss the criminal referrals with anyone but Mr. Altman.

When asked about that by Sen. Connie Mack, R-Fla., Ms. Hanson said she did not recall Mr. Roelle giving her that caution.

Under questioning by Sen. John Kerry, D-Mass., Mr. Roelle also acknowledged that during the 1992 election campaign he had told the Bush administration's RTC chairman, Albert V. Casey, about an initial criminal referral in the Madison case.

"I was later told by Mr. Casey that he had had a phone call from the White House asking about the criminal referral," Mr. Roelle said, confirming that the call came from then-White House Counsel C. Boyden Gray.

He added, however, "We did not brief the White House."

Mr. Casey, who lives in Dallas, could not be reached for comment Monday.

## Altman yet another Arkansas friend who's been trouble for Clinton

By Michael Arndt Chicago Tribune

WASHINGTON As he constructed his administration, President Clinton naturally looked to the people he knew, placing several associates from Arkansas and many more of his former classmates in high-ranking positions in government.

Many of his Arkansas chums seem to have failed him. His closest friend from kindergarten, Mack McLarty, recently lost his job as White House chief of staff after he was judged ineffectual. Webb Hubbell, the former No. 2 at the Justice Department, was forced back to Arkansas after allegations of overbilling by his Little Rock law firm.

Now, one of his pals from college Roger Altman is causing embarrassment, as well.

Although Altman might succeed in holding on to his job as deputy secretary of the Treasury, it seems clear from the congressional inquiries into the administration's handling of the Whitewater affair that he no longer has a chance of being elevated to Treasury secretary, once thought a near-certainty.

Until recently, Altman was a member of Clinton's inner circle. A Wall Street multimillionaire who had a golden reputation and a string of accomplishments in 18 months in Washington, Altman used to be called to the White House three times a day for his advice.

It is his very closeness to Clinton that makes Altman such a ripe target in the Whitewater inquiry. His scheduled appearance before the Senate Banking Committee on Tuesday promises to be the most combustible moment of the politically charged investigation.

Just as Altman faces this highly public moment, Clinton seems to be distancing himself. A week ago, the president issued a one-sentence declaration of support for Altman and hasn't uttered a word since.

Altman, who has acknowledged poor judgments and memory lapses, insists that he has not done anything illegal or unethical and offers findings to that effect by an independent counsel and the Office of Government Ethics in support. He vowed in network television interviews Monday that he will prove in his testimony to a Senate panel that he has acted honorably.

Republicans contend otherwise. They say Altman tipped off the White House to a federal investigation of an Arkansas savings and loan association owned by a man who was also a partner with Bill Clinton and Hillary Rodham Clinton in the Whitewater real estate venture.

They also allege that Altman then misled Congress about what he had done by telling the Senate Banking Committee that he had had only one minor discussion with the White House staff about Whitewater in early February. He later amended his story, acknowledging previous briefings.

Many people have speculated that Altman will be the administration's "fall guy," someone sacrificed so the White House can finally put the Whitewater affair behind it.

Altman has indicated, however, that he isn't ready to play that role. Asked bluntly if he was going to be a fall guy, Altman said on NBC-TV: "Well, I know a lot of people think that I'm going to be. But I don't think so."

In an interview in this week's Time magazine, Sen. Christopher S. Bond, R-Mo., forecast Altman's departure: "Mr. Altman forgot that his job is to serve the nation, not just his old friend. Therefore, I believe his time is up, and it's time for him to go."

Altman, 48, met Clinton in the 1960s, when they were students at Georgetown University in Washington. He

received a master's degree in business administration from the University of Chicago in 1969 and immediately was hired by Lehman Brothers Inc.

By the mid-1980s, Altman had become a managing director at the brokerage firm and a member of its seven-person management committee. In 1985, he left Lehman Brothers for the Blackstone Group, a private merchant bank. He was the group's vice chairman when Clinton nominated him in 1992.

This is Altman's second time around in government. Throughout President Jimmy Carter's term, Altman was an assistant treasury secretary and was instrumental in the federal bailouts of Chrysler Corp. and the New York City government.

For a time, Altman's government experience paid off. With his budget plan in deep trouble last summer, Clinton put Altman in charge of the administration's negotiations with Congress. Like a Wall Street dealmaker, Altman helped assemble a package that won approval and praise for his savvy.

But then he got enmeshed in Whitewater. Normally, Altman would have had nothing to do with S&L matters. But because the chief of the Resolution Trust Corp. had resigned soon after Clinton took office, the president needed someone to head the agency until a permanent successor was confirmed. Under law, only two people were eligible for the position: Treasury Secretary Lloyd Bentsen and Altman.

Clinton named Altman in March 1993. Altman was openly scornful of the job: He hung his letter of appointment in the bathroom off his office in the Treasury Building.

## German president apologizes to Poles on 50th anniversary of Warsaw uprising

By Linnet Myers Chicago Tribune

WARSAW, Poland Germany's president stood Monday before

the people of Warsaw, some of whom had battled Nazi tanks with homemade bombs 50 years ago. And he apologized.

"I bow my head before the fighters of the Warsaw uprising, as well as all Polish victims of the war," said German President Roman Herzog.

"I ask for forgiveness. ...

"We Germans are ashamed. ... Millions lost their lives in gas chambers, in the streets of Warsaw, in labor camps. We remember them all and accept their deaths as a warning and, at the same time, an obligation for the future," Herzog said.

The hushed crowd of thousands of Poles, including white-haired veterans who had fought the Germans a half-century ago, broke into applause. It was a day of remembrance and reconciliation the 50th anniversary of the Warsaw uprising, which killed at least 200,000 Poles and left the city in ruins.

