

This Appendix describes the evolution of the Watkins Memorandum. Early drafts of the Watkins Memorandum described pressure from Mrs. Clinton. During a meeting with Watkins on September 8, 1993, Moore recorded information he received from Watkins to begin drafting a memorandum.<sup>1</sup> Moore's notes reflect that Watkins told Moore the following:<sup>2</sup>

H[arry]T[homason] ginned up *T[he] C[lient]*.<sup>3</sup> HT told DW - TC thinks we need to fire them today. Thur. after meeting on H[ealth] C[are] T[ask] F[orce], TC was on the warpath ? b/c OUR PEOPLE weren't there to serve The Pres. OUR PEOPLE / OUR PEOPLE . . . HT told DW - TC wonders why they aren't already gone.<sup>4</sup>

. . . .

Monday 5/17 . . . Mack said he had dinner w/ T[he] P[resident] & TC. ? Mack: it is high on TC's radar screen. Message: full support & concurrence on terminating Travel Office Staff & DW would have been very negligent not to have. ? (underlying message) . . . "McLarty approved." Stronger than approval. Relief b/c if DW did not take action there would be hell to pay.<sup>5</sup>

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<sup>1</sup> See GJ 95-2 Exh. 69-A.

<sup>2</sup> Moore testified that his notes were quoting the information Watkins was providing him. Moore GJ 6/27/96 at 36.

<sup>3</sup> Matt Moore testified that "TC" stood for "The Client," which referred to Mrs. Clinton. *Id.* at 35, 38 (italics supplied). David Gergen attributes the phrase "ginned up" regarding Mrs. Clinton to McLarty. Gergen GJ 7/1/96 at 11.

<sup>4</sup> GJ 95-2 Exh. 69-A at 3 (emphasis in original; italics supplied). Watkins stated that he did not recall Mrs. Clinton being on the "warpath," and he did not remember Thomason telling him that Mrs. Clinton was "wondering why not already gone." Watkins Int. 11/22/96 at 39. Later, however, Watkins stated that he may have told his staff that Mrs. Clinton was on the warpath. *Id.* at 22. Thomason testified that he did not remember making this statement to Watkins, although it is possible that he did so. He did recall telling Watkins that Mrs. Clinton said, "If there is something wrong going on, it should be dealt with." Thomason GJ 7/17/96 at 142.

<sup>5</sup> GJ 95-2 Exh. 69-A at 4 (emphasis in original). Watkins testified in 1995 that McLarty "said something like, 'Well, I had dinner with the President and Mrs. Clinton last night, and it was certainly on her antennae or on her wave length or something.'" Watkins GJ 2/28/95 at 56. When McLarty was asked if he recalled using the phrase "radar screen," he said, "I think that the time had come for action, but I don't recall saying it in that way." McLarty House Depo.

....

TC said HT can get a structure that will do it more efficiently and can put that structure in place in an hour's time.<sup>6</sup>

....

Counsel's office knew what was going on & knew where the pressure was coming from.<sup>7</sup>

....

Pressure from TC FORCED it to be handled so quickly & w/o proper deliberation. F[oster] & P[atsy] T[homasson] & D[avid] W[atkins]: careful not to blame TC.<sup>8</sup> F[oster] spoke specifically [about] what would be said in the interview. \*DW went to see F 5 mins after the DW interview. They specifically asked if DW wanted to offer anything else about TC's involvement? DW said NO. PT: Investigators asked [about] how & when decision was made & if made prior to Mon & Tues. the 17<sup>th</sup> & 18<sup>th</sup>. "Lots of pressures to make it earlier." "Don't have anything."<sup>9</sup>

....

Bombardments of pressure from HT running into him in the hall, Jeff Eller, numerous times, *TC via F* - a frequent bombadeer [sic]. Parroting TC by F. Cannot say F was speaking from immediately prior or numerous inquiries from TC.<sup>10</sup>

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7/12/96 at 30.

<sup>6</sup> GJ 95-2 Exh. 69-A at 6.

