

OFFICE OF THE INDEPENDENT COUNSEL

Date of transcription 2/12/98

JOHN LEE HILLEY, white male, born [REDACTED], Social Security Account Number [REDACTED], home address [REDACTED], [REDACTED], [REDACTED], telephone number [REDACTED], was interviewed in the Conference Room of the Office of the Independent Counsel, 1001 Pennsylvania Avenue, N.W., Suite 490 North.

After being advised of the personal and official identities of the interviewers and the purpose of the interview, HILLEY provided the following information:

Since February 6, 1996, HILLEY has been employed as Senior Advisor to the President and Director of Legislative Affairs with offices on the second floor of the White House, West Wing, telephone number [REDACTED]. HILLEY has no pager or cell phone since he is resigning from this position effective February 20, 1998, and both have been returned. HILLEY's successor is LARRY STEIN.

Effective February 23, 1998, HILLEY will be employed as Executive Vice President, National Association of Securities Dealers, 1735 K Street, N.W., Washington, D.C., telephone 202-728-8100.

HILLEY does not recall ever meeting MONICA LEWINSKY or having a personal conversation with LEWINSKY. HILLEY is certain that he must have seen LEWINSKY at office staff meetings or elsewhere in the West Wing since HILLEY recognized LEWINSKY as someone he had seen in the White House when LEWINSKY's photograph appeared in the news.

HILLEY was aware that LEWINSKY and [REDACTED] made up the Congressional Correspondence Section of Legislative Affairs. A couple of months after HILLEY assumed the position of Director, TIM KEATING, the Staff Director, came to HILLEY and informed HILLEY there was a complaint that [REDACTED] and LEWINSKY had taken a large volume of mail to another office and demanded that office prepare immediate responses. It was obvious that neither [REDACTED] nor LEWINSKY were doing their job because of the large volume of unanswered mail; some of the mail was in excess of six months old.

Investigation on 2/11/98 at Washington, D.C. File # 29D-LR-35063

by SA [REDACTED]
CI [REDACTED] Date dictated 2/12/98

29D-LR-35063

Continuation of OIC-302 of JOHN LEE HILLEY , On 2/11/98 , Page 2

HILLEY instructed KEATING to "take care of it" and to "run the traps." HILLEY explained the use of the phrases "take care of it" and "run the traps" as meaning for KEATING to contact the people "upstairs," i.e., EVELYN LIEBERMANN, who HILLEY understood to be in charge of personnel and operations, to make sure the proper procedures were followed to move both [REDACTED] and LEWINSKY out of Congressional Correspondence. HILLEY did not personally speak with LIEBERMANN about the matter but HILLEY felt sure that KEATING did.

HILLEY was not aware of any other reason for the termination of [REDACTED] and LEWINSKY. HILLEY was not aware, at the time, of any rumors or gossip that LEWINSKY was having a sexual affair with anyone in the White House. HILLEY has never seen LEWINSKY in the presence of the President or in the vicinity of the Oval Office.

HILLEY has not seen LEWINSKY in the White House since LEWINSKY's termination.

HILLEY recalled only one conversation with KEATING after LEWINSKY's termination. This conversation occurred on a Tuesday night, possibly January 20, 1998, just after the story broke in the news. Both HILLEY and KEATING attended a going-away party for HILLEY and four other departing employees of Legislative Affairs. HILLEY and KEATING had a short conversation about LEWINSKY and the circumstances under which LEWINSKY left Legislative Affairs.

HILLEY also recalled a conversation with JOHN PODESTA which occurred sometime between one and three months ago. PODESTA stopped HILLEY in the hallway outside the Chief of Staff's Office and asked HILLEY if LEWINSKY had worked for HILLEY. When HILLEY responded in the affirmative, PODESTA asked HILLEY if HILLEY would be willing to write a letter of recommendation for LEWINSKY. HILLEY agreed to write a recommendation letter for LEWINSKY since it was office practice to write letters for all former employees of Legislative Affairs. HILLEY explained to PODESTA that due to the less than favorable circumstances of LEWINSKY's leaving Legislative Affairs, the letter would have to be "generic," confirming LEWINSKY's employment and dates. PODESTA indicated that PODESTA would get back to HILLEY on the matter, but to date has not done so.

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Continuation of OIC-302 of JOHN LEE HILLEY, On 2/11/98, Page 3

HILLEY was not aware that his name had been given to any prospective employers as a reference for LEWINSKY and HILLEY has not been contacted by anyone regarding possible employment of LEWINSKY.

The above described conversations with KEATING and PODESTA are the only conversations that HILLEY has had with anyone regarding LEWINSKY's employment with Legislative Affairs.

HILLEY is slightly acquainted with VERNON JORDAN and has played golf with JORDAN on one occasion. HILLEY has not talked to JORDAN about LEWINSKY.

HILLEY has not been contacted by anyone prior to the interview today and HILLEY has not discussed LEWINSKY with anyone except the attorney representing PODESTA. PODESTA's attorney recently telephoned HILLEY and asked questions about the hallway conversation between HILLEY and PODESTA.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

In re:
GRAND JURY PROCEEDINGS

Grand Jury Room No. 3
United States District Court
for the District of Columbia
3rd & Constitution, N.W.
Washington, D.C. 20001

Tuesday, May 19, 1998

The testimony of JOHN LEE HILLEY was taken in the presence of a full quorum of Grand Jury 97-2, impaneled on September 19, 1997, commencing at 1:47 p.m. before:

- SOLOMON WISENBERG
Deputy Independent Counsel
- MARY ANNE WIRTH
JAMES CRANE
Associate Independent Counsel
Office of Independent Counsel
1001 Pennsylvania Avenue, Northwest
Suite 490 North
Washington, D.C. 20004

1 PROCEEDINGS

2 Whereupon,
3 JOHN LEE HILLEY
4 was called as a witness and, after having been duly sworn by
5 the Foreperson of the Grand Jury, was examined and testified
6 as follows:

7 EXAMINATION

8 BY MR. CRANE:

9 Q Mr. Hilley, my name is Jim Crane. I met you
10 outside briefly in the hallway.

11 A Right.

12 Q I'm an Associate Independent Counsel. Here at my
13 right is Mr. Sol Wisenberg, also with the Independent
14 Counsel's office. His title is Deputy.

15 Obviously, this is the court reporter; the
16 foreperson has just sworn you in. A grand juror is to her
17 immediate left and the other grand jurors sit in the jury box
18 and in the seats there out in the audience.

19 Before we start asking you some factual questions,
20 I'll just go over some of your rights and responsibilities as
21 a grand juror, which we do with all witnesses. This is not
22 targeted at you in particular.

23 But before I do that, will you state your full name
24 and spell your last name for the court reporter?

25 A John Lee Hilley, H-i-l-l-e-y.

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WITNESS:

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John Lee Hilley

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GRAND JURY EXHIBITS:

No. JLH-1 Memo dated 10/16/96 to
Lieberman from Hilley

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1 Q All right. We are here in a federal grand jury
2 impaneled here in the United States District Court in the
3 District of Columbia investigating possible violations of
4 federal criminal law, in particular, perjury, obstruction of
5 justice, subornation of perjury and witness tampering.

6 We are here pursuant to a jurisdictional grant from
7 the United States Court of Appeals for the D.C. Circuit and
8 we are in particular investigating those criminal allegations
9 I just mentioned, perjury, subornation of perjury, et cetera,
10 in relation to the civil lawsuit Paula C. Jones v. William
11 Jefferson Clinton.

12 Is it clear to you what we are investigating?

13 A Yes, it is.

14 Q All right. As we tell all witnesses before
15 the grand jury, you have a right and a privilege against
16 self-incrimination, meaning that if you feel that a truthful
17 answer to a question would tend to incriminate you, you do
18 not have to answer it. Is that clear to you?

19 A That is clear.

20 Q As you know, if you have retained counsel, your
21 counsel may not be present with you in the courtroom. You do
22 have counsel here today, do you not?

23 A I do. Yes, I do.

24 Q And what was his name?

25 A His name is Steve Spivack.

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<p>1 Q S-p-i-v-a-k?</p> <p>2 A I think it's S-p-i-v-a-c-k -- c or k.</p> <p>3 Q All right. We will check that and confirm the</p> <p>4 spelling later.</p> <p>5 You understand that if you feel the need you will</p> <p>6 be given a reasonable opportunity to consult with your</p> <p>7 attorney?</p> <p>8 A Right.</p> <p>9 Q Anything that you or any witness says here in the</p> <p>10 grand jury can be used against you in a subsequent legal</p> <p>11 proceeding. Do you understand that?</p> <p>12 A I do. Yes.</p> <p>13 Q And you understand, of course, that you are under</p> <p>14 oath and you must tell the truth.</p> <p>15 A Sure. Of course.</p> <p>16 Q All right. There are several categories of</p> <p>17 individuals that appear before a grand jury. The first is a</p> <p>18 target. You are not a target. A target is defined as a</p> <p>19 person whom the prosecutor or the grand jury has substantial</p> <p>20 evidence linking him or her to the commission of a crime.</p> <p>21 And, as I said, you are not a target.</p> <p>22 The second category is defined very broadly and it</p> <p>23 is called a subject. A subject is defined in the Department</p> <p>24 of Justice grand jury manual as a person whose conduct is</p> <p>25 within the scope of the grand jury's investigation. You</p>	<p>1 Security Dealers here in Washington, D.C.</p> <p>2 Q All right. And that is a private organization, is</p> <p>3 it not?</p> <p>4 A That's correct.</p> <p>5 Q And what is your title there?</p> <p>6 A I am Executive Vice President for Strategic</p> <p>7 Development.</p> <p>8 Q All right. And, just generally, what do you do as</p> <p>9 Vice President for Strategic Development?</p> <p>10 A I deal with a whole variety of issues, working with</p> <p>11 the chairman of the NASD, about what our business goals are,</p> <p>12 how we plan for those and how we implement those.</p> <p>13 Q All right. And before you worked at NASD or it's</p> <p>14 commonly called NASDAQ, is that correct?</p> <p>15 A Well, NASD, which I work for, is the parent company</p> <p>16 of which NASDAQ is the stock market, which is part of our</p> <p>17 affiliation. Yes. So technically I work for NASD, but we</p> <p>18 are the parent of the NASDAQ stock market.</p> <p>19 Q I see. And prior to working at NASD, you were</p> <p>20 employed at the White House? Is that correct?</p> <p>21 A That's correct.</p> <p>22 Q And what was your position and what were the dates</p> <p>23 of your employment there?</p> <p>24 A My position was officially Assistant to the</p> <p>25 President and Director of Legislative Affairs.</p>
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<p>1 appear here today as a subject and as a witness. Is that</p> <p>2 clear to you?</p> <p>3 A Yes, it is.</p> <p>4 Q All right. Now, the oath of secrecy. The</p> <p>5 attorneys that appear here for the United States,</p> <p>6 Mr. Wisenberg and I, any of my colleagues in the Office</p> <p>7 of the Independent Counsel to whom we may share any</p> <p>8 portion of the transcript of these proceedings are sworn to</p> <p>9 secrecy. Is that clear to you?</p> <p>10 A Sure, it is.</p> <p>11 Q The court reporter, the grand jurors are also sworn</p> <p>12 to secrecy. You, on the other hand, are not sworn to</p> <p>13 secrecy. Is that clear?</p> <p>14 A Yes, it is.</p> <p>15 Q And you understand that you are free to talk to</p> <p>16 any person about the proceedings here today, including the</p> <p>17 questions that we ask you, if you so choose.</p> <p>18 A I do.</p> <p>19 Q However, you are not required to.</p> <p>20 A Okay.</p> <p>21 Q All right. With those introductory remarks, I</p> <p>22 will start asking you some factual questions.</p> <p>23 Can you tell us where are you currently employed,</p> <p>24 sir?</p> <p>25 A Yes. I'm employed at the National Association of</p>	<p>1 Q All right. Can you tell us the dates that you</p> <p>2 worked there in that position?</p> <p>3 A I was employed at the White House for two years,</p> <p>4 from February of 1996 until February of this year, 1998.</p> <p>5 Q All right. And before that, did you hold any other</p> <p>6 position in the Clinton administration?</p> <p>7 A No, I did not.</p> <p>8 Q And where were you employed before you came to work</p> <p>9 at the White House in Legislative Affairs?</p> <p>10 A Well, immediately before as well as for a number of</p> <p>11 years, I worked in the United States Senate as a staff</p> <p>12 member.</p> <p>13 Q And did you work for a committee or for an</p> <p>14 individual?</p> <p>15 A Well, right before I came, I was working for the</p> <p>16 leader of the Senate Democrats, Senator Tom Daschle.</p> <p>17 Q All right. Now, what were your duties in</p> <p>18 Legislative Affairs?</p> <p>19 A I had overall responsibility for trying to effect</p> <p>20 working with Congress the legislative program of the federal</p> <p>21 government.</p> <p>22 Q And how many employees did you supervise?</p> <p>23 A I supervised -- it fluctuates a tiny bit, but</p> <p>24 approximately in this office around 24 people.</p> <p>25 Q Now, did Monica Lewinsky work for you in</p>

