

THE CLINTONS MAY THINK THEIR PAL WEBSTER HUBBELL

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IS SAFELY LOCKED AWAY IN FEDERAL PRISON, BUT THE

INTO THE

RECORDS HE LEFT BEHIND IMPLICATE THEM AND THEIR

WEBB

CRONIES IN A WIDE RANGE OF COVERUPS AND CHICANERY

After former Associate Attorney General Webster Hubbell was charged with income tax evasion and mail fraud in December 1994, Bill and Hillary Clinton were quick to distance themselves from the potentially explosive situation. "This matter does not concern the president, the first lady, or Whitewater Development Corporation in any way," their lawyer David Kendall said. "The charges here are totally unrelated—they arrive out of Mr. Hubbell's personal income tax returns and individual billing procedures as an attorney in private practice in Little Rock before he came to Washington."

Technicalities aside, Kendall's explanation was a convenient dodge. According to Justice Department telephone logs and appointment calendars recently obtained by *The American Spectator*, Webb Hubbell was in fact at the center of the Clintons' Whitewater morass, about which the president and the first lady were understandably very concerned. David Kendall himself—along with other trusted Clinton political fixers such as James Lyons—had been hard at work trying to disentangle Bill and Hillary from the public relations disaster Hubbell's troubles might pose. At the same time, Hubbell was cooperating with the Clintons to minimize the political impact his indictment would have on them.

by
Rebecca
Borders



DENNIS IRVIN

These documents, along with new information from White House sources, also reveal that Lyons himself has been a central Clinton operative, no less important than such notorious behind-the-scenes figures as Betsey Wright, Susan Thomases, and Bruce Lindsey. Lyons has been at the heart of White House damage-control efforts on Whitewater, Travelgate, and the cleaning out of Vince Foster's office.

The records obtained by TAS even suggest that first lady Hillary Rodham Clinton may have authorized the investigation of a political foe by a private investigator hired by Hubbell. Not coincidentally, this P.I. seems to be the same figure originally hired for the Clintons — by Jim Lyons. Although the White House continues to stonewall on this and other matters, the fabled chicanery and shady dealings of the Clinton crowd continue to come into ever sharper focus.

For starters, it appears that the Clintons were aware of the pending investigation into Hubbell's financial dealings. The most curious new information concerns Rose attorney Amy Stewart, who, according to sources close to the White House, was a houseguest of the Clintons for three straight weeks after her arrival in Washington on May 10, 1993. Stewart is a trusted associate of Hillary Clinton

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and had been a regular caller to Hubbell's office. During her time at the White House she evidently worked out of Vince Foster's office, leaving Foster's number in her messages for Hubbell—with whom she met on both May 20 and May 25.

Had Stewart come to Washington to audit Hubbell's billing records from Rose? Or perhaps to audit all four of Rose's representatives in the Clinton White House? When I tried to put these questions to Stewart, she replied, "I am not interested in talking to any newspapers," and hung up.

Another Rose attorney, Jane Dickey, was in Washington at the same time, and she dined with Hubbell at Washington's Galileo restaurant on May 6. The next day she met with Hubbell at his office—the same day that Rose senior partner Jerry Jones came to Washington to confront Hubbell about his expense discrepancies that had turned up at the firm.

Jones had begun calling Hubbell in Washington on February 3, just a few weeks after Bill Clinton's inauguration. Their ominous May 7 meeting came less than two weeks before Hubbell's Senate confirmation hearing on May 19. Jones kept leaving messages for Hubbell, forty-two in all, until he abruptly stopped phoning in February 1994—shortly before Rose leaked word of the discrepancies to the press. Hubbell resigned from the Justice Department that March, and was indicted nine months later.

Although Clinton attorney Kendall tried to distance his clients from Hubbell after his guilty plea, records show that Kendall left five messages for Hubbell between November 16, 1993, and Hubbell's resignation the following March; along with law partner and then-Clinton private attorney Bob Barnett, he met with Hubbell the following day at Kendall's office. Hubbell and Barnett in turn had met previously on October 4, 1993, when they met with Clinton fixer and Washington lobbyist Mike Berman, whom we'll see later on.

During his fourteen months in office, Hubbell was in regular touch with James Lyons, a Denver attorney whom one White House staffer describes as a "shark." A trusted figure in the Clinton inner circle since the early 1980s, Lyons had been charged with issuing the first audit of the Clintons' Whitewater involvement that claimed the couple lost

\$68,900 on the deal. Although subsequently discredited by the *New York Times's* Jeff Gerth, the so-called Lyons Report, coming as it did in the heat of the presidential campaign, helped quash stories of Whitewater irregularities for the remainder of the electoral race.