<sup>7</sup> Id. at 7 (emphasis in original). Watkins stated that this referred to Foster's knowledge of Mrs. Clinton's concerns. See Watkins Int. 11/22/96 at 40.

<sup>8</sup> Moore testified this meant to be careful not to blame the client, meaning Mrs. Clinton. See Moore GJ 6/27/96 at 52 (italics supplied).

<sup>9</sup> GJ 95-2 Exh. 69-A at 8 (emphasis in original); Moore GJ 6/27/96 at 52 (Moore interpreting this section of his notes).

<sup>10</sup> GJ 95-2 Exh. 69-A at 8 (emphasis in original; italics supplied). Watkins stated that he did not know if Thomason or Foster had spoken to Mrs. Clinton immediately prior to each occasion when they made comments to him. See Watkins Int. 11/22/96 at 41.

. . . .

Background - atmosphere that driving force were First Lady, Eller, Harry . . . .<sup>11</sup>

Moore used the September 8 notes to prepare a typed draft of the memorandum.<sup>12</sup> The first undated typed draft of the memorandum did not indicate the intended recipient of the memorandum, but indicated the subject to be, "Response to Internal Travel Office Review."<sup>13</sup> The draft indicates that it was Watkins's intention to review and reorganize the Travel Office over a period extending from February through October. Those plans, however, were immediately overruled by "the intense pressures" surrounding the Travel Office matter. "[W]hen pressure began to build for immediate action in the Travel Office, the long-term plans were short-circuited."<sup>14</sup> This draft did not identify the pressure's source or nature. The draft concluded with a statement that Watkins "would have much preferred to have [his] staff carefully review the Travel Office and formulate a detailed business plan for the new fiscal year. This proved impossible, though, when pressure for action became irresistible. It forced me to accept hastily formulated plans for hasty, inadvisable action."<sup>15</sup>

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<sup>11</sup> GJ 95-2 Exh. 69-A at 11.

<sup>12</sup> Moore GJ 6/27/96 at 53.

<sup>13</sup> GJ 95-2 Exh. 69-B at 1. Handwritten into this typed subject title for apparent later insertion is "White House" and "Management" so that the title as edited would read "Response to Internal White House Travel Office Management Review." Id.

<sup>14</sup> Id. at 2.

<sup>15</sup> Id. at 8.

On September 15, Moore and Watkins met to discuss the first draft, and Moore took notes of Watkins's comments:<sup>16</sup>

Where was any pressure, where from. Where was it coming from? Continuous, daily basis. Check regularly (daily to get feedback from TC[]) Phone convers. Fri night from TC . . . Make pressure clear . . . Must be obvious - need for / pressure for swift & clear action . . . Frequent basis (pressure) from F & H[arry] T[homason] & the C[hief] O[f] S[taff] [McLarty]. Mention COS's role in meeting w/ P[atry]LT[homasson] & DW on Monday morning following dinner w/ TC. . . . Message from phone conv[ersation] Fri. night w/ TC. Clear terms to TAKE ACTION.

Soul cleansing. My first attempt to be sure the record is straight. I have been intention[ally] vague in all my conversations w/ Podesta and internal investigators.<sup>17</sup>

*Tried to be as protective and as vague as possible - up to this point.*<sup>18</sup>

After Moore's September 15 conversation with Watkins, Moore prepared another undated draft.<sup>19</sup> This second draft contained the following relevant language:

It is my first attempt to be sure the record is straight, something I have not done in previous conversations with investigators -- where I have been as protective and vague as possible.<sup>20</sup>

. . . .

[T]he First Lady took interest in having the Travel Office situation resolved quickly, following Harry Thomason's bringing it to her attention. Thomason briefed the First Lady on his suspicion that the Travel Office was improperly

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<sup>16</sup> Moore GJ 6/27/96 at 55-57.

<sup>17</sup> GJ 95-2 Exh. 69-D at 1 (emphasis in original).

<sup>18</sup> Id. at 2 (italics supplied).

<sup>19</sup> Moore GJ 6/27/96 at 57.