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<p>1 Legislative Affairs?</p> <p>2 A Yes. When I began in February of 1996, she was an</p> <p>3 employee at the Office of Legislative Affairs and, in</p> <p>4 particular, the Office of Legislative Correspondence.</p> <p>5 Q And who was her immediate supervisor in the Office</p> <p>6 of Legislative Correspondence?</p> <p>7 A Her immediate supervisor was the Chief of Staff</p> <p>8 of the Office of Legislative Affairs, a man named Tim</p> <p>9 Keating.</p> <p>10 Q Who hired Monica Lewinsky?</p> <p>11 A I couldn't tell you. I assume it was my</p> <p>12 predecessor, but I don't know that for a fact myself.</p> <p>13 Q All right. And your predecessor was?</p> <p>14 A In my position, my predecessor was a man named Pat</p> <p>15 Griffin.</p> <p>16 Q So in February of 1996, when you came on the job,</p> <p>17 Ms. Lewinsky was already employed there?</p> <p>18 A That's correct.</p> <p>19 Q Together with some 20-odd other people?</p> <p>20 A That's correct.</p> <p>21 Q All right. Now, was Monica Lewinsky terminated?</p> <p>22 A Well, there was a personnel action. How much -- I</p> <p>23 mean, I can -- the direct answer is, yes, she was transferred</p> <p>24 out of the Office of Legislative Correspondence when I was</p> <p>25 there. That's correct.</p>	<p>1 All of -- well, I'll just let you go on. I think</p> <p>2 that was the report and the recommendation that came to me.</p> <p>3 Q All right. So would it be accurate to say they</p> <p>4 were fired?</p> <p>5 A Well, when -- yes. I mean, in the sense that they</p> <p>6 were no longer in his recommendation capable of serving in</p> <p>7 their present capacity.</p> <p>8 Q All right. And so both Monica Lewinsky and [REDACTED]</p> <p>9 [REDACTED] were fired.</p> <p>10 A Well, the recommendation he came to me with was the</p> <p>11 following which is he said -- as I said, there were two</p> <p>12 pieces to this, each a little bit different story, but they</p> <p>13 were doing the job insufficiently and both were not really at</p> <p>14 the office doing their work and his recommendation to me,</p> <p>15 which he conveyed to me in a meeting, was that they be</p> <p>16 transferred, I think is the word he used. And so I'm just</p> <p>17 trying to reflect that.</p> <p>18 Q All right. Where was [REDACTED] that she was not at</p> <p>19 her work station?</p> <p>20 A Well, let me just say one thing in general. I had</p> <p>21 virtually no contact with either woman and every action I</p> <p>22 took and every recollection I have here today is based on</p> <p>23 representations that were made to me.</p> <p>24 BY MR. WISENBERG:</p> <p>25 Q By Mr. Keating?</p>
<p>Page 10</p> <p>1 Q Why?</p> <p>2 A I had been there, like I say, since February.</p> <p>3 My first notion that this was coming about was, I think,</p> <p>4 about a month or month and a half after I had been there.</p> <p>5 Mr. Keating, the Chief of Staff, came to me with a</p> <p>6 recommendation, stating that the Office of Legislative</p> <p>7 Correspondence, which had two people assigned to it, one</p> <p>8 was Ms. Lewinsky and the other was a woman named [REDACTED]</p> <p>9 [REDACTED] the two of them were the Office of Legislative</p> <p>10 Correspondence.</p> <p>11 He came to me with a recommendation and a report</p> <p>12 that, as he represented it to me, the office was not</p> <p>13 functioning properly and that both women were doing an</p> <p>14 insufficient job.</p> <p>15 My memory is fuzzy on this, but he had cited</p> <p>16 something like the mail had gotten really messed up with</p> <p>17 regard to something to do with OMB, that the mail was being</p> <p>18 done in a tardy fashion. I'm just paraphrasing, I don't</p> <p>19 remember the exact conversation.</p> <p>20 And he also represented to me at that time</p> <p>21 that both women, although for each it was a different</p> <p>22 representation, were basically not at their office, they</p> <p>23 were otherwise engaged, were not only doing a bad job,</p> <p>24 but I guess related to that were not present much at their</p> <p>25 duty stations, I guess is the way I would put it.</p>	<p>Page 12</p> <p>1 A By Mr. Keating. Yes. And so on anything, I have</p> <p>2 no first, direct-hand knowledge of any of this, so what I'm</p> <p>3 recounting to you are representations that were made to me.</p> <p>4 But the representation that was made to me about [REDACTED]</p> <p>5 was that she had been phoning in sick for a period of time,</p> <p>6 but then there arrived a point where she was simply not there</p> <p>7 and not phoning in sick, was the gist of what was represented</p> <p>8 to me about [REDACTED].</p> <p>9 BY MR. CRANE:</p> <p>10 Q So would it be fair to call that unauthorized sick</p> <p>11 leave or unauthorized leave?</p> <p>12 A I don't remember anyone characterizing it that way.</p> <p>13 Again, the case was represented to me that she was simply not</p> <p>14 at her position doing the job. I don't know how you'd</p> <p>15 categorize that, but that was the representation.</p> <p>16 Q Okay. Well, was she within the White House or the</p> <p>17 Old Executive Office Building or was she simply at home?</p> <p>18 A Again, I don't know. When it was told me, she</p> <p>19 wasn't at her office. I don't remember being told where the</p> <p>20 speculation was that she was, if such was known.</p> <p>21 Q Okay. Did anyone ever tell you [REDACTED] is</p> <p>22 not at her office, but rather in the White House mess,</p> <p>23 something to that effect?</p> <p>24 A No. I don't remember any representation of such</p> <p>25 detail.</p>

1 Q All right. Did you ever hear anything that she was
2 loitering in some portion of the White House or the White
3 House complex?

4 A This is [REDACTED]?

5 Q Ms. [REDACTED]

6 A No. Again, the only representation that I recall
7 was about that she had been taking sick leave but then was
8 just -- I think not showing up at all and I don't know where
9 and it wasn't represented to me what she was doing and so
10 there was no representation that she was doing any particular
11 thing with her time.

12 Q All right. Now, with regard to Monica Lewinsky,
13 what was she doing? What were the reasons she was
14 terminated?

15 A Well, again, in the case of both women, the
16 representation was that they were doing an insufficient
17 job at actually making sure the mail got answered in a
18 timely fashion and it was furthermore represented to me
19 that Ms. Lewinsky, and this is why I said it was a
20 different representation than for [REDACTED], was wandering
21 around.

22 Q Okay. And how would you describe that? What do
23 you mean, wandering around?

24 A Well, it means to me not being there doing her job.
25 And, again, there wasn't any specific -- it included

1 wandering around the White House, is the one thing I
2 remember, but beyond that, I really don't remember any
3 destinations of her wandering, other than that she was
4 wandering around and wandering around the White House.

5 Q Where exactly was her office, the Office of
6 Legislative Correspondence?

7 A The Office of Legislative Correspondence is in the
8 East Wing of the White House. As you look at the Treasury
9 Building, down that hall in the East Wing, it's on the
10 left-hand side.

11 Q All right. What else? Did you find out that she
12 was doing anything else in particular?

13 A I'm sorry, who was that?

14 Q With reference to Monica Lewinsky, was there any
15 other reason for which she was terminated or transferred?

16 A None at all was represented to me. No. The two
17 representations with regard to her, that she was doing an
18 inadequate job at the mail position and that she was away
19 from her duty station or desk or office or whatever you want
20 to call it and was wandering around.

21 Q Did you ever meet Monica Lewinsky?

22 A I never recall actually -- I must have at some
23 point. I never recall an instance of that, but I know I must
24 have because she must have attended some staff meetings in
25 the month and a half or whatever at the beginning. And also

1 I did -- when this stuff broke in the press, after I had seen
2 her picture in the paper, I recognized her face. Yes. So
3 that could only happen if I had met her. I don't have a firm
4 recollection, but I suppose she attended some staff meetings.

5 Q And what about [REDACTED]? Did you ever meet
6 her?

7 A I must have also. And, again, I'd say very similar
8 circumstances. I'm sure she must have attended some staff
9 meetings very early on during that period. Yes.

10 Q And how long a period of time were you there, were
11 you [REDACTED] and Monica Lewinsky's supervisor? How
12 many weeks or months?

13 A Well, from when I came, which was in February,
14 until they left, which as I've read the press accounts now
15 lately, it said something -- my recollection is something in
16 April, I think, is when they left the office.

17 Now, I would have known when that was at the time,
18 so I'm sure it was reported to me when they did leave because
19 the person who took the place in the Office of Legislative
20 Correspondence was my personal administrative assistant who I
21 had inherited from the previous person holding my position.

22 BY MR. WISENBERG:

23 Q Who was that?

24 A That was -- the person?

25 Q Yes.

1 A That was a young man named Chris Walker.

2 MR. WISENBERG: Do you mind if I interrupt?

3 MR. CRANE: No, go ahead.

4 BY MR. WISENBERG:

5 Q You said that Mr. Keating came to you a month or a
6 month and a half after you came on the job.

7 A I think that's correct. I'm guessing.

8 Q In other words, you can't pinpoint it.

9 A No, I can't.

10 Q All right. It could have been a little longer, it
11 could have been a little before then?

12 A Yes, it could have been.

13 Q Okay. Would you have any writings or notes that
14 you took that would -- or a calendar that could pinpoint the
15 date he actually came by and told you about this?