Between January 1993 and March 1994, Lyons left thirty-eight messages for Hubbell, once even telephoning from the White House, where he was a frequent visitor. That call—on April 4, 1993—came from the office of Bruce Lindsey, Clinton's *consigliere* who was then "director of presidential personnel" and is now deputy White House counsel. On February 9, Lindsey aide Kevin O'Keefe called Hubbell to say that "Jim Lyons will be in town would like to have"—the rest, alas, is undecipherable. On April 8, Lyons left this message for Hubbell: "Would like to stop by at 5:30 p.m. . . . He's at Vince Foster's office or Eli Segal's." A longtime Clinton crony who now heads AmeriCorps, Segal was a figure in the Whitewater damage control effort during the campaign, according to a Clinton campaign official.

Lyons's prominence in the Clinton inner circle would grow that summer. On July 2, he was an overnight guest at the White House—which happened to be the day the management review was issued on the firings of the Travel Office Seven. The report had preoccupied the first lady for weeks, not to mention the late Vince Foster, who was thinking about hiring his close friend Lyons to be his own attorney in the Travelgate scandal. On July 20, the day of Foster's suicide, Lyons left multiple messages for both Foster and Hubbell. As is well known, he was scheduled to fly to Washington to meet with Foster the next day.

But what hasn't been known until now is that, according to two different accounts, Lyons paid a visit to the White House—and was buzzed in by the office of Bruce Lindsey—on July 22. That was the day the Clintons' personal documents were "relocated" from Vince Foster's office to a closet in the White House residence. Was Lyons in the White House to examine the documents taken from Foster's office?

It is a logical question to ask—as Whitewater continued to heat up that fall, Lyons phoned Hubbell again on October 25 and left the following message: "Be in town tomorrow, get together on Wednesday or Thursday to dis-

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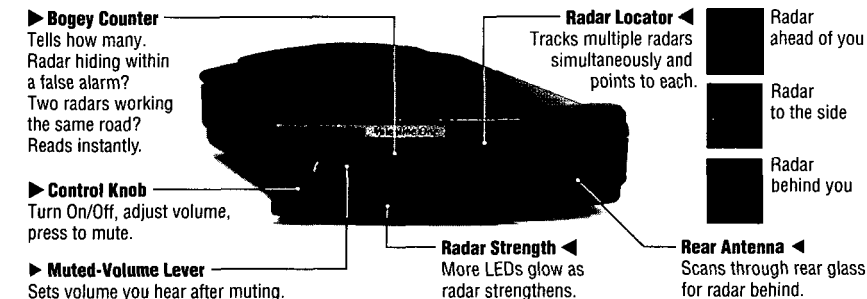
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According to two different accounts, Lyons paid a visit to the White House on July 22, 1993. Was he there to examine documents taken from Foster's office?

cuss/review WDC docs." We know that WDC is the Whitewater Development Corporation, but which documents was Lyons coming by to discuss? The ones that Hubbell had squirreled away in his basement for so many months, as he revealed last summer during House hearings into Whitewater, while serving as the number three law enforcement officer in the nation? Or were they the documents that had been removed from Vince Foster's office?

On October 27, Lyons went jogging with Bill Clinton at 7:30 a.m., and later left another message for Hubbell: "He's meeting with Bruce Lindsey if you need to reach him. Suggests you take docs he needs to look at with you when you meet with Jack Quinn for lunch." Quinn, who was then working for the vice president, was recently named to replace Abner Mikva as the latest White House counsel. As it happens, October 27 was also the day that Clinton appointee and former Clinton law student U.S. Attorney Paula Casey in Little Rock rejected referrals from the Resolution Trust Corporation that named the Clintons as possible subjects in the Madison Guaranty scandal.

As with other Clinton commissars, Lyons's trouble-shooting included a central damage-control role concerning Bill Clinton's womanizing. According to Clinton aide Betsey Wright, who coined the phrase "bimbo eruptions," Lyons hired San Francisco private investigator Jack Palladino during the presidential campaign and then billed the campaign for Palladino's services. Lyons's law firm in turn paid Palladino's \$28,000 fee. As first reported by Daniel Wattenberg in these pages (see "Love and Hate in Arkansas," *TAS*, April/May 1994), Palladino's work involved threatening and intimidating women not to go public with their stories about Clinton. Is it coincidental that Lyons was also seen jogging with the president on May 11, 1994—three days before the Paula Jones sexual harassment suit was filed?