World leaders, including Vice President Al Gore and British Prime Minister John Major, were among those paying tribute to those who sacrificed their lives fighting Nazi occupation.

But it was the guests from Germany and Russia, invited by Poland President Lech Walesa, who brought controversy to the ceremony.

Many veterans of the Polish Home Army, who fought valiantly against impossible odds, were furious at their presence. For 63 days starting Aug. 1, 1944, they battled tanks with little more than pistols, ran weapons through city sewers and died by the thousands.

Fifty years later, many are not ready to forgive.

"I certainly hope ... I'll have the opportunity to spit in their faces," said Jadwiga Ludwikowska, 63,

# Insider diary puts Treasury aide on spot

By Julia Malone  
WASHINGTON BUREAU

AH AJC  
8.2

Washington — Joshua L. Steiner, a fresh-faced 28-year-old who serves as chief of staff at the Treasury Department, is emerging as one of the star witnesses of the congressional Whitewater hearings.

Most of the attention at today's Senate Banking Committee hearing will be on Deputy Treasury Secretary Roger Altman, who has been described as possibly the most important witness of the hearings.

But Steiner also will be closely watched, because it is he who kept a diary of the private anxieties and feverish strategizing by senior administration officials who were caught in the Whitewater storm.

Did White House aides, as the diary depicts, put heavy pressure on Altman to retain his overseeing role in the Madison Guaranty Savings and Loan Association probe that touched on the Clintons?

Was President Clinton "furious" when Altman recused himself from the inquiry, as Steiner retells a conversation with two top White House aides?

What did presidential aide George Stephanopoulos mean when he suggested, as Steiner re-

called, "that we needed to find a way to get rid" of Jay Stephens, a partisan Republican and Clinton critic who had just been appointed to oversee part of the investigation?

Such frank admissions paint an unvarnished behind-the-scenes picture of scandal management, raising questions that Steiner and fellow Clinton officials now are struggling to explain.

At the witness table today and at a House hearing Wednesday, Steiner is expected to stick by his diary, though others in the administration are expected to counter that Steiner was reporting secondhand information or that they had different recollections.

Even so, the diary is important because it comes from a member of the Clinton corps of whiz kids who orbit close to the Oval Office.

Bright and brash, Steiner came to his post through his Yale University friends and political soul mates, especially Stephanopoulos. Steiner quickly advanced to the position he now holds — right-hand man to Treasury Secretary Lloyd Bentsen — and, perhaps more important, the department's conduit into the White House inner circle.

That has made the discovery of his diary more awkward, because his version of events differs from the statements of others.



## Primary slugfest pits 2 wily pros

Nashville — Tom Perdue brought a scorched-earth reputation with him when he left Georgia for the first time and came here to run Republican Bill Frist's Senate campaign. As the race enters its final days, he has surpassed all expectations.

Striking back at campaign ads he says were unfair, Perdue has blasted Frist's chief opponent, Chattanooga builder Bob Corker, as "rotten on the inside," "a coward" and "pond scum."

Corker, responding in a debate last week, chided Frist for hiring a "convicted slanderer," — a somewhat overblown reference to Perdue's out-of-court settlement with Public Service Commissioner Mac Barber. Frist distanced himself from his consultant's words, saying that he wasn't sure what "pond scum" is — a remark that probably won't help him overcome the rap that he lacks the common touch.

All this — plus the cat story, which we will get to later — has turned what would have been a consolation-prize primary, to see who will face Sen. Jim Sasser this fall, into the hottest political race Tennessee has seen in years.

With American politics headed in their present direction, this race is also likely to be the pattern for many more to come: an expensive and increasingly bitter contest between two political newcomers, coached by wily professionals.

Perdue's client is a Nashville heart-transplant surgeon, a graduate of Princeton and Harvard Medical School whose father and brother founded Hospital Corporation of America. Perdue, who made no secret of his dislike for Sen. Paul Coverdell even when he was running his campaign, seems fond of Frist, comparing him with his old boss, former Gov. George Bush.

Frist seemed to hold an early edge in the six-man primary field, but Corker, another amateur who has a Republican advantage in being from East Tennessee, emerged from the pack and is running a close race as this Thursday's election nears.

Corker is a self-made, multi-folks millionaire who bears a striking resemblance to Clayton Williams, the Texas oilman who lost to Ann Richards. He embodies "the best of Claydie," says his consultant, Bill Kenyon. He ought to know — Kenyon also ran Williams's 1990 campaign.

Even more than their first-time candidates, the two managers are a fascinating contrast of styles: Perdue, the brooding, often enigmatic Georgian who cultivates a bare-knuckles image, and Kenyon, the laid-back Texan who likes to make people think he's not working as hard as he is.

Just to make sure the other side isn't asleep, Kenyon sometimes calls his opponent's headquarters at odd hours to see whether anyone picks up the phone. When he has called Frist's headquarters, he says, Perdue has answered.

Kenyon has countered Perdue's salvos with a light touch —

and the cat story.

In a book he wrote about his career, "Transplant," Frist recounts how as a med student he adopted cats from the pound and, after playing with them for a few days, practiced transplants on them.

After Perdue took his shots, the Corker campaign issued a tongue-in-cheek release which said, among other things, that Garfield had withdrawn his support from Frist after reading his book. Since then, the cat story has traveled like wildfire.

This race may come down to who spends the most money on television, as so many do. But weird cat stories sometimes make a difference, too — and so do the styles of campaign managers.