16 A I don't. No. I remember the meeting, though, that
17 he came to my office. My office is in the West Wing of the
18 White House and so it's -- our office, like most, a few
19 people are in the West Wing and most people are other places.

20 But I do remember him coming and in about a
21 two-minute conversation making a verbal report to me of this
22 and I remember what I told him, which is I was new and I
23 said, based on his representation, I said, "Well, take th.
24 to the proper authority in the White House," since I didn't
25 know what that was, and he represented that that would have

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1 been the Deputy Chief of Staff, Ms. Evelyn Lieberman.
 2 BY MR. CRANE:
 3 Q And I believe that you were interviewed by an FBI
 4 agent, actually a retired FBI agent, and then --
 5 A By two.
 6 Q By two agents.
 7 A Yes.
 8 Q Okay. And I believe you may have used the term
 9 "run the traps"?
 10 A That's correct. Yes. And to see the proper
 11 authority because this is not a decision that I in my newness
 12 and not understanding the operations of the White House would
 13 have -- I wouldn't know how to effect it myself, to tell you
 14 the truth.
 15 Q All right. During your time as director -- your
 16 title was Director of Legislative Affairs?
 17 A That's correct.
 18 Q Did you have occasion to terminate or transfer
 19 under unhappy circumstances any other employees?
 20 A No, I don't remember any others that were
 21 transferred under unhappy circumstances -- is that the phrase
 22 you used, unhappy circumstances?
 23 Q Right.
 24 A No. There were a lot of transfers as people
 25 changed jobs but, no, nothing of this type.

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1 Q No other transfers for poor job performance?
 2 A Not that I recall at all.
 3 Q Only Monica Lewinsky and [REDACTED].
 4 A That is correct.
 5 MR. WISENBERG: Can I ask a question?
 6 MR. CRANE: Yes, jump in.
 7 BY MR. WISENBERG:
 8 Q Did you hear -- and this question goes to before,
 9 during and after the transfer of these two employees and if
 10 you need to break it down you can, and I'm not including --
 11 I'm not including press reports since this became a public
 12 issue.
 13 Before, during and after the transfer of Monica
 14 Lewinsky and [REDACTED], what, if any, rumors did you
 15 hear about any relationship between Monica and President
 16 Clinton?
 17 A Now, we're excluding anything that may have come
 18 out in the press since January, correct?
 19 Q Yes.
 20 A None.
 21 Q All right.
 22 A Again, the first I knew about the representation of
 23 inadequate performance was when Tim came to me and there was
 24 no part of that represented it was to do with a relationship
 25 and subsequently to that, there was not.

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1 The first I heard of the relationship, and I
 2 told the agents this, the first I heard of the alleged
 3 relationship or the thought that there was one was at a
 4 going away party which was actually my going away party with
 5 other people this January and I learned of it, though, the
 6 night before, I read about it in the paper the following day.
 7 Q Who did you hear it from?
 8 A I heard that from Mr. Keating.
 9 Q What did he tell you?
 10 A Mr. Keating -- this was a party of our group, our
 11 Legislative Affairs group, like I said, during a going away
 12 party and he came up to me and he represented to me, told me,
 13 that he had been called by the press and then he recounted to
 14 me what he had told the press.
 15 And he told the press that -- well, they, of
 16 course, had told him that there's this allegation, that's the
 17 whole context of all this, but he told me that he told the
 18 press that both Ms. Lewinsky and [REDACTED] had left
 19 basically because of -- you know, the same representation
 20 that he made to me back in, you know, early 1996, and he said
 21 he had told that to the press and that's how I found out
 22 about it. And that was basically it.
 23 BY MR. CRANE:
 24 Q Did you ever have any discussions with Evelyn
 25 Lieberman about the reasons for Monica Lewinsky's

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1 termination?
 2 A Well, with regard to Ms. Lieberman, I knew that
 3 Tim -- that was the person he was going to talk to about this
 4 and he informed me of that and that was the right thing to
 5 do.
 6 I just have talked to -- you know, I imagine, I
 7 don't know think it's must, but I can imagine that I talked
 8 to Evelyn about this knowing Tim was handling it, but I
 9 didn't become involved. In other words, I knew we were both
 10 aware of it. And that was during the period between when Tim
 11 brought this to me and when they ultimately departed. And
 12 then --
 13 Q Okay. Let's focus on that a minute. You had
 14 a meeting with Evelyn Lieberman after Tim Keating came to
 15 you?
 16 A No, I don't recall a specific meeting, but it's
 17 possible. What I'm saying is that I could have talked to her
 18 about this, but this is in the period between Tim bringing it
 19 to me and them departing.
 20 I don't recall a meeting, but I don't want to say
 21 that I didn't because it would have been plausible and
 22 natural that we would have said something to each other in
 23 the hall about it.
 24 MR. WISENBERG: Can I go back for just a second?
 25 MR. CRANE: Yes.

Page 21

BY MR. WISENBERG:

1 Q I want to make something clear about this with a
2 global question I asked, which is what, if any, rumors did
3 you hear about any kind of improper relationship between
4 Monica Lewinsky and the President before, during and after
5 her transfer. I want to make it clear to you that I don't
6 mean relationship literally, like the allegations since this
7 has become public that there was a specific kind of
8 relationship.

9 I mean in the broadest sense that she was spending
10 too much time around him, that they were giving each other
11 eyes, that she was just simply near the Oval Office too much.
12 Do you understand I mean it in its broadest sense?

13 A Well, I think the only thing that could fit that is
14 what I've already said, which is the representation that she
15 was walking around the White House.

16 Now, that's how it was represented to me, but there
17 was no representation that that involved a contact with the
18 President.

19 Q Well, she worked in the White House, though.

20 A Sure.

21 Q What would be unusual about her walking around in
22 the White House if she worked there?

23 A She should have been at her desk doing her job, as
24 it was represented to me.

Page 22

1 Q It wasn't even as specific as she's in the West
2 Wing? She's in the West Wing too much?

3 A It could have been. I mean, I took it to mean the
4 whole White House. I mean, understand that because our
5 office is separated, one in the East Wing of the White House
6 and one in the West Wing, that there is -- you have to
7 basically pass through the White House, all aspects of the
8 White House, including the West Wing, to go between our
9 offices.

BY MR. CRANE:

10 Q And when you say "our offices," you mean the
11 offices of Legislative Affairs?

12 A Yes. In the West Wing. Yes.

13 Q Okay. So your office is in the West Wing?

14 A Yes, that's correct.

15 Q And Monica's and [REDACTED] is in the East
16 Wing?

17 A That's correct.

BY MR. WISENBERG:

18 Q When you say it could have been, I took it to mean
19 the whole White House, do you mean in other words you don't
20 know exactly what's in Keating's mind, but the way that you
21 interpreted it was she's simply spending too much time
22 wandering around the whole White House as opposed to being at
23 her desk?

Page 23

1 A But I would also -- that plus I also believe she
2 was wandering around the West Wing as well.

3 Q All right. You just kind of got that from the
4 representation.

5 A That's correct. Yes. I mean, I don't know how you
6 couldn't be -- a part of that couldn't be wandering around
7 the West Wing, given the logistics of the way the offices
8 were set up.

9 Q Okay. He didn't say to you "She's around the Oval
10 Office too much"?

11 A I do not remember that representation. No.

12 MR. WISENBERG: Okay. I'm sorry. Go ahead.

BY MR. CRANE:

13 Q All right. We were talking generally about your
14 conversations or meetings with Evelyn Lieberman?

15 A Yes.

16 Q About the issue of Monica Lewinsky's termination?

17 A Yes.

18 Q Can you tell us what meetings and what
19 conversations you had with her?

20 A Okay. Well, when I testified to the agents, I told
21 them, and I hope I'm repeating it very closely, I didn't take
22 notes, I have no notes of that conversation, so I'm doing
23 everything out of memory, there was one conversation with
24 Evelyn that -- I'm sorry, there was a meeting with Evelyn

Page 24

1 that I did not recall that --

2 Q What do you mean when you say you did not recall?

3 A Okay. When I testified -- I'm sorry, what's the
4 word?

5 Q Interviewed by or spoke --

6 A Okay. When I spoke with the agents, and you know
7 better than I, it's like -- I think it was a month and a half
8 or something ago *

9 MR. WISENBERG: February 11, 1998.

10 THE WITNESS: Okay. When I spoke with them -- so
11 it was longer than I -- okay. When I spoke with them, I told
12 them absolutely everything that I could recollect about that,
13 but in this intervening period, I have learned of the
14 existence of a document that connected in my mind, in my
15 recollection, the fact that -- this is quite a bit later -- I
16 had a meeting, well, not a meeting about this, but a meeting
17 with Evelyn that led to the production of this document.

BY MR. CRANE:

18 Q Okay. How did you learn in the last six weeks or
19 so of the existence of this certain document?

20 A Okay. I received an unsolicited call from the
21 White House Counsel's Office --

BY MR. WISENBERG:

22 Q Who?

23 A It was a woman, it's nobody I knew, and I don't

Page 21 - Page 24

Page 25

1 recall her name. The only woman I know there was Cheryl
2 Mills and it was not her.

3 Q If we gave you the name, do you think you might
4 remember it?

5 A If I had a list, I could try to pick it out.

6 Q Could it be Shelly Peterson or Michelle Peterson?

7 A That doesn't ring -- is there somebody with a V in
8 her name or something like that?

9 Q There's a Sally Paxton. Okay. We'll get all the
10 names.

11 A Okay. Yes. I don't know if I can -- I don't
12 recall what it is, but I know it wasn't Cheryl Mills. She's
13 the only person I actually ever -- well, that I know that I
14 met there who was a woman.

15 So this person actually left a message for me, I
16 think on my voice mail, to call me back. And so I -- we
17 traded calls a couple times and then when I finally reached
18 her, she said, "Are you aware of a memo concerning the Office
19 of Legislative Correspondence?" And I said, "No, I am not."

20 And then she read me a brief memo and then upon the
21 reading of it, because of the content, that it was addressed
22 to Evelyn Lieberman and it was signed by a John and given the
23 content, I knew that it was indeed a memo that I had written.

24 BY MR. CRANE:

25 Q Okay. As best you recall, the way it was read to

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1 you by this unnamed person from the White House Counsel's
2 Office, what did that memo state?

3 A All right. That memo said -- it was about the
4 Office of Legislative Correspondence and it said -- it was a
5 brief memo and it said that -- it talked about things that
6 had been done -- get my dates straight -- this memo was
7 written like in the fall of 1996 because this was the period
8 in which Leon Panetta was leaving as the Chief of Staff and a
9 new Chief of Staff was going to be coming in and Evelyn had
10 been asked to be the transition coordinator and so she had
11 met with the heads of all offices, as I understand it, at
12 least she met with me, and asked me to produce a memo about
13 events -- administrative events in the office that had
14 occurred that year and that was the genesis of this
15 memorandum.

16 I am now reconstructing because I could not
17 remember the memo at all and did not -- so, anyway, I'm
18 reconstructing this.