<sup>20</sup> GJ 95-2 Exh. 69-E at 1. Watkins stated that his reference to investigators was limited solely to the White House Travel Office Management Review. See Watkins Int. 11/22/96 at 41.

funneling business to a single charter company, and told her that the functions of that office could be easily replaced and reallocated.<sup>21</sup>

Once this made it onto the First Lady's agenda, Vince Foster became involved, and he and Harry Thomason regularly informed me of her attention to the Travel Office situation -- as well as her insistence that the situation be resolved immediately by replacing the Travel Office staff.<sup>22</sup>

Foster regularly informed me that the First Lady was concerned and desired action -- the action desired was the firing of the Travel Office staff. On Friday, while I was in Memphis, Foster told me that it was important that I speak directly with the First Lady that day. I called her that evening and she conveyed to me in clear terms that her desire for swift and clear action to resolve the situation. She mentioned that Thomason had explained how the Travel Office could be run after removing the current staff -- that plan included bringing in World Wide Travel and Penny Sample to handle the basic travel functions, the actual actions taken post dismissal --, and in light of that she thought immediate action was in order.<sup>23</sup>

On Monday morning, you [McLarty] came to my office and met with myself and Patsy Thomasson. At that meeting you explained that this was on the First Lady's "radar screen." The message you conveyed to me was clear: immediate action must be taken. I explained to you that I had decided to terminate the Travel Office employees, and you expressed relief that we were finally going to take action (to resolve the situation in conformity with the First Lady's wishes). We both knew that there would be hell to pay if, after our failure in the Secret Service situation earlier, we failed to take swift and decisive action in conformity with the First Lady's wishes. You then approved the decision to terminate the Travel Office staff . . . .<sup>24</sup>

In light of the First Lady's insistence for immediate action and your concurrence, the abrupt manner of dismissal, from my perspective, was the only option.<sup>25</sup>

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<sup>21</sup> GJ 95-2 Exh. 69-E at 1-2.

<sup>22</sup> Id. at 2.

<sup>23</sup> Id. (emphasis supplied).

<sup>24</sup> Id. (emphasis supplied). The "Secret Service" reference was to an article entitled, "The Not-So-Secret Service," Newsweek, Apr. 5, 1993, at 43, which credited the Secret Service detail assigned to the First Family with spreading "rumors about the Clintons' private life." McLarty GJ 7/31/96 at 13, 44.

<sup>25</sup> Id. at 3 (emphasis supplied).

....

At this point in the sequence of events, with the current plan approved by the First Lady and yourself including resort to World Wide Travel, it would have unnecessarily heightened confusion to recruit an unknown travel service.<sup>26</sup>

....

While I believed that my original plan to carefully review the Travel Office would best serve the White House, when I spoke with the First Lady on Friday night, May 14, she cited Thomason's plan as support for the need for immediate action.<sup>27</sup>

....

I would have much preferred to have my staff carefully review the Travel Office and make a detailed business plan for the new fiscal year. This proved impossible, though, when the pressure for action from the First Lady and you became irresistible. This demand for immediate action forced me to accept hastily formulated plans for hasty, inadvisable action.<sup>28</sup>

....

I think all this makes clear that the Travel Office incident was driven by pressures for action originating outside my Office. If I thought I could have resisted those pressures, undertaken more considered action, and remained in the White House, I certainly would have done so. But after the Secret Service incident, it was made clear that I must more forcefully and immediately follow the direction of the First Family. I was convinced that failure to take immediate action in this case would have been directly contrary to the wishes of the First Lady, something that would not have been tolerated in light of the Secret Service incident earlier in the year.<sup>29</sup>

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<sup>26</sup> Id. at 6.

<sup>27</sup> Id. at 7 (emphasis supplied).

<sup>28</sup> Id. at 8 (emphasis supplied).

<sup>29</sup> Id. at 9 (emphasis supplied).

Later drafts of the memorandum continued to reflect that Watkins felt pressured by the First Lady and others. During subsequent discussions with Watkins, Moore took the following notes:

1<sup>st</sup> [paragraph] in conclusion -- wrong tone.  
Did not think about remaining in the WH. DW thought/felt extreme pressure from the highest levels & felt that action should be taken b/c of perception about foot dragging.<sup>30</sup>

....