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## Marshals guarding abortion clinics

By TERRY NEAL

Herald Capital Bureau

TALLAHASSEE U.S. marshals began round-the-clock protection Monday outside at least a dozen abortion clinics across the country, including The Ladies Center in Pensacola, where a doctor and his escort were killed last week.

Gov. Lawton Chiles ordered a statewide grand jury to investigate whether an organized group is behind the violence against Florida abortion doctors, and pickets outside the Justice Department in Washington, D.C., renewed pressure for a similar federal investigation.

"We are looking to see how many people around Florida and around the Southeast are involved and have been involved with this," Chiles said. "And we will be talking with the Justice Department on how we deal with this, because it's beyond Florida."

Police have seized a personal computer belonging to Paul Hill, charged in the Friday killings of Dr. John Bayard Britton and James Herman Barrett, and will examine it for clues into Hill's involvement with abortion protest groups, Chiles said.

The marshals were called in under a new federal law that creates a 36-foot buffer zone around abortion clinics. The law, signed by President Clinton in May, makes it a federal crime to interfere with clinic operations or intimidate patients or staffers.

That law, along with a recent U.S. Supreme Court ruling, give states new authority to take action against people involved in organizations that use violence to restrict abortion access.

In Washington, U.S. Attorney General Janet Reno wouldn't say how many abortion clinics in the country had been given protection by federal marshals, but they included a Melbourne clinic that was the subject of a recent Supreme Court decision allowing limits on anti-abortion picketing; a Fargo, N.D. clinic that is the only one in that state; a Falls Church, Va., clinic where a fire was set last week; and Wichita, Kan., the site of massive protests in 1991 and the wounding of a doctor last year.

Reno said the federal government "is trying to take all prudent steps using all federal tools, including the clinic access legislation."

Violence against physicians "has now occurred twice in one city," she said. "It is a problem throughout the nation. It is appropriate to address an issue of deep concern."

In Pensacola, The Ladies Center remained closed Monday its entrance drive barred by yellow crime-scene tape, a black plastic sheet and a "DO NOT ENTER" sign as activists from both sides of the issue filed into town.

Abortion protest leaders who called a news conference in part to denounce the killings were jeered by abortion rights advocates outside the Escambia County administration building.

John Burt, regional director of Houston-based Rescue America, and his associate, Donald Gratton, both of Milton, refused to answer questions on the advice of their lawyer.

"We would like to extend our sympathies to the families involved," Gratton read from a prepared statement. "We are pro-life, and we believe if you are pro-life that you must respect the sanctity of life."

But he added that when people lose the right of peaceful protest and nonviolent civil disobedience the only avenue open to them is violence.

Protesters, most of them members of the abortion rights group Refuse and Resist, disrupted the gathering by shouting references to Burt's former association with the

Ku Klux Klan.

"The highlight of the day was when our sister resisters shouted down John Burt and ran him off," said Mike Smith, an organizer for Refuse and Resist in Atlanta.

Friday's attack was the second at a Pensacola abortion clinic in less than 1 1/2 years. Michael F. Griffin is serving a life term for killing Dr. David Gunn outside the city's other clinic in March 1993. The city has also been the site of four bombings, a destructive raid and countless demonstrations at clinics over the past 10 years.

Because of the incidents, Pensacola police have a policy of offering protection to all doctors who perform abortions in town. Officers are available to pick them up, follow them to work and escort them home or to a hotel if they are from out of town, police spokesman Jerry Potts said Monday. Dr. Britton declined the offer, Potts said.

Sandy Sheldon, co-administrator of Pensacola Medical Services, the other abortion clinic, said both doctors who practice at her clinic take advantage of the service.

Sheldon said she was happy with Monday's developments.

"This tells me that finally someone is listening and understands that we are not just a bunch of hysterical females crying wolf," she said.

Herald staff writer Tim Nickens and the Associated Press contributed to this story.

PAGE P1 Miami Herald

## Treasury aide contradicts boss on Whitewater

By DAVID HESS

Herald Washington Bureau

WASHINGTON The Treasury official who alerted the White House that President Clinton had emerged as a possible witness in a criminal investigation into a failed Arkansas savings and loan said Monday she did so at the direction of her boss, though she said what she did was "entirely appropriate and necessary."

Jean Hanson, who is chief counsel for the Treasury Department, told the Senate Banking Committee that she informed Bernard Nussbaum, who was then Clinton's White House counsel, about the investigation at the instruction of Deputy Treasury Secretary Robert Altman.

Altman has said he does not recall giving such instructions to Hanson.

Altman is under fierce attack by Republicans, some of whom have called for his resignation. He is expected to offer his version of events in testimony today as the Banking Committee continues its Whitewater hearings.

Committee Republicans have said the White House notification was improper, perhaps even illegal, and could have undercut the government's investigation of a bankrupt Arkansas savings and loan association with links to the Whitewater recreational real estate development.

Hanson said that she told Nussbaum about the referrals last September "so he could deal with press leaks intelligently."

She said she first heard of the referrals from William Roelle, former senior vice president of the Resolution Trust Corp. She said Roelle called her Sept. 27 to tell her about nine referrals related to Madison Guaranty Saving and Loan that could eventually be sent to the Justice Department for prosecution.

Roelle also told her that once the referrals reached Washington from the RTC's Kansas City investigators, they were certain to leak to the press which, of course, they did.

"No preferential treatment or benefit was intended for

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anyone" in alerting the White House, Hanson said, "and, as far as I know, no one received preferential treatment. The president and First Lady were not the subject of any proposed governmental action; they were merely possible witnesses."