19 So I wrote a memo basically that said the
20 things that were the issues in the Office of Legislative
21 Correspondence, it spoke directly to the issue of [REDACTED]
22 and Ms. Lewinsky, it said basically -- using shorthand, it
23 represented -- I represented the facts of the situation as
24 they were represented to me about their departure; namely,
25 that they weren't doing a good job and that they were, you

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1 know, otherwise engaged, away from their duty station.

2 Q All right. Let me just interrupt a minute.

3 Did the attorney from White House Counsel's Office send you a
4 copy of the memo?

5 A No.

6 Q And have you --

7 A I didn't ask for it and they didn't offer it.

8 Q All right. And was your attorney ever able to get
9 a copy of it for you?

10 A Well, my attorney said that -- well, I'm trying to
11 say this -- I'm not a lawyer, so I'm just trying to say this
12 as precisely as I can, that with the exception of my lawyer,
13 in preparation for this statement to you all, I have not seen
14 it nor have I discussed it with anyone other than it having
15 been read to me by the White House Counsel.

16 BY MR. WISENBERG:

17 Q I think Mr. Crane had said something like --
18 referenced this phone call and said during the last six
19 weeks. I guess if it was between your interview and now, it
20 could actually more than six weeks, since your interview was
21 February 11th?

22 A Yes.

23 Q That's March, April, May.

24 A It could be.

25 Q It could be 14. But what we want to know, one of

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1 the things we want to know is when did you get this call?

2 A All right. The markers that I'm absolutely certain
3 are that because I was not aware of it at the time that I saw
4 the FBI agents and now, those are the only truly definitive
5 things. If I had to guess, I would say -- and this is a
6 guess -- I would put it at between four and six weeks ago,
7 something like that. It was -- I'm just guessing.

8 Q Clearly before you were subpoenaed.

9 A Before I was subpoenaed.

10 Q Okay. And is there anything --

11 A Oh, no. Wait a minute -- yes. I was just
12 subpoenaed, what, last week?

13 MR. WISENBERG: I think so.

14 MR. CRANE: Right. Within the past two weeks.

15 THE WITNESS: Yes. It was before I was subpoenaed.

16 Yes.

17 BY MR. WISENBERG:

18 Q Okay. So you think between four and six weeks.

19 A I think so. Definitely since the FBI thing.

20 MR. WISENBERG: That's all I have.

21 BY MR. CRANE:

22 Q Did you have an attorney -- did you already have
23 your own attorney at the time the White House Counsel's
24 Office called you?

25 A No. I only hired my attorney who I can't quite

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1 spell his name in the last few days, since I got my subpoena.
 2 BY MR. WISENBERG:
 3 Q And when you spoke to the agents, you didn't have a
 4 lawyer present.
 5 A That's correct. But I just in response, I think I
 6 tried to the best of my ability to tell -- I told them
 7 everything that I knew at that time and the only new piece of
 8 information that I did not recall was the existence of this
 9 memorandum. So I think they should parallel each other.
 10 BY MR. CRANE:
 11 Q Was Monica Lewinsky and [REDACTED]
 12 termination a significant event in Legislative Affairs?
 13 A Well, I'm sure it was significant for them. In
 14 this area, again, I mean, I didn't know the young women, I
 15 have no judgmental basis about what kind of people they are.
 16 All I was was acting on a representation that was made to me
 17 by the person in the office who was delegated with such
 18 responsibility. And so when Tim Keating came to me with a
 19 recommendation --
 20 Q Okay. My question is --
 21 A I mean, I don't want this to sound callous, but,
 22 you know, it was a personnel decision that the person in
 23 charge of them and should have known the facts of the case
 24 made to me and as someone several layers removed from their
 25 oversight, I simply made that and it was about a two-minute

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1 involvement. But I'm sure it was a significant thing for the
 2 young women concerned.
 3 MR. WISENBERG: Pardon me for interrupting. I want
 4 to ask a technical question. I think this qualifies as
 5 technical.
 6 BY MR. WISENBERG:
 7 Q Have you actually seen a physical copy of this memo
 8 that you had forgotten about?
 9 A Well, again, I mean, you might want to talk to my
 10 attorney, but I have not seen it or discussed it with anyone
 11 with the possible exception of my attorney. The memo to
 12 Evelyn.
 13 Q I'm not interested in your discussions with your
 14 attorney, but just whether or not you have seen it.
 15 A Well, I must have seen it when I wrote it.
 16 Q Right. Good point.
 17 A Yes. Although to this day I do not remember
 18 actually composing it, although I know it's mine by the
 19 nature of the contents.
 20 Q Have you seen it since you've been informed by the
 21 White House about it?
 22 A Not by the White House. And that would have only
 23 been possible with my attorney and maybe you -- I mean, I'm
 24 not a lawyer and he said this is -- you know --
 25 Q Attorney-client.

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1 A Yes.
 2 Q But I was just asking not what you discussed with
 3 him, but whether or not you personally have laid your eyes
 4 that memo since you composed it, and you don't even remember
 5 that.
 6 A You mean other than with my attorney?
 7 MR. CRANE: No. We may have an attorney-client
 8 issue here. If you have seen something, we are entitled to
 9 ask you have you seen this document, have you seen these red
 10 stickers.
 11 We are not asking you about the substance of your
 12 private conversations with your attorney, which are
 13 considered to be attorney-client.
 14 THE WITNESS: Okay.
 15 MR. CRANE: But what Mr. Wisenberg is asking you is
 16 have you seen this memo.
 17 THE WITNESS: Okay. I want to be completely
 18 cooperative and open with you, okay? And not being a lawyer,
 19 he has sort of told me one thing, you're telling me another
 20 and so --
 21 MR. WISENBERG: Would you like to go and speak with
 22 him?
 23 THE WITNESS: Why don't you all?
 24 MR. WISENBERG: We can do that. Why don't we take
 25 a very brief break.

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1 THE FOREPERSON: Sure.
 2 THE WITNESS: Because I just don't know how to
 3 respond, given I've gotten sort of two different things and I
 4 have no clue.
 5 MR. WISENBERG: I've never heard of two lawyers
 6 disagreeing about anything.
 7 (Laughter.)
 8 MR. WISENBERG: May the witness be briefly excused?
 9 THE FOREPERSON: Absolutely.
 10 THE WITNESS: Thank you.
 11 THE FOREPERSON: You're welcome.
 12 (Witness excused. Witness recalled.)
 13 MR. WISENBERG: Let the record reflect that the
 14 witness has reentered the grand jury room.
 15 Madam Foreperson, we have a quorum, do we not?
 16 THE FOREPERSON: Yes, we do.
 17 MR. WISENBERG: Any unauthorized persons present in
 18 the grand jury room?
 19 THE FOREPERSON: No, sir. There are not.
 20 Mr. Hilley, you are still under oath.
 21 THE WITNESS: Thank you.
 22 BY MR. CRANE:
 23 Q Okay. Mr. Hilley, before we took a break,
 24 Mr. Wisenberg and I had asked you have you seen a copy of
 25 that memo that you wrote some time back in 1996 or

Page 33

1 thereabouts.

2 A Yes. My lawyer showed it to me. Other than

3 writing it, that's the only time I saw it.

4 Q All right. And that was in the last few weeks,

5 I take it, or within the last few days?

6 A Few days.

7 Q Because you've only recently had an attorney?

8 A Yes.

9 MR. CRANE: Okay. Let me show you what I'm

10 labelling as Grand Jury Exhibit JLH-1 and see if you can take

11 a look at it.

12 (Grand Jury Exhibit No. JLH-1 was

13 marked for identification.)

14 BY MR. CRANE:

15 Q Have you had enough time?

16 A Yes.

17 Q Is that the memo that you wrote back in October --

18 is it October of 1996?

19 A It says October 16, 1996.

20 Q Okay. And that is the memo that you in fact wrote?

21 A Well, again, I just want to stress, obviously I

22 would have told the agents about it if I had remembered at

23 the time. I still to this day do not remember composing this

24 memo, but judged by the content and it's to Evelyn and it's

25 my signature and the way it's constructed, it is mine. Yes.

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1 Q Okay. It is your signature there at the bottom?

2 A Yes, it is.

3 Q It says only John.

4 A That's me.

5 Q All right. And you wrote this memo to Evelyn

6 Lieberman.

7 A That's correct.

8 Q All right. Now, directing your attention to the

9 second full paragraph --

10 A Right.

11 Q What does that term "extracurricular activities"

12 mean?

13 A What that means is -- now, I don't -- again,

14 because I don't recall composing this, I can't explain why I

15 chose the particular phrasing, I don't remember choosing this

16 particular phrasing, but what the content of this conveys is

17 what I believed then and still believe to this day is an

18 accurate depiction of the facts as they were represented to

19 me by Mr. Keating about the reason for the transfer of both

20 women, [REDACTED] and Ms. Lewinsky.

21 Q All right. Let me just focus in on that.

22 A Sure.

23 Q Would it be consistent with your recollection,

24 then, that Mr. Keating used the term "extracurricular

25 activities" and that you repeated it as you had repeated his

Page 35

1 description of [REDACTED] and Monica Lewinsky's

2 activities?

3 A I cannot recall him using that term. I don't

4 remember exactly what the terms were. I do remember the two

5 substantive parts of that, which is, again, they were not

6 doing the job and that they were -- I've paraphrased this

7 many ways, were otherwise engaged or -- again, not

8 remembering writing this exact phrase, I know what I would

9 mean by it, given the representations from Mr. Keating, which

10 is that they were away from their station and not doing their

11 job. But I can't say that I remember him using that phrase

12 with me.

13 Q Do you remember any other person using that phrase?

14 A No, I don't.

15 Q Do you know of any other meaning for that phrase as

16 it might commonly be used?

17 A Well, all phrases have -- yes. I mean, I was a

18 professor, it means -- it can have positive or negative

19 connotations. In this case, it is a negative connotation

20 because of being absent from their work station. But it

21 could be positive or negative, but I clearly meant it here in

22 the negative connotation. And, again, I'm using shorthand

23 here because Evelyn, Ms. Lieberman, as I understood it,

24 understood the facts as they were represented in this

25 situation.

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1 Q All right. And looking at the top of your memo, it

2 says "Thanks for meeting yesterday."

3 A Right.

4 Q And the memo, Grand Jury Exhibit No. 1 that I've

5 handed you is dated October 15th.

6 A Right.

7 MR. WISENBERG: JLH-1.

8 MR. CRANE: JLH-1.

9 BY MR. CRANE:

10 Q Would it be a fair assumption that you must have

11 had a meeting with Evelyn Lieberman on or about October 15th.

12 A That's correct.

13 Q Okay. The previous day.

14 A That's what this implies. Sure.

15 Q All right. And so did she use on the meeting on

16 October 15th, did Ms. Lieberman use the term "extracurricular

17 activities"?

18 A Again, I don't recall her doing that and, to tell

19 you the truth, I don't recall us even discussing the issue of

20 Ms. Lewinsky and [REDACTED]

21 Q All right.

22 A But what this also implies was she asked me to go

23 do a brief memo about things related to the Office of

24 Legislative Correspondence.

25 Q Okay. And she in turn apparently was going to

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1 write her own memo from what you say in here, and I'm
2 referring to the second sentence that says, "I wanted to
3 follow up on a few points as you put your memo together."

