

**F. Numerous Other Investigations Into Various Aspects of the Travel Office Firings Followed.**

After the White House Travel Office Management Review, the FBI, the Treasury Department, the House Committee on Government Reform and Oversight, the Department of Justice's Office of Professional Responsibility, and the Government Accounting Office all conducted individual investigations. In addition, Billy Dale was tried, and acquitted on charges of embezzlement.

**1. The FBI Internal Review and the Office of Professional Responsibility Inquiry.**

On May 28, 1993, the FBI produced a report entitled, "An Internal Review Of FBI Contacts With The White House As Related To The Investigation Of The White House Travel Office." This report concluded that the FBI had not committed any wrongdoing in its contacts with the White House about the Travel Office.<sup>933</sup>

On July 28, 1993, then Deputy Attorney General Philip Heymann directed the Office of Professional Responsibility (OPR) to review the FBI's contacts with the White House about the Travel Office.<sup>934</sup> The OPR submitted its report on March 18, 1994. The OPR interviewed

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released that Foster would be among those reprimanded, along with Eller and him, at 1:00 that afternoon, reprimands were announced for Eller and him, but not Foster. Watkins Int. 6/13/00 at 2.

<sup>933</sup> Action Memorandum from the FBI Director to the Attorney General (5/28/93).

<sup>934</sup> When Kennedy was interviewed by the FBI regarding his FBI contacts in the days preceding the firings, Bernard Nussbaum was present at the interview, accompanied by Associate White House Counsels Clifford Sloan and Neil Eggleston. O'Brien GJ 4/29/97 at 7, 10-12. FBI Agent O'Brien said this was the only interview for which Mr. Nussbaum chose to be present. After Kennedy's interview was concluded, the FBI asked Nussbaum not to be present again. Id. at 10-11. O'Brien felt Nussbaum's presence impacted Kennedy's answers, "[a]nd there were times when . . . we'd ask a question from Mr. Kennedy and his eyes would roll over to Mr. Nussbaum before responding to us." Id. at 13.

numerous FBI, DOJ, and White House employees and concluded that the FBI "acted properly throughout its dealings with the White House regarding the Travel Office matter."<sup>935</sup> The OPR Report noted that while the FBI agents who dealt with Kennedy on the Travel Office matter had differing recollections from Kennedy regarding whether he had invoked the White House's "highest levels," the report concluded that the FBI agents "all agree[d] that they did not interpret Kennedy's statements as threats or attempts by him to pressure them to respond to the factual situation in an inappropriate manner or in any way inconsistent with normal procedures."<sup>936</sup>

## **2. The Treasury Department and the IRS.**

Shortly after the Travel Office firings became public, Internal Revenue Service agents conducted an audit of UltrAir and its principal officer Charles Caudle. Based on public reports that Associate White House Counsel William Kennedy had informed the FBI he was considering bringing in the IRS to investigate the Travel Office during the May 13-14 time period, the Treasury Department conducted a review of whether someone in the White House may have requested that the IRS take action against UltrAir.

The IRS Chief Inspector's Office, in a report dated June 11, 1993, concluded there was no evidence of any attempt by anyone outside the IRS to influence the UltrAir investigation.<sup>937</sup> The investigation revealed that UltrAir originally came under IRS scrutiny in 1992 for failure to

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<sup>935</sup> DOJ/OPR Memorandum Report from OPR Counsel Michael E. Shaheen, Jr. to Acting Deputy Attorney General Jo Ann Harris at 93 (Mar. 18, 1994). This Office's investigation confirmed that conclusion. In addition, there is no evidence that the White House misused the FBI in the course of its review of the Travel Office. *Id.* at 69. Nevertheless, new procedures were implemented that require the White House staff to contact the Attorney General, Deputy Attorney General, or Associate Attorney General before involving the FBI in a criminal investigation. *Id.* at 69-70.

<sup>936</sup> *Id.* at 92-93.

<sup>937</sup> Office of Inspector General, Department of Treasury Report at 1-2 (March 31, 1994).

collect or pay excise tax on the company's business with the Travel Office. After May 19, 1993, when press reports mentioned possible kickbacks from charter companies to the Travel Office, the IRS unilaterally decided to expand its investigation of UltrAir.<sup>938</sup>

### **3. The Prosecution and Acquittal of Billy R. Dale.**

The FBI opened a criminal investigation of the Travel Office shortly after the Travel Office employees were dismissed on May 19, 1993.<sup>939</sup> During this time period, the FBI notified the Public Integrity Section of the Department of Justice about the Travel Office allegations.