The banking panel has been investigating whether contacts between the White House and banking regulators could have tipped off Clinton about the case.

The president and his wife, Hillary Rodham Clinton, were partners with Madison president James McDougal in the Whitewater venture. When Madison went broke, RTC auditors reportedly found evidence that it had improperly advanced a \$100,000 loan to Whitewater and funneled at least \$12,000 in contributions to Bill Clinton's campaign for re-election as governor of Arkansas.

Madison's bankruptcy left taxpayers with a \$60 million debt from the Federal Savings and Loan Insurance Corp.

Throughout the day Monday, members of the Banking Committee continued their partisan Whitewater sparring as Republicans portrayed the White House contacts with regulators in the most negative terms and Democrats largely excused them as harmless inquiries.

But as the day wore on, both sides bore in on Hanson, who had acknowledged that she knew of several instances in which Altman provided incomplete or misleading responses to the committee's inquiries during a Feb. 24 hearing.

Both Democratic and Republican members of the panel expressed anger and incredulity that she did not correct her boss on the spot and then neglected later for several days to provide adequate written explanations to set the record straight.

"I think that is a tortured answer," Democratic Sen. Barbara Boxer of California snapped, when Hanson tried to explain why it took so long to correct the testimony. The committee chairman, Donald Riegle, offered a similar rebuke.

Four RTC witnesses maintained that they had been under no pressure from the White House or from Treasury Department higher-ups to sidetrack the investigation of Madison or to reveal the details of the referral to anyone.

"No one at the Department of Treasury has exerted any pressure or instructed me to do anything to influence the RTC's investigation of Madison," said RTC chief John E. Ryan, "and I've never talked to anyone at the White House about Madison, or anyone else for that matter."

PAGE P1 Miami Herald

## **A cause worth dying for? Some soldiers not sure American troops wait and wonder**

**By PATRICIA WALSH**

**Herald Staff Writer**

VIEQUES ISLAND, Puerto Rico Martin Berndt has seen men die, and it shows in his eyes.

This is a U.S. Marine Corps colonel who may be ordered to send his troops into combat in Haiti. He worries about casualties. And he hesitates when asked if he could justify the death of his men in an invasion of the impoverished Caribbean nation.

"Uh, I'd rather not answer that," said the officer in fresh green camouflage fatigues, looking down at his boots. "That's a tough question."

As they gird for a possible war, some of the Marines under Berndt's command say the risk of death comes with the job. Others would have trouble justifying their deaths in Haiti. And still others, confident of their own abilities, say they don't even think about dying.

Berndt was a first lieutenant and platoon commander in

Vietnam in 1970-71. Three of his men were killed, a statistic he would rather not remember.

Now he commands the 24th Marine Expeditionary Unit, which came ashore here last week for training officially designed to prepare for evacuating U.S. citizens from Haiti.

The unit of about 2,000 Marines from Camp Lejeune, N.C. was deployed to peacekeeping duty in Somalia in January. They returned home at the end of June, but instead of the routine six-month stay at their home base, they were back at sea within days, steaming for Haiti.

Pumped for an invasion that still hasn't come.

"They said Haiti, and this is Puerto Rico," said Marine Sgt. Joel Carter, 28, of Danville, Va., sitting with his M-16 assault rifle across his lap under the broiling sun.

"I'm not a happy camper," Carter said, noting he had only four days with his wife before he shipped out again. "They made such a big deal for us to get back ... and three weeks later, no Haiti. If we've got to go into Haiti, let's go. If we're not going into Haiti, let's go home."

Carter rested yards from Vieques' Blue Beach, where Marines had staged a mock landing in amphibious assault vehicles hours earlier.

Now, dozens of other Marines in green, military-issue swim trunks took a break, playing in the tropical waters with their black boots lined up on the shore.

On the horizon floated three Navy ships—the Portland, the Spartanburg County and the Trenton. The Inchon and the command ship Whitney were beyond sight.

Miles away on a bluff looking down on the eastern end of Vieques, one Marine fired off a chain of bullets from a 50-caliber machine gun mounted on the back of a four-wheel-drive vehicle.

The bullets landed in a cleared area below the bluff, about a mile and a half away. Puffs of dust marked each spot near chunks of military scrap metal. About two-thirds of Vieques popular among tourists for its undeveloped beaches is owned by the U.S. Navy and used for training.

Marine Sgt. Richard Davis, wearing red earplugs against the gun's sharp crack, leaned against a five-ton truck on the bluff.

The 28-year-old sergeant, asked if he'd be willing to die for Haiti, says, "I get paid to do my job. I'm a career Marine."

But Davis said he worries about his young troops. In Somalia, he had decided that if one of his men died, "I'd go to their parents and justify it."

In the case of Haiti, "I would have more trouble," Davis said. "I can't justify it to a Marine's parents ... I don't see it being in our interest, even though it's not for me to decide."

Aboard the Portland, Marine Lance Cpl. Kevin Smith, 20, from Wrens, Ga., was alone in his bunk area, recuperating from a sore foot. He said the only U.S. business was to evacuate Americans.

"I wouldn't be willing to die to go in to invade Haiti," Smith said. "They're already messed up anyway, so why mess them up any more?"

But Navy Petty Officer Sean Welborn, 24, of Fort Lauderdale, disagreed.

"To die for my country I wouldn't mind as long as there was a cause and reason," he said. Noting the flood of Haitians into South Florida, he added: "If it's that bad they need to leave, something needs to be done."

Marine 1st Lt. John Sprague, 28, of Key West, flies a CH-46 Sea Knight transport helicopter. He said the troops were ready to do what was required.