Could possibly have dug his heels in, but DW too felt he could not win that argument thus he acquiesced in his own mind.

....

No pressure from Mack.<sup>31</sup>

From these discussions and notes, as well as Watkins's handwritten suggestions on a copy of the second draft, Moore prepared a third draft that for the first time is addressed to Chief of Staff Mack McLarty.<sup>32</sup> Watkins told Moore to address the memorandum to McLarty.<sup>33</sup> This draft also included the following language:

I think all this makes clear that the Travel Office incident was driven by pressures for action originating outside my office. I felt extreme pressure from the First Lady and felt that action should be taken because of the perception about foot-dragging.<sup>34</sup>

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<sup>30</sup> GJ 95-2 Exh. 69-I; Moore GJ 6/27/96 at 64 (emphasis supplied).

<sup>31</sup> Id. (emphasis in original).

<sup>32</sup> GJ 95-2 Exh. 69-J at 1; GJ 95-2 Exh. 69-H.

<sup>33</sup> Moore GJ 6/27/96 at 67.

<sup>34</sup> GJ 95-2 Exh. 69-J at 9 (emphasis supplied).

The draft also noted that McLarty expressed "relief" when advised by Watkins of his decision to terminate the Travel Office employees.<sup>35</sup> This third draft contained the following relevant language, which included Watkins's handwritten insertions made on a copy of the second draft:

I would have much preferred to have my staff carefully review the Travel Office and make a detailed business plan for the new fiscal year. This proved impossible, though, when the pressure for immediate action from the First Lady and others became irresistible.<sup>36</sup>

This draft removed, from the conclusion, language regarding Watkins's fear that he could resist the pressures to fire the Travel Office employees only at the expense of his job in the White House. It also made the point that the firings were justified and that there was pressure to proceed quickly: "[T]he procedures were so bad and the grounds for dismissal so clear, that delay was more difficult and acquiescence in the call for action seemed proper. Numerous problems were discovered, the audit results were clear, and sufficient cause for dismissal appeared to be present."<sup>37</sup>

Later drafts reflected a new recognition that the First Lady may have been unaware of the pressure Watkins felt from her. Moore revised the memorandum again, creating a fourth draft, and also printed out a fifth draft that included only the first three pages of the fourth draft revised to reflect the handwritten comments of Watkins and Moore on that fourth draft.<sup>38</sup> The fifth draft

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<sup>35</sup> GJ 95-2 Exh. 69-H at 2.

<sup>36</sup> GJ 95-2 Exh. 69-J. The underscored words were handwritten on the draft memorandum by Watkins. GJ 95-2 Exh. 69-H at 8; Moore GJ 6/27/96 at 63.

<sup>37</sup> GJ 95-2 Exh. 69-J at 9 (emphasis supplied).

<sup>38</sup> See Moore GJ 6/27/96 at 69-70 (identifying the handwriting) and Moore GJ 6/27/96 at 72-74 (agreeing that this draft represents the typewritten incorporation of the notes on different



was ultimately incorporated into a complete sixth draft in which Watkins, although still claiming that he felt pressure from the First Lady -- pressure (1) that "she wanted us to just do it;" (2) that in his May 14 telephone conversation with her, "she conveyed to me in clear terms her desire for swift and clear action to resolve the situation"; and (3) that "she thought that immediate action was in order"<sup>39</sup> -- contended that the "pressure" was "perhaps unknown to the First Lady."<sup>40</sup>

The sixth draft's "Conclusion" section contained similar language about the First Lady's intention, allowing that while Watkins "felt extreme pressure from the First Lady," this pressure had been "perhaps accentuated beyond the [sic] her intention by the surrounding circumstances."<sup>41</sup> Watkins insisted that no one suggested to him that he include any language that would deflect the impact of earlier language in the memorandum regarding Mrs. Clinton's involvement.<sup>42</sup> In marking up the sixth draft, however, Watkins questioned whether the passage's tone and language about the pressure being beyond "her intention" was "too defensive."<sup>43</sup> Finally, while the third draft cites Travel Office procedures, the audit results, and the numerous problems discovered as sufficient cause for Travel Office staff's dismissal, the sixth draft adds that

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copies of the former draft, and that Moore only printed the first three pages of the fifth draft).