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<sup>938</sup> This Office investigated and confirmed the IRS's conclusions based upon interviews and examination of the documentary evidence of the IRS officials involved in the audits of UltrAir and Charles Caudle. Questions regarding UltrAir's tax compliance status concerning certain excise taxes were brought to the IRS's attention in 1992 by UltrAir's own Chief Financial Officer. Hamblin Int. 1/19/00 at 1. UltrAir was soon working cooperatively with the IRS from that point forward. Hill Int. 1/18/00 at 1, 3. When UltrAir was mentioned in press coverage of the Travel Office incident in May 1993, the IRS agents already familiar with UltrAir recognized the name, and acted on their own initiative without any contact from William Kennedy or any other White House official. *Id.* at 2; Brown Int. 1/18/00 at 1. As a result of the IRS's audit, Charles Caudle received a \$5,000 tax refund. Caudle GJ 6/18/96 at 26.

This Office investigated the nature of contacts between Kennedy and then IRS Commissioner Margaret Milner Richardson, and determined that their contacts were insubstantial and of a social nature only. Richardson GJ 4/29/97 at 7-8. Richardson testified before the grand jury that "William Kennedy never communicated with me on any matter, other than the one I mentioned to you, which had to do with a process for making sure that tax checks were timely processed through the IRS." *Id.* at 12. After interviewing all persons with material evidence pertaining to this issue, this Office's investigation revealed no contrary evidence. *See* Williams Int. 1/18/00 (Thomas A. Williams, Chief, Examination Branch, IRS); Brown Int. 1/18/00 (Bruce W. Brown, Section Chief, Work Load Section, IRS); Hill Int. 1/18/00 (Anita Maria Hill, Revenue Agent, IRS); Hall Int. 1/18/00 (Darrell Lee Hall, Income Tax Specialist, IRS); Lumbreras Int. 1/27/00 (David Lumbreras, Industry Specialist for Air Transportation, Examination Division, IRS); Leonard Int. 1/27/00 (Lori Leonard, Associate Air Transportation Industry Specialist, IRS); Hamblin Int. 1/19/00 (Eddy Gilbert Hamblin, former CFO, Airline of the Americas/UltrAir).

<sup>939</sup> FBI Special Agent David Bowie, the Supervisor of the White Collar Crime Squad at the Washington Metropolitan Field Office, testified he was satisfied as of May 15 that the information Catherine Cornelius had provided to the FBI established a predicate to open a criminal investigation. Bowie GJ 6/6/96 at 10-13.

Stuart Goldberg, Senior Litigation Counsel in the Public Integrity Section, coordinated the investigation which resulted in a recommendation on August 4, 1994 to prosecute Billy Dale for two counts of violation of 18 U.S.C. ? 654 relating to the unlawful conversion of approximately \$68,000. The charges against Dale did not reflect the multiple allegations that Cornelius, Thomason, and Martens had made in April and May 1993.<sup>940</sup> Dale was indicted on December 7, 1994.<sup>941</sup> After a trial lasting several weeks, Billy Dale was acquitted on November 16, 1995.<sup>942</sup>

#### **4. GAO Review of the Travel Office Firings.**

On July 2, 1993, Congress passed the Supplemental Appropriations Act of 1993, and required that the GAO "conduct a review of the action taken with respect to the White House Travel Office . . . ."<sup>943</sup> The GAO subsequently reviewed several issues relating to the Travel Office, including the actions taken in the Spring of 1993, that led to the Travel Office firings.<sup>944</sup>

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<sup>940</sup> In his Prosecution Memorandum, Goldberg wrote, "We determined that there was little or no evidence to support the kinds of allegations that were made at the time of the termination." Dept. of Justice/Public Integrity Section Prosecution Memorandum at 1 (Aug. 10, 1994). He further wrote that "[t]he vast majority of the allegations we examined proved meritless." *Id.* at 8.

<sup>941</sup> Indictment, United States v. Dale, No. CR-94-469 (D.D.C. filed Dec. 7, 1994). Count One charged Dale with depositing approximately \$54,000 in checks from the Travel Office into his personal bank account from January 1988 through April 1991. Count Two charged Dale with the unlawful conversion of approximately \$14,000 in petty cash.

<sup>942</sup> Judgment of Acquittal, United States v. Dale, No. CR-94-469 (D.D.C. entered Nov. 16, 1995)(Hon. Gladys Kessler, presiding).

<sup>943</sup> Supplemental Appropriations Act of 1993, Pub. L. 103-50, 107 Stat. 241.

<sup>944</sup> GAO White House Travel Office Report May 1994, OIC Bates No. 542-DC-00023261 at 23263.