"Nobody wants to go ... but if it gets us home quicker and if there are Americans in danger ..." Sprague said, adding, "I really don't think about dying."

In her Key West home, Sprague's mother, Joan Sprague,

# Whitewater

• Continued from Page 1A

affair, who appeared unexpectedly at Tuesday's opening hearing in the House.

"Probably the hearings could be described as being, like most endeavors of the government, a complete waste of the taxpayers' time and not a very uplifting experience for the country morally," he said.

So far, the Whitewater hearings lack the drama and intrigue of congressional inquiries into topics such as Watergate and the Iran-Contra affair.

But this much can be observed after a Senate hearing Friday and House hearings Tuesday and Thursday:

- It was highly partisan and extremely predictable.
- It didn't deal with the really interesting parts of the Whitewater affair.
- It did deal with Arkansians much more than had been anticipated.

## Just getting started

Last week's hearings just barely cracked open the door on the Whitewater investigation. This is the first of several rounds of hearings to be conducted by Congress.

A second round is expected this fall when Robert Fiske Jr., the Whitewater special counsel, completes his investigation into what happened to paper in Vincent Foster's White House office after Foster's suicide July 20, 1993.

A third round of hearing is expected next year when Fiske completes the Arkansas phase of his investigation.

When proceedings resume Monday in the Senate and Tuesday in the House, they will remain narrowly focused on the completed parts of the Washington phase of Fiske's investigation.

Congress is examining only two aspects of Whitewater this summer:

• Contacts between White House and Department of the Treasury officials concerning a federal investigation of the failure of Madison Guaranty Savings & Loan Association.

• The suicide of Foster, the Hope native who was deputy White House counsel at the time of his death.

The Arkansas phase of Fiske's investigation includes questions about the Whitewater land venture itself. Bill and Hillary Rodham Clinton were partners with James and Susan McDougal from 1978-92 in Whitewater, a failed 230-acre residential development along the White River in Marion County.

James McDougal also owned Madison, which failed in 1989 at a cost to taxpayers of at least \$47 million. Fiske is investigating allegations that money was transferred illegally between Madison and Whitewater accounts.

Much of what went on last week on Capitol Hill involved arcane legal and bureaucratic issues. Members spent hours questioning senior White House officials about topics such as "recusals" and "redactions" and "criminal referrals."

That was not terribly exciting to those outside the Washington Beltway.

Coming into last week, Democrats derided the inquiry as a waste of time and money that



Associated Press

"If this White House had been in the business of trying to affect what the RTC was doing, certainly we could have done a better job than we did."

— White House Counsel  
Lloyd Cutler

could better be spent on other issues pending before Congress. Republicans contended the hearings would shed light on whether the White House had abused its power.

Once the proceedings got under way, neither side was completely satisfied.

## Less filling

Rep. Carolyn Maloney, D-N.Y., dubbed it the "Whitewater hearings."

Republicans grumbled that

the hearings should be called "Whitewater Lite" because of their limited nature.

The most compelling exchanges during the first week of hearings came in the form of partisan sniping.

"For months, the Republicans have been barking about what they claim to be a dire threat to the democratic process," said Rep. Joseph Kennedy, D-Mass. "They have fancied themselves zealous watchdogs at the door of liberty. But what we've got here is a case of the dog chasing its own tail."

On Thursday, Democratic Rep. Bill Orton of Utah said the hearing "smacks of McCarthyism."

Roth, the Wisconsin Republican, said it was simply a "charade."

While Democrats used much of their time to laud witnesses and make speeches in support of the Clinton administration, Republicans used their time to interrogate witnesses and make speeches criticizing the White House.

Republicans also complained continually about the parameters of the hearings. The narrow scope was sought by Fiske and agreed to by the Democratic congressional leadership.

Rep. Jim Leach of Iowa, the ranking Republican on the House Banking Committee, noted at the outset that the hearings would deal with "1 percent" of Whitewater.

Senate Minority Leader Bob Dole, R-Kan., also blasted the scope of the hearings.

"The American people should understand that what they will be watching is a limited and tightly scripted ac-

count of only a small piece of the entire Whitewater puzzle," Dole said. "It's like going to a movie theater, paying \$8 for a ticket and getting to see only one 60-second movie preview."

The Senate Banking Committee approached the hearings from a different direction Friday.

While the House Banking Committee had voted along party lines Tuesday morning not to deal with Foster's death, the Senate panel devoted its first day to the topic.

## Limited coverage

But the opening round of Senate hearings received live national coverage only on CNN. And even that wasn't gavel-to-gavel coverage. CNN cut away from Capitol Hill on Friday to join ABC, CBS and NBC in broadcasting the latest court room proceedings from Los Angeles in the Simpson case.

Meanwhile, the president and first lady continued to go about their business. On Thursday, when 10 top administration aides were testifying before the House Banking Committee, Hillary Clinton was at the Capitol lobbying for health-care reform and her husband was giving a speech on crime at the Department of Justice.

Although last week's hearings weren't about the Arkansas aspects of the Whitewater affair, the president's home state figured prominently in the proceedings.

Testifying Thursday were two of Clinton's closest advisers: Thomas F. "Mac" McLarty, the former chairman of Arkla Inc., and Bruce Lindsey, a former Little Rock lawyer.

There also were numerous references to a private Oval Of-

fice meeting between Clinton and his successor as governor, Jim Guy Tucker. Republicans questioned whether Clinton might have alerted his fellow Democrats that Tucker was mentioned in criminal referrals from the Resolution Trust Corp. to the Justice Department concerning Madison.