<sup>39</sup> GJ 95-2 Exh. 69-O at 3. The underscored language above appears on the draft memorandum in Moore's handwriting. See Moore GJ 6/27/96 at 73.

<sup>40</sup> GJ 95-2 Exh. O at 2.

<sup>41</sup> Id. at 10.

<sup>42</sup> Watkins 6/13/00 Int. at 2.

<sup>43</sup> GJ 95-2 Exh. 69-O at 10. Moore GJ 6/27/96 at 75.

Watkins "did feel that in light of the KPMG report that sufficient negative data was uncovered that would possibly justify our swift and hasty management action."<sup>44</sup>

Moore prepared the seventh draft, which consisted of the last page of the sixth draft revised to include the notes written on the sixth draft. An identical copy of this page was produced at the time and notes were written on each copy.<sup>45</sup>

Moore soon prepared an eighth draft based on his discussions with Watkins as well as Patsy Thomasson's notes on the sixth and seventh drafts. This eighth draft contained a new paragraph in the "Background" section (inserted at Thomasson's suggestion<sup>46</sup>), stating that the final decision to fire the Travel Office staffers was "justified" because of the Peat Marwick findings.<sup>47</sup> The paragraph states as follows:

Despite the pressure to act on scant information, the Peat Marwick report was what finally convinced me that the urged action was appropriate and necessary. KPMG audited the Travel Office and provided my Office a draft report on Sunday; unfortunately, however, KPMG could not perform a complete audit because sufficient records to conduct an audit were not kept by the Travel Office staff. Thus, the audit could not document fraud or theft, but it was clear from their restricted review that the lack of management activity justified the terminations.<sup>48</sup>

The eighth draft is also significant because the "Conclusion" section omits a paragraph that had been in some form in previous drafts going back to the third draft where the language "I

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<sup>44</sup> GJ 95-2 Exh. 69-O at 10 (emphasis supplied). This addition to the sixth draft was the result of the inclusion of notes written on the fourth draft. See GJ 95-2 Exh. 69-L at 9 and 69-M at 9.

<sup>45</sup> GJ 95-2 Exh. 69-P; Moore GJ 6/22/96 at 77-78.

<sup>46</sup> GJ 95-2 Exh. 69-O at 3. See Thomasson GJ 7/24/96 at 142.

<sup>47</sup> GJ 95-2 Exh. Q at 10.

<sup>48</sup> Id. at 3.

felt extreme pressure from the First Lady" had been inserted. Moore testified in the grand jury that he did not know why the paragraph was omitted, but assumed that Watkins told him to take it out.<sup>49</sup>

The memorandum's ninth and final draft was addressed as a "Memorandum For Counsel," yet remained undated.<sup>50</sup> This draft eliminated language going back to the second draft that the memorandum was Watkins's first attempt "to be sure the record is straight, something I have not done in previous conversations with investigators -- where I have been as protective and vague as possible."<sup>51</sup> Watkins ultimately signed and dated this draft, November 15, 1993.<sup>52</sup> A copy of the final signed and dated Watkins Memorandum is attached to this Appendix.

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<sup>49</sup> Moore GJ 6/27/96 at 78-80.

<sup>50</sup> GJ 95-2 Exh. 69-T. Moore testified he thought he worked on the document's final draft, but that at some point he handed off the entire project to Watkins's attorney Ty Cobb. Moore GJ 6/27/96 at 80-82. Cobb told this Office that he had no conversations about the Watkins Memorandum with the White House Counsel's Office following his first receipt of a draft on September 29, 1993 through its final draft on November 15, 1993. Cobb Int. 6/19/00 at 1-2.

<sup>51</sup> See, infra, complete text of final version of Watkins Memorandum.

<sup>52</sup> GJ 95-2 Exh. 69-T.