Palladino had other uses. In mid-June 1993 a crisis of some sort broke out at the White House. On June 17, Wright had a three-hour meeting with Hillary Clinton in the White House private residence. She phoned Hubbell in the middle of the meeting, and then again the following day from her office. On June 23 Wright's office called and left a message for Hubbell: "Name and number she promised you: Jack Palladino." The private eye

then called Hubbell two times in the next two days.

The sequence suggests that Palladino was contacted at the directive of the first lady. But why? Clearly there was more to it than just a friendly chat: Both Palladino's and Wright's work for the Clintons had concentrated on suppressing potentially damaging information. Why was the associate attorney general of the United States calling a private investigator at the instigation of the first lady?

Palladino may even have a Travelgate connection. According to the congressional deposition of an employee of World Wide Travel—the firm that had moved to take over the White House travel office—word had gone around that the Hollywood producer and Travelgate instigator Harry Thomason had hired his own private investigator to check out the fired travel office staff. When a congressional staffer asked Palladino whether he was the one Thomason had hired, Palladino responded that that was "privileged information."

While Palladino remains a murky presence in the Clinton entourage, the high-visibility Mike Berman is no less important to the inner circle. Berman, president of the Duberstein Group and a Democratic Party operative, was included on the ultra-exclusive special access list that allowed unappointed cronies to come and go about the White House freely. (The list was discontinued in 1994 after press reports questioned the practice.) "He was coming in and out of the White House so often, I thought he was a paid consultant," said Jim Bailey, a former Clinton White House personnel official. According to sources close to the White House, lobbyist Berman met regularly with Foster, the first lady's chief of staff Margaret Williams, and even the president.

The affable Hubbell had readily befriended Berman not long after his arrival from Arkansas. According to Hubbell's phone logs and appointment calendar, Berman helped him through his own difficult confirmation and the rough times that followed. (This was not new work for Berman. As Mondale for President campaign treasurer back in 1984, he had gone over John Zaccaro and Geraldine Ferraro's financial records before Ferraro was named Mondale's running mate.) One such occasion was the afternoon of July 27, 1993: At the same time the White House was debating what to do with

Vince Foster's torn-up suicide note, Berman was meeting with Webb Hubbell in his Justice Department office. In the midst of such obvious turmoil, Berman's visit with Hubbell had to be more than just a social call. What were they planning?

(Berman's loyalty to Hubbell definitely extended to the Clintons: According to the *Washington Post* of July 31, 1994, "Berman is raising funds for Clinton's legal defense fund, after working with White House counsel Lloyd N. Cutler in setting up the fund.")

Another player in this circle was Washington investment banker Michael Cardozo. Brought into the Justice Department in the first months of the administration, Cardozo worked with Hubbell, and the two became golfing buddies. After Hubbell's resignation, Cardozo gave him an office at his merchant banking firm G. William Miller & Co. Cardozo is now the executive director and a trustee of the Presidential Legal Defense Trust, the official name of the fund set up to raise cash to cover the Clintons' mounting legal bills.

One lobbyist with unusual access to Hubbell was Beryl Anthony, whose wife Sheila was Vince Foster's sister and worked under Hubbell in the Justice Department as assistant secretary for legislative affairs. After losing his congressional seat in 1992, Anthony joined the Washington law firm Winston & Strawn. Although regulations at the time prohibited Anthony from lobbying his former colleagues in Congress for one year, he was free to lobby the executive branch, and apparently he took that to mean that he could even lobby his wife's boss. On April 7, 1993, he left this message: "Can he bring clients of his, Walt Disney reps in next week to meet with you re: financial syndication rules?" According to Hubbell's appointment calendar, the requested meeting took place the following week.

A frequent caller to Hubbell's office was Marsha Scott, White House liaison to the gay and lesbian community. Scott became known as "Bill's hippie girlfriend" after a newspaper in her adopted hometown of Santa Cruz, California, ran a feature story about their college relationship. According to one White House staffer, Scott "has had the president's ear for many, many years."

Vince Foster's secretary told the FBI that Foster had an "unusual" closed-door meeting in

his office with Scott on July 19, 1993—the day before his death. Because Scott described the meeting as "personal" in nature, she has not yet been deposed by either the House or the Senate Whitewater committee. She is quoted in the bowels of the Fiske Report, however, saying that at this meeting Foster told her he had come to "a decision." Immediately before and after that meeting, Scott called Hubbell at his office—apparently she was reporting back to him the substance of her *tête-à-tête*. Scott would not return this reporter's phone calls to comment.