4 A Mm-hmm. Right.

5 Q Now, why was Evelyn Lieberman writing a memo in
6 which Monica Lewinsky's extracurricular activities were an
7 issue?

8 A Well, I don't know -- I never saw whatever memo she
9 may have composed, but, again, as I tried to indicate, let me
10 go back to it, this was the period at which Leon Panetta was
11 leaving and a new Chief of Staff was to be hired and Evelyn
12 had been appointed the transition director for that. And so
13 she had been tasked, I think, to sort of get ready and give
14 information to whoever the new Chief of Staff would be about
15 this.

16 And so I think that was the context, was her
17 transition part, but I don't remember discussing this
18 specifically in the meeting. And I don't know what she wrote
19 to who, to tell you the truth.

20 Q All right. Do you believe -- in particular,
21 referring to the second bullet that refers to the
22 extracurricular activities, do you believe you put that in
23 there simply on your own or you wrote that paragraph, bullet
24 number 2, in response to Evelyn Lieberman's request that you
25 need to summarize or memorialize Monica Lewinsky's

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1 termination for the potential incoming Chief of Staff?

2 A I don't remember her prompting me to do anything
3 specific in this memo. Like I say, I don't remember
4 composing the memo, so it's very hard for me to reconstruct
5 this. I don't have any recollection of her trying to guide
6 me about anything in this, but clearly what it's related to
7 is there are several aspects, actually, three major aspects
8 to the memo. There was another memo that was part of this,
9 you know --

10 Q That you refer to in the second bullet where it
11 says "I have also enclosed a brief memo on our correspondence
12 operation"?

13 A That's right. Well, as well as the division of
14 responsibility, and then it refers to that we also had
15 problems with the NSC, which is the National Security
16 Council, and White House Correspondence, which is a different
17 office than the legislative correspondence.

18 So, actually, I think there's four points in this
19 memo that were made about the Office of Legislative
20 Correspondence, one of which was about specifically
21 and Ms. Lewinsky.

22 Q Okay. Is this accurate, that Ms. Lieberman as the
23 transition coordinator for the new Chief of Staff who would
24 replace Leon Panetta was going to use your memo to brief or
25 to get the new Chief of Staff up to speed?

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1 A That was my assumption, but I -- that is just an
2 assumption. I don't think she ever told me who was going to
3 see it, in what form. None of it was ever shared with me.

4 This fell from my memory immediately and I don't know what
5 became of any of this.

6 Q All right. And you refer in the second bullet to
7 the NSC and White House Correspondence.

8 A Right.

9 Q NSC is --

10 A National Security Council.

11 Q All right.

12 A They have a correspondence operation, as does the
13 White House. There are several correspondence offices in the
14 White House.

15 Q And did you also supervise those?

16 A No, I did not. Although just to give you the
17 explanation, we handled congressional mail, principally, and
18 so if there were a letter, for instance, from a congressman
19 about a national security matter, that would be routed to the
20 NSC to formulate the letter and then be routed back through
21 us. So it was a coordinated effort, but I did not supervise
22 them.

23 Q Okay. At the end of your memo, it says,
24 "I appreciate your help. I will take the steps you
25 suggested and then follow up with both you and Leon."

Page

1 A Mm-hmm.

2 Q What were the steps that she suggested? She,
3 Evelyn Lieberman.

4 A This was about -- each of us as we came in were
5 being asked, okay, what kind of job have you been doing, what
6 did your office accomplish this year, what are your sort of
7 goals and how do you think your office could be more
8 efficient. So it was basically getting to know what our work
9 was and what we had done.

10 And then so I was seeking her guidance on how I
11 should proceed about my responsibilities and the performance
12 of my office as, you know, we went through this transition
13 phase and the new Chief of Staff was coming in. So it was
14 preparing -- getting her help in preparing for the transition
15 as I confronted a new boss.

16 Q All right. And my question to you is how is Monica
17 Lewinsky's termination relevant to the job the new Chief of
18 Staff was going to do?

19 A Well, again, I don't remember exactly what Evelyn
20 asked me to do, but by the content of this memorandum, she
21 must have asked me to write a memo about issues with regard
22 to the Office of Legislative Correspondence. And, like
23 said, I mean, there are about four parts to this, so I don't
24 recall -- you'd have to ask her, to be honest with you --

25 Q Let me just interrupt, if I can. It seems to me

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1 that the transfer or unhappy termination, termination or
2 unhappy transfer of Monica Lewinsky and [REDACTED] was
3 probably irrelevant to the Chief of Staff of the President of
4 the United States. Is that a fair assumption?

5 A I can't judge that. I know that when a person who
6 is my boss, the Deputy Chief of Staff, asks me just to write
7 a memo -- and, again, I'm reconstructing this because I don't
8 remember writing it, asks me to write a memo about the Office
9 of Legislative Affairs and the issues we face that year, I
10 don't say, "What are you going to use it for and who is this
11 relevant for?" Et cetera, like that. That is not something
12 I did at the time.

13 I simply responded to her request without being
14 judgmental about what she wanted it for. And I'm just
15 assuming that it had to do with the transition, but, again,
16 I'd urge you to ask her.

17 MR. CRANE: Okay. Mr. Wisenberg, do you have some
18 questions?

19 MR. WISENBERG: Oh, yes.

20 BY MR. WISENBERG:

21 Q "I have also enclosed a brief memo on our
22 correspondence section. It was in bad shape when I came in."
23 Let's stop there for a second. "It was in bad shape when I
24 came in." I don't mean to be rude, but it almost sounds like
25 a classic CYA, you know, it was already in bad shape, I

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1 inherited a bad situation. Had Ms. Lieberman expressed her
2 dissatisfaction to you with the correspondence section in
3 this meeting that you had the previous day?

4 A I don't recall her having done that, but what
5 this -- the bad shape, again, this is all reconstruction and
6 it's just guessing by the content of the memo, but I believe
7 what it must have referred to was that shortly after I came
8 in I did receive this representation from Mr. Keating that
9 the Office of Legislative Correspondence was in bad shape and
10 not performing appropriately and that was the basis upon
11 which he came to me with the representation and I told him to
12 run the traps and talk to Evelyn.

13 He represented he was going to do that and so I
14 think that is the context of how the office was --

15 Q I'm not disagreeing with you that it was in bad
16 shape, I'm just saying the fact that you would use the words
17 "it was in bad shape when I came in" is what led me to ask
18 you had she complained to you about the state of
19 correspondence.

20 A In this meeting?

21 Q Yes.

22 A Not that I recall. No.

23 Q All right.

24 A In fact, I don't remember us talking about in this
25 meeting the Office of Legislative Correspondence, but it must

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1 be the fact that she asked me for a letter about it, or I
2 wouldn't have produced it.

3 Q Let me ask you this. Your next line is, "We got
4 rid of Monica and Jocie, not only because of 'extracurricular
5 activities' but because they couldn't do the job."

6 A Right.

7 Q It almost seems like -- you know, your first reason
8 here is extracurricular activities. Not only did we get rid
9 of them because of extracurricular activities, but by the
10 way, they couldn't do the job. They couldn't do the job, it
11 seems like it's the secondary reason for getting rid of
12 Monica and Jocie. Is that accurate?

13 A Well, again, because I don't remember writing the
14 memo and the exact use of words, but to this day, it seems
15 to me that -- you know, that it talks about both women not
16 doing the job and both, they, engaged in extracurricular
17 activities.

18 And I believe that although this is a shorthand
19 way, it is consistent with and accurate to the representation
20 that Mr. Keating made to me about the situation there, namely
21 that there was an insufficient job being done in the mail and
22 each for a different reason neither was really at their
23 station and were otherwise engaged.

24 Q So based on what Mr. Keating told you and based on
25 the wording here and based on your memory, was the primary

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1 reason their extracurricular activities, whatever they might
2 be, was the primary reason they were kicked out their
3 "extracurricular activities" and the secondary reason that
4 they weren't doing the job to the optimum level?

5 A All I can say to you is that when Mr. Keating came
6 to me with his recommendation, he presented them as two facts
7 without -- I don't ever remember him saying one's important,
8 one's not. He brought it to me as a related package and even
9 now it seems to me they are related, namely, that they
10 weren't doing their job and they were away from their
11 station. That is what he represented to me and that's what
12 this conveys.

13 Q Were the extracurricular activities, whatever they
14 may be, whatever they were, were the extracurricular
15 activities well known within Office of Legislative Affairs?

16 A I don't know. I mean, I was the new guy who had
17 just come in, I had no firsthand experience with either of
18 these women. This was the representation that was made to me
19 and so I don't know what others' feelings were about it
20 because I was not close to the situation at all.

21 Q Because the reason I ask, one of the reasons that I
22 ask is you don't even define extracurricular activities. You
23 had a meeting with Evelyn Lieberman and you say we got rid of
24 them not only because of extracurricular activities, but they
25 couldn't do the job.

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1 A Yes. Well, again, it refers to both women and,
2 again, I have no recollection of why I would use a particular
3 phrase, but as I testified to the FBI agents, you know, and
4 to you today, I spoke to them, or whatever the right word is,
5 that it is -- what I meant was to recount for a situation
6 that Evelyn was already aware of exactly the representation
7 as I remembered it that Mr. Keating had made to me.
8 BY MR. CRANE:
9 Q So is it possible that that term, extracurricular
10 activities, came from either Evelyn Lieberman or Mr. Tim
11 Keating?
12 A I don't recall them ever using that term, no. I
13 don't. I don't recall me choosing that term either.
14 Q Any reason why you would have put it in quotation
15 marks?
16 A Well, it was a shorthand way of indicating
17 something that Evelyn was already aware of. She and Tim had
18 dealt with this situation and, like I said, I had about a
19 two-minute encounter with this situation, namely, approving
20 his recommendation to go further upstairs.
21 Q All right. So is it fair to say that Evelyn
22 Lieberman knows what you mean when you say "extracurricular
23 activities"?
24 A I can't read her mind, but I know that she -- at
25 least it was represented to me and I believe it to be the

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1 case, that she knew the facts of this as it was represented
2 to me, so I think that she would know what they are.
3 MR. WISENBERG: It's break time.
4 MR. CRANE: Break time?
5 MR. WISENBERG: It's break time.
6 How long?
7 THE FOREPERSON: Fifteen minutes.
8 MR. WISENBERG: Okay.
9 MR. CRANE: All right.
10 MR. WISENBERG: We're going to take a 15-minute
11 break and I will come and get you when we have a quorum at
12 about 3:00.
13 THE WITNESS: Okay.
14 MR. WISENBERG: May the witness be excused?
15 THE FOREPERSON: Yes, he may.
16 (Witness excused. Witness recalled.)
17 MR. WISENBERG: Let the record reflect the witness
18 has reentered the grand jury room.
19 Madam Foreperson, do we have a quorum?
20 THE FOREPERSON: Yes, we do.
21 MR. WISENBERG: Are there any unauthorized persons
22 present?
23 THE FOREPERSON: No, there aren't.
24 Mr. Hilley, you are still under oath.
25 THE WITNESS: Thank you.