Eight months later, the GAO completed its investigation and published its report.<sup>945</sup> The GAO concluded that the White House had legal authority to terminate the Travel Office employees without cause on May 19, 1993<sup>946</sup> because their appointments were at the pleasure of the President. However, the GAO also concluded that Harry Thomason, Catherine Cornelius, and Darnell Martens, individuals who had potential personal or business interests in the Travel Office operations, may have influenced the management decision to fire the employees.<sup>947</sup> The report also related that Watkins had told GAO he was "urged" by Mrs. Clinton to fire the Travel Office employees.<sup>948</sup>

## **5. Investigation By the House Committee on Government Reform and Oversight.**

In late 1994, Congressman William F. Clinger Jr., Chairman of the House Committee on Government Reform and Oversight, announced hearings on the Travel Office firings. During 1995, Chairman Clinger's committee staff conducted interviews and collected documents. In October 1995, the Clinger Committee held hearings to determine if the previous reports of the

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<sup>945</sup> Kingsbury GJ 6/27/96 at 8; GAO Report on White House Travel Office May 1994, OIC Bates No. 542-DC-00023261.

<sup>946</sup> Kingsbury GJ 6/27/96 at 8; GAO Report on White House Travel Office May 1994, OIC Bates No. 542-DC-00023261 at 23265.

<sup>947</sup> GAO Report on White House Travel Office May 1994, OIC Bates No. 542-DC-00023261 at 23265-23266.

<sup>948</sup> United States General Accounting Office Report to Congress Re: White House Travel Office Operations at 53 (May 1994) ("she urged that action be taken to get 'our people' into the Travel Office"). Watkins resigned from his position at the White House on June 17, 1994, after he used a presidential helicopter to scout out a golf course near Camp David in Maryland for use by the President at taxpayer's expense of \$13,679. Watkins GJ 2/28/95 at 103-110. A photographer from a local paper took a picture of Watkins leaving on the helicopter, and the issue was picked up by a member of Congress when the picture ran in the paper. Watkins GJ 2/28/95 at 106. Watkins said, "this whole thing was set up by the military office. They called me. I really didn't want to go that day." Watkins GJ 2/28/95 at 105-06.

Department of Justice, FBI, and the GAO answered all questions and concerns regarding the Travel Office matter, or whether additional hearings were necessary. These hearings revealed that previous investigations, particularly the GAO investigation, were hobbled by the White House's lack of cooperation. As 1995 came to a close, the Clinger Committee planned hearings on several issues focusing on the roles of David Watkins and Harry Thomason throughout the Travel Office matter.

Thereafter, the Committee conducted additional investigation necessitated by the belated discovery of the Watkins Memorandum in January 1996. On September 26, 1996, the Clinger Committee issued its Travel Office firings report.<sup>949</sup> The Committee deposed seventy-two witnesses, informally interviewed twenty-three witnesses, and reviewed approximately 58,000 documents from the White House and another 45,000 documents from the Justice Department, Treasury Department, and other agencies.<sup>950</sup> The Committee Report found the following:

- \* Plans to fire the Travel Office employees . . . were in place from the earliest days of the Clinton Administration;<sup>951</sup>
- \* Harry Thomason . . . instigated the firing of the Travel Office employees;<sup>952</sup>
- \* Harry Thomason abused his official status and White House access at a time when he had a financial stake in the Travel Office business;<sup>953</sup>
- \* The White House . . . misused and manipulated the FBI to further their political agenda;<sup>954</sup>

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<sup>949</sup> H.R. Rep. No. 104-849 (1996).

<sup>950</sup> Id. at 9.

<sup>951</sup> Id. at 11.

<sup>952</sup> Id.

<sup>953</sup> Id. at 13.

- \* Mrs. Clinton . . . asserted pressure on senior White House staff to fire the Travel Office employees;<sup>955</sup>
- \* The White House engaged in a conspiracy of silence of the true story behind the firings . . . [f]or damage control purposes;<sup>956</sup>
- \* The Internal White House Management Review . . . omitted incriminating information about the President, Mrs. Clinton and Harry Thomason.<sup>957</sup>
- \* The White House's obstruction of the review of Vince Foster's documents was due in part to concerns about Travelgate documents in Foster's custody;<sup>958</sup> and
- \* The White House . . . obstruct[ed] . . . investigations into the Travel Office [matter].<sup>959</sup>

The House Committee Report contained a strong dissent from the minority. They stated:

- \* The Majority has resorted to making baseless allegations transparently designed for partisan gain in the midst of a Presidential election . . . .<sup>960</sup>
- \* These baseless allegations demonstrate that this report is nothing more than a partisan witch hunt intended to embarrass a Democratic Administration shortly before the Presidential election.<sup>961</sup>

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<sup>954</sup> Id. at 14.

<sup>955</sup> Id. at 15.

<sup>956</sup> Id. at 18.

<sup>957</sup> Id. at 19.

<sup>958</sup> Id. at 21.

<sup>959</sup> Id. at 24.

<sup>960</sup> Id. at 858.

<sup>961</sup> Id. at 859.