The name of Webb Hubbs, the former associate attorney general, also surfaced. Hubbs once was a partner with Fiske and Hillary Clinton at Latt Rock's Rose Law Firm. He resigned his administration post in March to devote time to billing dispute with his former law firm.

The biggest surprise of the week came Tuesday afternoon, when McDougal — the central character in the whole, tangled affair — showed up at the opening House hearing with 20-year-old blonde from Arkadelphia, Tamra Meacham in tow.

He was unimpressed. "I don't think there's very much that can be learned here," said the former Madison owner. "This doesn't strike me as a particularly educational undertaking."

McDougal said he wasn't asked to appear during the current round of hearings. But he promised he would testify before Congress if called. He also said he hasn't talked to Fiske but would do so if contacted.

McDougal noted he didn't plan to call the president during his trip to Washington.

"I'm really too booked up to do any dealings with Bill this trip," he told reporters. "But if you see him, tell him I said hello."

## Limited hearings as dry as expected



SWORN IN — Ex-White House counsel Bernard Nussbaum prepares to testify.

*The White House has concealed, disguised and distorted the truth, all in the service of politics and the president's self-preservation.*

— Sen. Alphonse D'Amato, R-N.Y.

*The notion that it was inappropriate to tell the president of the United States that his name was mentioned as a possible witness and the press was likely to get ahold of this baffles me. I cannot think of a single president who wouldn't have been told. They would have even waked up some presidents to tell them.*

— Rep. Barney Frank, D-Mass.

*"9 referrals-allegations re: Fulbright, Jim Guy Tucker, attempt to divert funds. Worst allegation — conspir. to divert funds ... Conspiracy to divert funds for campaign contributions. McDougal. Peacock. Clinton '85 campaign as co-conspirators. Clintons mentioned in other charges as potential witnesses."*

— notes made by associate White House counsel Clifford Sloan after a briefing by Treasury General Counsel Jean Hanson on Sept. 30, 1993, a week before President Clinton's Oct. 6 meeting with Arkansas Gov. Jim Guy Tucker

## Committee sessions displease both sides

BY JANE FULLERTON

Democrat-Gazette Washington Bureau

WASHINGTON — Democrats call it "Wastewater."

Republicans call it "Whitewater Lite."

After three days of congressional hearings into the myriad issues that have become known simply as Whitewater, neither Democrats nor Republicans seemed overjoyed with last week's proceedings.

Hours of testimony piled up in hearings before the House Banking Committee and the Senate Banking Committee.

Democrats such as Rep. Maxine Waters of California made no effort to hide their disdain.

Waters proclaimed the proceedings to be "boring, uninteresting and uninformative. And I'm sorry that we must spend our time here."

Republicans such as Rep. Toby Roth of Wisconsin vented their frustration at the narrow scope and ground rules. Roth declared that "if these ground rules applied to the O.J. Simpson trial, you couldn't ask about the knife, the glove or the blood."

Perhaps the harshest sentiment came from James McDougal of Arkadelphia, a central figure in the Whitewater Development Corp.

See WHITEWATER, Page 14A

■ A special report on the hearings 13A



White House aides (from left) Bruce Lindsey, George Stephanopoulos, Margaret Ann Williams, Mack McLarty, Harold Ickes, John Podesta, Mark Gossan and Lisa Caputo.

"No." "No." "No."  
 "Absolutely not." "No."  
 "No, sir." "No." "No,  
 sir." "No." "No, sir."  
 — Ten White House aides,  
 when asked if any of them  
 has tried to influence the  
 RTC's investigation

"Under these ground  
 rules, all you could ask  
 is: 'So, O.J., how was the  
 flight to Chicago?' "  
 — Rep. Toby Roth, R-Wis.,  
 on restrictions set by the  
 Democrat-controlled House  
 Banking Committee

"Neither I nor anyone else  
 in the White House ever  
 sought to influence or even  
 to comment upon the  
 decision to refer the  
 Madison matter to the  
 Justice Department for  
 further investigation."  
 — Associate White House  
 Counsel Clifford Sloan

## 24 to testify at Whitewater hearings

BY TERRY LEMONS  
 Democrat-Gazette Washington Bureau

WASHINGTON — The Senate Banking Committee plans to call 24 witnesses and hold five days of hearings this week into the Whitewater Development Corp. affair.

The committee began its Whitewater hearings Friday by reviewing the death of Vincent Foster, the deputy White House counsel who committed suicide in July 1993.

The attention shifts Monday to Whitewater-related contacts between President Clinton's aides and Department of Treasury employees.

Three key Treasury Department officials will appear during the first three hearings. Counsel Jean Hanson will testify Monday. She will be followed by Deputy Treasury Secretary Roger Altman on Tuesday and Treasury Secretary Lloyd Bentsen on Wednesday.

The three officials have offered contrasting versions of events relating to contacts with Clinton administration officials.

Also Wednesday, Clinton adviser Thomas F. "Mack" McLarty will testify. McLarty, a Hope native, was formerly White House chief of staff.

Thursday's testimony will feature...

### Witness list

The Associated Press

Witnesses scheduled to appear before the Senate Banking Committee's Whitewater hearings this week. All times are 9:30 a.m. except Monday, which will be 10:30 a.m.

Monday

Panel 1: John Ryan, acting chief executive officer, Resolution Trust Corp.; William Roelle, former senior vice president and chief financial officer, RTC; Ellen Kulka, general counsel, RTC; Stephen Katsanos, director of the office of corporate communications, RTC.