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1 BY MR. CRANE:
2 Q Mr. Hilley, have you ever heard the term
3 extracurricular activities to be used in reference to maybe
4 some sexual activity?
5 A As a generic proposition or as relating to this?
6 Q My question is just have you ever heard that. I
7 won't say generically or --
8 A I don't remember -- I mean, I can imagine it being
9 used that way, yes. I don't have a recollection of a person
10 using it that way specifically.
11 Q With reference to Monica Lewinsky.
12 A Oh, no. Not at all.
13 Q But does it make sense to you when a man, for
14 example, says that a young lady is engaged in
15 "extracurricular activities" that that may have some sort of
16 sexual innuendo in there?
17 A Extramarital --
18 Q I didn't mean to say extramarital, I meant sexual.
19 A No, I know. No. I'm just saying -- I'm just going
20 through words that would convey the concept that you have. I
21 don't know, since I don't remember writing this, why I used a
22 particular term.
23 Q Okay. Let me just ask my question again.
24 A Sure.
25 Q When a man uses the term, a man says to you that a

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1 young lady is involved in "extracurricular activities" does
2 that suggest to you any sexual connotation?
3 A No. Not really.
4 BY MR. WISENBERG:
5 Q Did you intend for it to have --
6 A JUROR: What does it suggest?
7 THE WITNESS: In regard to this memorandum, I think
8 it's very clear, again, I don't remember writing this so I
9 can't say -- but what I probably meant, I certainly meant, it
10 seems to me, was to convey that what had been represented to
11 me, that they -- I mean, this says they, Monica and Jocie,
12 it's they, they couldn't do the job. Monica and Jocie both
13 had extracurricular activities.
14 And so clearly there in this context what I'm
15 referring to is what I believe the representation was made to
16 me by Mr. Keating, which is that they were away from their
17 duty stations, they were otherwise engaged, it was about
18 they, the both of them.
19 And so, no, I would not single out this to mean
20 anything other than that because it's about both of them and
21 that's the report that was given to me by Mr. Keating.
22 BY MR. CRANE:
23 Q Okay. Let me just ask you a question. If the
24 allegation was that they were simply away from their duty
25 station, why didn't you just say Monica Lewinsky and [REDACTED]

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1 [REDACTED] are away from their duty stations period?
2 A Again, I don't remember why I used the particular
3 term, but this is a shorthand for a matter that Evelyn
4 already, I believed and do believe, knew the facts of --

5 BY MR. WISENBERG:

6 Q Indubitably, you say?

7 A I do believe.

8 Q You do believe --

9 A I do believe knew the facts of. And so,
10 again, this is something that was based purely on a
11 representation -- and let me just try to go to the
12 bottom line, which is I never observed -- as I testified
13 to the FBI agent, I never observed and it was never
14 represented to me by anyone, Mr. Keating or anyone, that
15 either young lady was involved in any relationship of the
16 type that has since been reported in the press.

17 So I did not use this term in any other way than
18 the representation that Mr. Keating has made to me, which I
19 have tried to be clear about.

20 Q You did not intend it to have any sexual context.

21 A I did not intend it to have sexual context. I was
22 completely unaware, as I have stated to the FBI and you, the
23 first hint that I had that there was an allegation of
24 sexuality to do with anything was the night before it became
25 public in that conversation with Mr. Keating, reporting on a

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1 conversation he had had with the press. I was as surprised
2 as anyone on this earth.

3 BY MR. CRANE:

4 Q All right. Did you tell the FBI agents that Monica
5 Lewinsky and [REDACTED] were involved in loitering or
6 extracurricular activities or being away from their duty
7 stations?

8 A I probably used, as I have here today, a variety of
9 characterizations to convey the same content as it was
10 represented to me, two components: they were doing an
11 insufficient job and they were not at their offices doing the
12 job and they were away otherwise engaged. And the most
13 detail I have for you on that, as I've tried to say, but I'll
14 say it again, is in the case of Ms. Lewinsky, it was
15 represented to me that she was wandering around and in the
16 case of [REDACTED] it was represented to me that she had been
17 phoning in sick but now was completely missing without
18 phoning in sick.

19 Q Okay. Are you confident that you relayed that
20 information to the FBI when they interviewed you back in
21 February?

22 A I don't know. Again, I didn't take notes or
23 anything, but I tried to, both then and now, to completely
24 convey the full extent of my knowledge about this. Maybe I'm
25 not clear about your question, what it means.

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1 BY MR. WISENBERG:

2 Q Did you tell the FBI about the second part of what
3 Mr. Keating told you, not just that they weren't doing a good
4 job, not just that Monica Lewinsky wasn't doing a good job,
5 but that Monica Lewinsky was wandering around the White
6 House?

7 A I think I did. Yes.

8 Q So when you heard about the memo four to six weeks
9 ago from the White House Counsel's Office, I think you
10 testified earlier that it triggered a memory of your meeting
11 with Evelyn Lieberman.

12 A Right.

13 Q But it didn't trigger a newer or better memory of
14 what Mr. Keating told you.

15 A No.

16 Q Okay. No, it did not trigger --

17 A No. No. I tried to convey the content, the
18 completely identical content to both you here today and the
19 FBI people that I spoke to.

20 Q In other words, it's not -- I want to just make it
21 clear for the record because we have a double negative here.
22 You are saying that, no, the memo did not convey an extra
23 memory or a new memory with respect to Mr. Keating because
24 you had previously remembered that and reported it to the
25 FBI.

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1 A The best of my recollection is that Mr. Keating,
2 and I represented to the FBI, that he had come to me with
3 this report and that it had been both aspects of that with
4 regard to both women, with slightly different circumstances
5 as I explained.

6 Q When the memo was read to you by somebody at the
7 White House Counsel's Office, you didn't all of a sudden hit
8 your head and say --

9 A No, I didn't.

10 Q "Oh, that's right, Mr. Keating also had told me
11 this business about her being away from the West Wing."

12 A No. No. When I -- well, I was very surprised,
13 you know, obviously, by this because I didn't recollect it.
14 And, in fact, when I got my first voice mail from this
15 person, I returned a voice mail that said if I've made a
16 mistake on my exit form, please leave a message so that I
17 can correct that.

18 That's what I thought the content of what was --
19 you know, that's what I thought the call was about and I
20 left a voice mail to that. And then I got a call that asked
21 me, as I've already said, did I remember this memo and I did
22 not.

23 BY MR. CRANE:

24 Q How many times did you trade phone calls with the
25 person from White House Counsel?

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1 A I can't recall. Maybe two -- two times. I left a
2 voice mail.

3 Q Did you save any of them?

4 A I don't know. I don't save my voice mails, but, I
5 mean, that could be checked.

6 Q Did you save any documents that would have the name
7 of the person who called you?

8 A No.

9 Q An e-mail, a phone slip?

10 A No. No.

11 Q Nothing like that?

12 A Not that I know of. No.

13 Q You have no way of knowing what that person's name
14 was?

15 A I don't recall it. I mean, I'd be glad to check
16 and try to find out.

17 MR. WISENBERG: If you have any kind of document or
18 information that could pinpoint either the name of this
19 person or when you got the call, please don't do anything to
20 erase that, because I think we're going to -- we'll give you
21 a subpoena on that because we'd like to pinpoint as clearly
22 as we can when you got the call.

23 THE WITNESS: Okay. And you can't ask them that?

24 MR. WISENBERG: Pardon?

25 THE WITNESS: You can't ask them that?

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1 MR. WISENBERG: Yes, actually, I can, but we'd also
2 like to know if we can get it from you.

3 THE WITNESS: Okay.

4 BY MR. CRANE:

5 Q To follow up on this, do you know why this person
6 from the White House Counsel would call and tell you this,
7 just out of the blue, someone you had never talked to?

8 A I have absolutely no clue. It was completely
9 unsolicited and, like I said, when I got the message to call
10 back, I left a message that said tell me if I made a mistake
11 on my exit forms.

12 BY MR. WISENBERG:

13 Q Did they say they had just found this document?

14 A No, I don't remember that at all. They just said
15 are you aware of a document and I said no. And then they
16 read it to me and by the content I realized that it was a
17 document that I had written but had not recalled and to this
18 day don't recall writing.

19 Q Did they ask you anything beyond that? I mean, did
20 they offer -- you said you didn't get it from them. Did they
21 offer any advice?

22 A Not at all. I have not talked to the White House
23 Counsel about anything to do with this stuff and have sought
24 nor received their advice.

25 A JUROR: We do have some questions which we would

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1 like to ask in regards to the number of days [REDACTED]
2 was absent.

3 BY MR. WISENBERG:

4 Q Actually, I had a question about -- My first
5 question is do you know whether or not your department or
6 the Office of Legislative Affairs would have the backup
7 documentation as to the number of days she was absent?
8 [REDACTED]

9 A I don't know, but someone in administration
10 probably should know.

11 Q Do you know why Monica Lewinsky when she got
12 transferred out basically got a promotion, number one --
13 let's ask that question first. She's being transferred out
14 because she screwed up, if you'll pardon the vernacular, and
15 yet she gets what's clearly a promotion, a nice posh job at
16 the Pentagon. Do you know why?

17 A Well, I was not involved in that process and,
18 again, to my recollection, I don't think I knew where either
19 young woman had ended up before this became public. I think
20 that's the case.

21 Again, I was involved with approximately a
22 two-minute conversation with Mr. Keating where he made the
23 representations as I've recalled them here to you today.
24 And, on that basis, I told him to take it to a person of
25 higher authority in the White House.

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1 After that point, it was out of my hands in terms
2 of the disposition of what became of the two young women in
3 terms of where they ended up.

4 A JUROR: May I ask, as you look back on all of
5 this now, would you say that there is a possibility that
6 you've been used in preparing this kind of a document so that
7 your superiors could act?

8 THE WITNESS: Well, this document was prepared in
9 October of 1996 and the decision that was ultimately made was
10 in April of 1996, so this was written after that action had
11 been taken. Maybe I'm misunderstanding you.

12 No representation was ever made to me of that, sir,
13 that this had any purpose other than -- it must have been for
14 me as part of the transition to have responded to a directive
15 from Ms. Lieberman to write a memo about any changes that had
16 occurred in the Office of Legislative Correspondence.

17 A JUROR: Were you and your superiors perhaps
18 documenting your actions, to prove your actions, to be able
19 to prove your actions so --

20 THE WITNESS: When she was -- you mean transferred
21 out of the White House?

22 A JUROR: That's right.

23 THE WITNESS: Yes, I imagine that's the case.

24 A JUROR: Not just her, but also [REDACTED]
25 being transferred?

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1 THE WITNESS: Sure. I bet that's the case. But I
2 handled none of the oversight or the responsibility or the
3 paperwork for anything to do with that. That was completely
4 delegated.

5 A JUROR: Are you the person who is next in command
6 after Mr. Keating?

7 THE WITNESS: No, there are several levels of
8 hierarchy.

9 A JUROR: Why did you assume the responsibility
10 since there were several layers in between you?

11 THE WITNESS: For which?

12 A JUROR: For writing up Monica Lewinsky and
13 [REDACTED]? Why did you take that responsibility --

14 THE WITNESS: Because my chief of staff --

15 A JUROR: -- when it should have gone to the
16 supervisor of Mr. Keating?

17 THE WITNESS: Well, because, again, I don't
18 remember the meeting or the exact instructions, but it must
19 be that I was told to do it by Ms. Lieberman.