Sometimes Hubbell's service to the Clintons went beyond the call of duty. First brothers Hugh and Tony Rodham, for instance, phoned regularly. On April 8, 1993, Hugh Rodham left a message to the effect that he was "curious about anything on his 'job.' Someone was to call him from A.G. [Attorney General] office. Checking to see if he heard anything and could you check." Reached at his Florida home, Rodham at first said he couldn't remember any such "job" discussion, but later explained that the message to Hubbell must have been related to Rodham's involvement in a Dade County drug court, a model of which was to be included in that year's crime bill. "That's what I was working on," Rodham said. "I think he wanted some perspective on it."

Although he cooperated with the Independent Counsel in return for a reduced sentence, Hubbell's service to the Clintons continues. He has been less than forthcoming in extensive depositions with congressional investigators. Among friends, certain understandings evidently never have to be made explicit, no matter what the ups and downs. After Hubbell's guilty plea in December 1994, for instance, Marsha Scott and Bruce Lindsey helped Hubbell's wife Suzanna land a \$59,022-a-year job in the Department of the Interior. While her husband serves out a 21-month sentence in a Maryland federal prison—and while the Clintons now face a \$1.5 million personal legal bill—Suzanna sports this bumper sticker on her car: Clinton/Gore '96. 🐾

REBECCA BORDERS is co-author of *Beyond the Hill: A Directory of Congress From 1984 to 1993—Where Have All the Members Gone?* (University Press of America).

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HEAR EVIL

BY JAMES BOVARD

FBI Director Louis Freeh has staked his reputation on defending an agency sniper who “accidentally” killed Vicki Weaver on August 22, 1992, as she stood in the front door of her cabin holding her baby. In Senate testimony this past October, Freeh was emphatic that Lon Horiuchi’s fatal shot was “constitutional” and that he intended no harm to Mrs. Weaver. The killing of Vicki Weaver is by far the most controversial aspect of the Ruby Ridge disaster. But Horiuchi’s shot is now ricocheting and threatens to bring down Freeh and the entire agency’s reputation.

On November 6 Daniel Klaidman reported in *Legal Times* that a key FBI official—George Michael Baird—is likely to be indicted on criminal charges for allegedly ordering the destruction of a damning FBI laboratory drawing indicating that, contrary to FBI claims, Horiuchi clearly saw Vicki Weaver before firing. In late October the Justice Department sent a team of investigators back to Ruby Ridge to reconstruct Horiuchi’s angle of vision for the shootings. Idaho lawyer David Nevin, who played a key role in the 1993 federal trial of Randy Weaver and Kevin Harris, observed in a November 22 interview, “When you look through the scope [of Horiuchi’s rifle] at the door—you can see a wedding ring on the hand of someone standing behind the window of the door. You can see someone standing back there with great resolution and great visibility.”

JAMES BOVARD is the author of *Shakedown: How Government Screws You From A to Z* (Viking) and *Lost Rights* (St. Martin’s).

On the night of the killing, Horiuchi was debriefed by an FBI expert and made a sketch of his target for the second shot. While Freeh has claimed that Horiuchi shot at a man who was running into the cabin at the time, Horiuchi’s drawing showed his cross-hairs just above an upright head clearly visible through the window of the open cabin door. At the time that Horiuchi fired, Kevin Harris—his alleged target—was running into the cabin and would not have been in a fixed upright position. But Vicki Weaver was standing in the doorway holding her child.

If the FBI really thought Vicki Weaver’s killing was an accident, it would not have told so many preposterous lies to justify the shooting. As the Senate hearings revealed, FBI Assistant Special Agent Thomas Miller’s official report of the shooting falsely claimed that Vicki Weaver had been in the front yard of the cabin pointing a gun at helicopters before she was slain, though she never left the cabin during the time in question. The FBI report noted, “This female, however, did pose an immediate threat to the circling helicopter. . . . The use of deadly force was justified in that she willfully placed herself in harm’s way by attempting to assist Harris, and so doing, overtly contributed to the immediate threat which continued to exist against the helicopter crew and approaching HRT [Hostage Rescue Team] personnel.” But all that Vicki Weaver did was stand in her doorway, shouting for her husband and his friend to hurry back into their home after the FBI sniper had wounded her husband.