Panel 2: Jean Hanson, general counsel, Treasury Department.

Tuesday

Panel 1: Joshua Steiner, chief of staff to the Treasury secretary; Dennis Foreman, deputy general counsel, Treasury Department; Jack DeVore, former assistant Treasury secretary for public affairs; Benjamin Nye, special assistant to the deputy secretary of the Treasury.

Panel 2: Roger Altman, deputy secretary of the Treasury, former acting chief

executive officer, RTC.

Wednesday

Panel 1: Treasury Secretary Lloyd Bentsen.

Panel 2: Eugene Ludwig, comptroller of the currency.

Panel 3: Joel Klein, deputy counsel to the president; W. Neil Eggleston, associate counsel to the president; Clifford Sloan, associate counsel to the president; Beth Nolan, associate counsel to the president; Thomas F. "Mack" McLarty, counselor to the president, former chief of staff; Margaret Williams, assistant to the president, chief of staff in Hillary Rodham Clinton.

Thursday

Panel 1: Harold Ickes, deputy chief of staff to the president; George Stephanopoulos, senior adviser to the president; John Podesta, assistant to the president, staff secretary; Bruce Lindsey, assistant to the president, senior adviser.

Panel 2: Bernard Nussbaum, former counsel to the president; Lloyd Cutler, counsel to the president.

Lindsey, a former partner in the Little Rock law firm Wright Lindsey & Jennings. Senior Clinton adviser George Stephanopoulos and former White House counsel Bernard Nussbaum also will appear Thursday.

White House counsel, Lloyd Cutler, is expected to be Friday's only witness. Cutler testified this week before the House Banking Committee.

The House Banking Committee hearings are expected to run through...

# Lindsey puts note in context

Discounted chance  
of Tucker charges

BY TERRY LEMONS  
Democrat-Gazette Washington Bureau

WASHINGTON — Clinton administration adviser Bruce Lindsey says he "discounted" suggestions made at a White House meeting last October that Gov. Jim Guy Tucker might be indicted in connection with a federal investigation of Madison Guaranty Savings & Loan Association.

- GOP hammers Altman 10A
- David Hale subpoenaed in lawsuit accusing him of defrauding government 10A
- Republicans focus on Foster inquiry as Senate begins Whitewater hearings 11A
- Whitewater no concern for Helena residents meeting with Tucker 1B
- Sheffield Nelson calls criticism of Tucker, Clinton simply "loyal opposition" 3B

"There's no way to know that," Lindsey said late Thursday night of the indictment possibility.

Lindsey, a former partner in the Little Rock law firm Wright Lindsey & Jennings, took notes during an Oct. 14 meeting where eight White House and Department of the Treasury officials discussed the Madison investigation.

A document released this week shows Lindsey wrote during the meeting that Arkansas' "current governor may well be indicted."

A second set of notes citing Tucker's possible indictment was taken by Mark Gearan, the White House communications director.

Tucker had extensive business dealings during the 1980s with James McDougal, Madison's owner. Tucker says he did nothing wrong. Madison failed in 1989 at a cost to taxpayers of at least \$47 million.

At the Oct. 14. meeting,  
See LINDSEY, Page 10A

## Lindsey

• Continued from Page 1A

Treasury Department official Jack DeVore discussed information about the Resolution Trust Corp.'s Madison investigation. Tucker's name surfaced in connection with a criminal referral from the RTC to the Department of Justice.

White House aides said DeVore informed the group about two media inquiries concerning the investigation. DeVore said a reporter from *The New York Times* made a reference to Tucker, according to a Lindsey memo.

Lindsey said his notes did not reflect his opinion on the possibility of a Tucker indictment.

"Those notes ... were just me writing down what he (DeVore) was saying," Lindsey said.

Lindsey testified Thursday before the House Banking Committee.

"I sort of discounted that," Lindsey said of talk about a possible indictment. "It's a far step to go from a referral to an indictment."

# Senate drills into Foster death one more time

BY RANDY LILLESTON  
Democrat-Gazette Washington Bureau

WASHINGTON — Republicans hammered on the thoroughness of the investigation into the suicide of Vincent Foster as the Senate began its own hearings Friday on Whitewater topics.

Panels of law enforcement officers and pathologists appeared before the Senate Committee on Banking, Housing and Urban Affairs to explain aspects of the investigation into Foster's suicide in July 1993. His death was the subject of speculation for months before Whitewater Special Counsel Robert Fiske issued a report June 30, ruling the death a suicide.

*'This is a story of government officials, holding positions of enormous power and solemn public trust, falling short of minimum standards of ethical behavior and avoiding public accountability.'*  
— Alphonse D'Amato

The House began hearings on Whitewater earlier this week, but that body's banking committee passed on the issue of Foster and any possible ties to Whitewater.

Documents related to Whitewater were removed from Foster's office by White House aides shortly after his death, which triggered Fiske's investigation when he was appointed Whitewater special counsel in January.

Republicans were careful Friday not to dispute Fiske's finding that Foster's death was a suicide, but they did question whether the initial death investigation — particularly the parts conducted by the U.S. Park Police — was influenced by the White House.

"I do not quarrel with the primary conclusion of the Fiske report, namely that Vincent Foster died by his own hand in Fort Marcy Park," said Sen. Lauch Faircloth, R-N.C. "But Mr. Fiske reaches a number of other conclusions in his report, and those conclusions say a lot more about this White House and about Mr. Fiske than they do about Vincent Foster."

Fort Marcy Park is a small roadside park near Washington, where Foster's body was found July 20, 1993.