20 A JUROR: Sir, what do you mean, you were told to
21 do it? It would seem to me as though you realized that you
22 had inadequate information to proceed on, that you would have
23 said to Ms. Lieberman, well, I don't have exact information
24 about [REDACTED] and I don't have exact information about
25 Monica Lewinsky, so let me go back to the people who have the

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1 real responsibility --

2 THE WITNESS: But she was the one who had the
3 information. She had worked with Mr. Keating on it and not
4 myself.

5 BY MR. WISENBERG:

6 Q I think we're talking about two different things.
7 I think the question from the gentleman, from the grand
8 juror, was not about -- this last question was not about the
9 memo in October, but at the time of the transfer, when Mr.
10 Keating, who is your inferior, correct?

11 A Yes.

12 Q Comes to you and says this, why don't you check it
13 out to make sure it's valid?

14 A JUROR: Yes.

15 THE WITNESS: Well, I have to say it was his
16 responsibility, personnel and administration were completely
17 delegated to him. And then I really felt I was doing the
18 right thing which was when he came to me with this report and
19 me having been there just new and not understanding how it
20 worked, I said go take this to a person of higher authority
21 who is in the operations side to do this, which he
22 represented would be Ms. Lieberman.

23 So I felt that I was accepting a recommendation
24 from a person who worked for me who knew the facts -- well,
25 at least as he represented them to me -- of the situation and

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1 then I told him that I -- I did not make a decision myself,
2 other than to make sure that it was considered by a person in
3 higher authority.

4 A JUROR: Wouldn't you think of yourself, then, as
5 being a puppet in this affair?

6 THE WITNESS: I think I was passing it along in the
7 chain of command appropriately, sir.

8 BY MR. CRANE:

9 Q Okay. Sir, you didn't take it upon yourself to
10 interview Monica Lewinsky?

11 A I did not.

12 Q And you didn't check in to see is there some way we
13 can improve Monica Lewinsky's performance.

14 A I did not. And I have to say that I -- except when
15 it would be my personal assistant, I would not become
16 involved in any of the interviewing or with the people at the
17 sort of non-professional, more clerical level.

18 I was not involved in their selection, interviewing
19 or any of that kind of process, so I was not involved in
20 personnel at that level, sir. The only people that I would
21 be personally --

22 A JUROR: I'm talking about an immediate superior
23 or person reviewing all of these people who are below you --

24 THE WITNESS: I didn't review them. That's right.
25 And I never did.

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1 A JUROR: You participated in a process, you
2 assumed a first-line responsibility, did you not?

3 THE WITNESS: In regard to?

4 A JUROR: You assumed a first-line level of
5 supervision in writing this kind of a memo.

6 THE WITNESS: No. What I would say that memo is is
7 that was my recounting to the person who had participated in
8 it directly on the operations side a brief recounting of the
9 situation. And so in my job, all junior personnel decisions
10 were completely delegated. It wasn't just Ms. Lewinsky and
11 [REDACTED] that I did not participate in.

12 I would not -- you know, when someone like a deputy
13 assistant to the President hires their secretary, that's
14 something that is up to them.

15 A JUROR: But if you delegated it, sir, why did you
16 write this?

17 THE WITNESS: Because I must have been told by
18 Ms. Lieberman to summarize the actions that were taken in the
19 Office of Legislative Correspondence for that year and,
20 again, I used a shorthand way of summarizing something that
21 Ms. Lieberman herself was personally involved in and I was
22 not.

23 MR. CRANE: All right. Let me follow up on another
24 area.

25 A JUROR: Could I ask one more question?

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1 MR. CRANE: Okay. Go ahead.
 2 A JUROR: Do you have any sisters?
 3 THE WITNESS: A sister? Yes, I have a sister.
 4 A JUROR: A sister. If someone wrote about your
 5 sister that she engaged in extracurricular activities, what
 6 would you think it meant?
 7 THE WITNESS: I would think that it would depend on
 8 the context. And, again, sir --
 9 A JUROR: Let's just say it's about your sister.
 10 THE WITNESS: And extracurricular activities?
 11 Well, if she were at high school, you know, that would be a
 12 good thing.
 13 A JUROR: No, no, no.
 14 THE WITNESS: Let me just say again that in
 15 light -- in terms of this document, this was written not
 16 about Ms. Lewinsky, it was written about both Ms. Lewinsky
 17 and ██████ the term extracurricular activities referred
 18 to, and I don't know why I used that term, but I can assure
 19 you that the content of that was a shorthand representation
 20 of what Mr. Keating had told me.
 21 And, again, it may sound strange that I was
 22 not involved in the day-to-day management of all the
 23 junior staff, but that was not my responsibility and I
 24 think I did discharge my proper responsibilities about
 25 taking the recommendation of Mr. Keating, who did have the

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1 responsibility, and making sure it did go to higher authority
 2 and was not done in a capricious way.
 3 BY MR. CRANE:
 4 Q All right. The grand juror's question, though, was
 5 if someone says about your sister who is not in high school
 6 that she is engaged in extracurricular activities, what does
 7 that mean to you, plain and simple?
 8 A It means -- what it means to me is, again, I would
 9 have to know what the context was.
 10 Q Would it not raise in your mind that someone might
 11 think that that woman, your sister, might be engaged in some
 12 sort of sexual conduct?
 13 A Well, like any term, it's possible to be
 14 interpreted and misinterpreted, out of the context in which
 15 it was intended. Obviously. Almost any word in the language
 16 is.
 17 Q All right. So if someone says that to you, you're
 18 unable to form any opinion.
 19 A Without the context, I could not understand what
 20 it's usage was without the context. But, again, the context
 21 here was as I've stated.
 22 Q We don't need to go back into the context here.
 23 Let me just have you look at the date on JLH-1.
 24 A Sure.
 25 Q And it's October 16, 1996. Now, if I have my date

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1 correct, Monica Lewinsky was terminated about April of 1996.
 2 Is that correct, to the best of your recollection?
 3 A Yes, that recollection being refreshed by reading
 4 the newspaper accounts.
 5 Q All right. And yet in October, some six months
 6 later, Evelyn Lieberman, Director of Operations, and you, the
 7 Director of Legislative Affairs, are still dealing with the
 8 circumstances of her termination six months later. Is that
 9 correct?
 10 A Well, I don't think so. I think that her
 11 termination had occurred in April. I was simply reporting on
 12 something that had happened prior that year, as I assume that
 13 I was requested to do.
 14 Q Right. But you said just a minute ago that the
 15 termination of Ms. Lewinsky and ██████ was a junior
 16 personnel decision that you basically didn't get involved in.
 17 A Let me be very clear about that. I am not -- I was
 18 not involved in the day-to-day management of the junior
 19 personnel. However, when a recommendation came to me from
 20 the person who was in charge of it, I, after hearing the
 21 recommendation, indicated that that must be taken to a person
 22 of higher authority, so I became involved to assure that it
 23 got the proper scrutiny at a high level.
 24 Q Right. This is at the time they were terminated.
 25 A Yes.

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1 Q Why then, if it's a junior personnel decision, why,
 2 sir, six months later are you still involved writing memos
 3 justifying why they were fired, if it was such a junior
 4 personnel decision?
 5 A Again, Ms. Lieberman was -- well --
 6 Q She put you up to it, is that a fair
 7 characterization?
 8 A Again, this is how words work. Put you up to it --
 9 I don't know the context.
 10 Q She asked you to do it.
 11 A She asked me to do it. She asked me to do it.
 12 BY MR. WISENBERG:
 13 Q You mentioned that this -- earlier, we talked about
 14 triggering -- that the memo when it was read to you triggered
 15 a memory of the meeting with Evelyn Lieberman. Have you told
 16 us everything that happened in that meeting with Evelyn
 17 Lieberman?
 18 A Well, I tried to imply that because the meeting --
 19 I'll repeat it -- was principally about -- and I don't
 20 remember actually discussing anything to do with legislative
 21 correspondence and perhaps that's why, I'm just guessing, she
 22 told me to write the memo, but it was about -- as I
 23 understood it, all heads of offices were being called in and
 24 said what did you do this year, how did you do it, what are
 25 your prospects for next year, operations in transition.

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1 And so I'm sure there was a discussion about that,
2 I'm guessing now, I don't remember the conversation, but I'm
3 guessing we would have talked about the legislative
4 highlights of the year, the challenges ahead. I don't
5 recall, but I'm sure it was a broader conversation because it
6 was part of a broad transition effort.

7 Q And you've told us everything that you can remember
8 about that in any way, shape or form that would relate to
9 Monica Lewinsky.

10 A Absolutely.

11 Q Why would the White House essentially
12 terminate/transfer somebody who was sick, because she's a
13 diabetic and because her mother is ill? And that is the
14 [REDACTED] situation. Why would the White House do that?

15 A Well, that is the first time I've heard the
16 assertion of those facts, if they are. Again, as I tried to
17 state from the beginning, every action I took and every
18 recollection I have was based on a representation that was
19 made to me --

20 Q You've made that clear.

21 A And that was not part of the representation. That
22 is the first time I've heard those assertions.

23 BY MR. CRANE:

24 Q Does your office lay people off because they're
25 diabetic as a matter of policy?

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1 A I can't imagine --

2 BY MR. WISENBERG:

3 Q Your old office, Office of Legislative Affairs.

4 A I understand. I can't -- no. I mean, this is the
5 first I've heard of this assertion and the first I've heard
6 that hypothesis, but I can't imagine that that would be a
7 thing anyone would want to do.

8 BY MR. CRANE:

9 Q Would you do that? Would you yourself fire someone
10 because they were diabetic and missing work days, missing a
11 lot of work?

12 A No.

13 Q Okay. Would you fire someone because they were
14 taking time off to care for their mother?

15 A Again, this is the very first time I've heard an
16 assertion that this was --

17 MR. CRANE: Yes, we've discussed that.

18 MR. WISENBERG: We understand that.

19 BY MR. CRANE:

20 Q I'm asking you what you would do or what you would
21 have done as Director of Legislative Affairs. Would you fire
22 a person who is taking a lot of time off to care for an ill
23 mother?

24 A I would have -- not outright, because I would have
25 obviously wanted to see what the circumstance, what the

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1 situation was and see what the situation was. But this is
2 complete news to me.

3 BY MR. WISENBERG:

4 Q If you had known that Monica Lewinsky was
5 transferred to essentially a promotion, was promoted to the
6 Pentagon and [REDACTED] -- if you had known that the
7 reason she was sick was because she was diabetic or caring
8 for her mother and that she not only did not get a promotion
9 but got essentially approximately a 120-day job assignment at
10 GSA that was extended one time and then she was out, would
11 that have caused you some concern, if you had known that
12 those were some of the more full facts behind the
13 transferring?

14 A It's the first time I've heard that [REDACTED]
15 was at the GSA where she got transferred. Like I say, other
16 than a two-minute listening to Tim represent this to me and
17 passing it on to higher authority, that is the extent of my
18 knowledge of this. So this is all hypothetical.