"Actions created by the White House ... in fact, did hamper, to some degree, your ability to draw some of the con-

clusions you have drawn," Sen. Connie Mack, R-Fla., told FBI investigators.

Most committee Republicans also made it clear their real interests were in testimony to come next week, concerning contacts between White House and Treasury Department officials about a criminal investigation into Madison Guaranty Savings & Loan Association. The now-defunct Arkansas S&L has ties to Whitewater.

"This panel is a banking committee, not a medical board of inquiry," Sen. Christopher Dodd, D-Conn., said Friday. "We're senators, not coroners."

"This is a story of government officials, holding positions of enormous power and solemn public trust, falling short of minimum standards of ethical behavior and avoiding public accountability," said Sen. Alphonse D'Amato, R-N.Y. "It is about a ring of close and overzealous political associates of President Clinton ignoring lessons of recent history, by attempting to control and influence the actions of agencies intended by Congress to be beyond White House control and influence."

Much of the focus Friday was on the evidence-gathering process, as Republicans tried to draw links between the Whitewater affair and the investigation into Foster's suicide. Meanwhile, panel members tried to put down continuing rumors about Foster's death.

"Given Mr. Foster's size, it is highly unlikely that someone could have forced a gun into his mouth without forced injury," said Lawrence Monroe, an FBI agent assigned to review the Foster investigation. Monroe said all evidence indicated Foster committed suicide at the spot where his body was found.

Monroe said the FBI had "no evidence" to indicate that any concern about Whitewater contributed to Foster's reported depression before his death.

Much of the committee's criticism Friday was aimed at the U.S. Park Police, which was the lead investigative agency in the case because Foster's body was found on federal park land.

Committee members were infuriated that Capt. Charles Hume, a park police investigator involved in the case, did not attend the hearing Friday. Hume was on vacation Friday and could not be located. Park Police Chief Robert Langston said in a letter given to committee members Friday. He will be called before the committee next week.

Most lines of questioning focused on Foster's pager, which the Secret Service claimed from the Park Police shortly af-

# The Whole Truth

WASHINGTON

Why have the Riegle hearings on the Whitewater scandal brought credit to the Senate, while the Gonzalez circus on the same matter has brought ridicule on the House?

Because the essence of the Senate hearings is not about the abuse of the banking system by the Clintons, or even about White House attempts to impede or wrongfully investigate an investigation. These hearings are not yet about Whitewater; they are about the constitutional requirement that the Congress be told the whole truth.

That's why the tenor of the Senate hearings has changed so radically. A week ago, Democratic senators were pooh-poohing the investigation as partisan poking-around. Now, Republicans are giving some of their questioning time to the other side because Democrats are acting as members of the legislative branch being deceived by the executive branch.

A generation ago, Congress and the courts came down hard on a C.I.A. chief, Richard Helms, for doing what he saw to be his duty in concealing a covert action. In the 80's, the Reagan appointee Elliott Abrams was convicted, again not for lying but for "willfully and knowingly . . . failing to answer fully and completely when asked" about material information by a Senate committee.

The latest example of incomplete testimony — subtracting a significant fraction from "the whole truth" — was not to protect national security but to help a friend, the President, avoid political embarrassment.

Treasury's Roger Altman plainly withheld a series of questionable contacts and heated discussions of recusal from probing senators this spring. Yet the Clinton-appointed counsel, Robert Fiske, and the Office of Government Ethics saw no evil.

The prospect of condoning incomplete testimony drew the checks-and-balances issue for the Senate: if Democrats allow a Democratic Administration to make a mockery of Congressional oversight today, what power would the Senate have to check any President tomorrow?

With House hearings a national joke — diehard cover-upper Henry Gonzalez awarded Altman a "Congressional Purple Heart" — senators reluctantly showed their displeasure at having been made fools of.

Altman, no ax murderer, is a political zombie. Other members of Treasury's briskly walking dead showed how a pattern of legalistic half-truth-

telling has permeated the Clinton culture.

Treasury General Counsel Jean Hanson, whose sworn testimony frequently conflicted with Altman's and Secretary Lloyd Bentsen's, was shown her own memos and written reports of phone conversations. Five times she claimed to have "no independent recollection" of the information in the documents, but did not dispute their accuracy.

That is a slippery lawyer's way of saying "I don't remember, so you can't ask me more about it." (I am looking at, though I have no independent recollection of, a cartoon by James Thurber showing a prosecutor saying to a witness "Perhaps this will refresh your memory" as a large kangaroo is brought into court.)

The clank of falsity goes to the top. For over a year the White House has been saying that Whitewater files were sent from Vincent Foster's office after his death to the Clintons' private attorney. At a much-praised

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## What changed the Senate mood.

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press conference in April, Hillary Clinton was asked if her top aide, Margaret Williams, had removed documents from Foster's office.

"I don't think that she did remove any documents," Mrs. Clinton answered. She said, "Mr. Nussbaum distributed the files according to whom he thought should have them."

Sounds as if it went right to the family lawyer, right? But Newsweek reveals that Nussbaum let Maggie Williams take the Whitewater files; she spoke to Hillary in Arkansas and was told to lock them in a closet in the family quarters of the White House. Five days passed before they were turned over to the Clintons' lawyer, who arranged for their continued secrecy under subpoena.

Mrs. Clinton's answer was not an outright lie; only "incomplete," intended by the First Lady to mislead.

Deceiving the press with a half-truth is no crime. But willfully failing to answer fully to the Congress is a violation of 2 U.S. Code Section 192. Only a misdemeanor — but it helps preserve the American system of checks and balances. □