19 Q Right. It is a hypothetical.

20 A Right.

21 Q But we're allowed to ask that and you were the head
22 of the office.

23 A Right.

24 Q You were an important person at the White House and
25 you were at a very high tier at the White House and I'm

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1 asking you as a supervisor, if you had known -- assume these
2 facts are true and if you had known that, that Monica who
3 basically was terminated because she couldn't do the job and
4 because she was a clutch, hanging around the Oval Office too
5 much or the West Wing too much, gets a promotion and [REDACTED]
6 [REDACTED] who is out too much because she's diabetic and her mom
7 is sick goes to basically a nowhere job at the GSA, would
8 this have concerned you, would this have caused you to do a
9 little investigating?

10 A I'm here to deal with the facts as they were
11 represented to me and as I know them to be, which is any of
12 these assertions you've just made about [REDACTED]
13 never heard them before. I acted on the representation
14 exactly as described by Mr. Keating and I don't know why I'm
15 being asked to delve into a hypothetical, one of which the
16 characterization of Ms. Lewinsky was also something that was
17 not in my consciousness until January of this year.

18 Q The clutch part?

19 A Yes.

20 Q The hanging around the Oval Office too much part?

21 A Yes. Exactly.

22 Q Because I want to know, we want to know what you
23 would have done if you had known these facts. These are
24 factors that you say you didn't know at the time, that even
25 now you only know because I'm presenting them to you.

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1 A Well, I'll just give you -- as I've tried to do in
2 all my life, I've tried to treat people honorably and
3 decently and do what's right by them. And so I would have
4 taken any circumstance and tried to, if I felt that was
5 something unfair being done or I had reason to believe
6 that there was an unfairness being dealt to someone, of
7 course I would have looked at it. That was not at all the
8 representation that was made to me in this case.

9 Q And Mr. Keating in no way, shape or form indicated
10 to you that Monica was a clutch or that she was hanging
11 around the Oval Office too much.

12 A That's correct, although I will say it for many
13 times that it was represented that she was away from her duty
14 station and wandering around the White House, but there was
15 not a representation about hanging around the Oval Office.
16 And, as I told the FBI agents, I never observed her near the
17 Oval Office in the times that I was near there and it was
18 never represented to me that she was in the entire period I
19 was there.

20 Q Right. And that's why I want to be so clear on
21 this, because you told us earlier when you were told she's
22 wandering about the White House --

23 A It would be the West Wing.

24 Q -- you interpreted that to include the West Wing.

25 A That's correct.

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1 Q But he did not tell you that she was a clutch or
2 hanging around the Oval Office.

3 A I'm not sure what clutch means.

4 Q Somebody -- a clutch, somebody who tries to be
5 around the President all the time.

6 A That was not part of the representation he made to
7 me.

8 Q Or that she was hanging around the Oval Office too
9 much.

10 A He did not represent that to me.

11 Q Okay.

12 A I've told you completely the representation that he
13 made to me.

14 BY MR. CRANE:

15 Q All right. Now, at one point, Mr. Podesta came
16 to you and wanted to get a recommendation letter for Monica
17 Lewinsky after she had left Legislative Affairs?

18 A That's correct. As I told the FBI, as I
19 volunteered to them, there was -- I don't know when it
20 is, but I recall this was in 1997, I think the fall of 1997,
21 to the best of my recollection. Mr. Podesta, I remember that
22 it was outside the Chief of Staff's office, near the
23 elevator, this was approximately a 10 to 15-second
24 conversation where he asked me could our office produce a
25 recommendation for Monica Lewinsky.

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1 And my response was our office will produce, as we
2 do on a continual basis, a recommendation for anybody who has
3 worked at the White House. That was the one and only
4 conversation that I had with him and he never came back to me
5 on that.

6 Q Okay. But did you say something further, that the
7 letter of recommendation would have to be generic? Do you
8 remember telling the FBI that, that you related that to
9 Mr. Podesta?

10 A That it would have to be generic?

11 Q Right. Kind of like a flat boilerplate, confirming
12 her employment and the dates that she worked there?

13 A That I would have told Mr. Podesta this?

14 Q Yes.

15 A In a 10-second conversation, I don't imagine that
16 I would have gone through that detail, but it is the case
17 that if we -- the process when they get a request for a
18 letter of recommendation, the direct supervisors of that
19 person draft it and deal with it, whether it's good, bad or
20 indifferent.

21 MR. CRANE: Okay. Let me read to you a portion of
22 the FBI report after the interviewed you back in February of
23 this year.

24 MR. WISENBERG: And this is their report. As
25 you said, it wasn't recorded by a tape recorder, this is

Page

1 their report. You're under no requirement to agree with it.

2 THE WITNESS: Right.

3 MR. CRANE: It says, "Hilley also recalled a
4 conversation with John Podesta which occurred some time
5 between one and three months ago."

6 BY MR. CRANE:

7 Q Do you agree with that?

8 A If that places it -- yes. That was, as you've
9 reminded me, February when I was with the FBI agents, is that
10 right?

11 MR. CRANE: Right.

12 MR. WISENBERG: February 11th.

13 MR. CRANE: One to three months prior to that.

14 THE WITNESS: That would have been accurate. Fall
15 of '97. Yes.

16 MR. CRANE: Right. You would have had a
17 conversation with John Podesta in the fall of '97 when you
18 were still at the White House.

19 THE WITNESS: Right.

20 MR. CRANE: "Podesta stopped Hilley in the hallway
21 outside the Chief of Staff's office."

22 THE WITNESS: Correct.

23 MR. CRANE: Okay. "And asked Hilley if Lewinsky
24 had worked for Hilley."

25 THE WITNESS: Correct.

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1 BY MR. CRANE:
 2 Q Is that correct? And you related all that to the
 3 FBI? As best you recall?
 4 A Yes. As best I recall. Yes.
 5 Q Okay. It continues on, the FBI report, "When
 6 Hilley responded in the affirmative, Podesta asked Hilley if
 7 Hilley would be willing to write a letter of recommendation
 8 for Lewinsky."
 9 A My office. I wouldn't have written it personally
 10 because I did not know Monica Lewinsky.
 11 Q All right. But your office would be willing to
 12 write a letter of recommendation.
 13 A Sure. We'd write one for anyone, whether good, bad
 14 or indifferent. That's right. Their supervisor would have.
 15 Q And you related that to Podesta.
 16 A Yes. I imagine so.
 17 Q Okay. It goes on, "Hilley agreed," and we can say
 18 Hilley/your office agreed, "to write a recommendation letter
 19 for Lewinsky --"
 20 A Oh, no. That's -- no. I did not -- he asked if we
 21 would and I said we could for anybody who worked for us, but
 22 he never came back to me and actually requested it.
 23 MR. CRANE: Okay.
 24 MR. WISENBERG: Okay. Let him finish the sentence
 25 because it will put it in context.

1 Q A recommendation letter, but it may be good, bad,
 2 indifferent.
 3 A Right. Depending on what the supervisor of that
 4 person, the opinion is, who actually supervised them.
 5 Q All right. So in your terminology, an indifferent
 6 letter of recommendation or a generic letter of
 7 recommendation that just confirms the person's dates that
 8 they worked there, that's what your office would have done
 9 for Monica Lewinsky? Is that correct?
 10 A Well, I don't know -- no. I mean, I don't recall
 11 this whole generic and dates of anything conversation.
 12 Q Okay. Cut out the generic and just --
 13 A And the dates -- but what I can tell you is that if
 14 Mr. Podesta would have actually made that request of our
 15 office, I would have delegated that to her supervisors or
 16 those who had familiarity with her to draft such a letter.
 17 BY MR. WISENBERG:
 18 Q Well, you said you volunteered this information to
 19 the Bureau, correct?
 20 A Yes.
 21 Q And it says "Hilley explained to Podesta that due
 22 to the less than favorable circumstances of Lewinsky's
 23 leaving Legislative Affairs," then it goes on. Do you recall
 24 telling that to the FBI, that you explained to Podesta that
 25 she left under less than favorable circumstances?

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1 MR. CRANE: I think we're just getting ahead of
 2 ourselves. Let me read the whole sentence and then you
 3 explain.
 4 "Hilley agreed to write a recommendation letter for
 5 Lewinsky, since it was office practice to write letters for
 6 all former employees of Legislative Affairs.
 7 "Hilley explained to Podesta that due to the less
 8 than favorable circumstances of Lewinsky's leaving
 9 Legislative Affairs, the letter would have to be 'generic,'
 10 confirming Lewinsky's employment and dates. Podesta
 11 indicated that Podesta would get back to Hilley on the
 12 matter, but to date has not done so."
 13 THE WITNESS: I don't recall using the generic
 14 thing. That's not a thing -- a phrase I use. But
 15 substantially it is correct, that he asked me could our
 16 office write a letter, I said yes. I don't recall if I --
 17 you know, alerted him or recalled for him -- and I don't know
 18 what he knew or whatever, about the situation, that she in
 19 fact had been transferred out in 1996. And so that's
 20 basically it.
 21 BY MR. CRANE:
 22 Q I think you described a minute ago that your office
 23 has a policy that you will write a letter to prospective
 24 employers.
 25 A Right.

1 A At this time, I don't recall that piece of the
 2 conversation with John Podesta.
 3 MR. WISENBERG: We have to take a quick break.
 4 MR. CRANE: Okay.
 5 MR. WISENBERG: I'm going to ask you if you could
 6 step outside for just a minute or two.
 7 May the witness be excused?
 8 THE FOREPERSON: Yes, he may.
 9 (The witness was excused.)
 10 (Whereupon, at 3:58 p.m., the taking of testimony
 11 in the presence of a full quorum of the Grand Jury was
 12 concluded.)
 13 * * * * *

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

----- x
In re: :
GRAND JURY PROCEEDINGS :
----- x

Grand Jury Room No. 3
United States District Court
for the District of Columbia
3rd & Constitution, N.W.
Washington, D.C. 20001

Tuesday, May 26, 1998

The testimony of JOHN LEE HILLEY was taken in the presence of a full quorum of Grand Jury 97-2, impaneled on September 19, 1997, commencing at 10:47 a.m. before:

SOLOMON WISENBERG
Deputy Independent Counsel
JAMES CRANE
Associate Independent Counsel
Office of Independent Counsel
1001 Pennsylvania Avenue, Northwest
Suite 490 North
Washington, D.C. 20004

1 A That's fine.
2 Q The litany of rights, the Fifth Amendment right,
3 the secrecy proceedings, unless you ask me to.
4 A That's fine. Thank you.
5 Q But I think they were fairly explanatory and we can
6 get right to it.
7 A Mm-hmm.
8 Q Okay. Let's go right into the factual questions,
9 then. Do you know how long it was, sir, after the decision
10 was made to terminate Monica Lewinsky's employment in
11 Legislative Affairs that she actually left?
12 A Say that again for me? The decision?
13 Q How long from the time the decision was made by you
14 together with Mr. Keating.
15 A Well, that's what I want to be careful about
16 because, again, my only involvement in this was when
17 Mr. Keating came to me in my office --
18 Q All right.
19 A -- and I did what I considered appropriate, which
20 was, not knowing the facts of the case, but based on his
21 representation, I told him -- at his suggestion, agreed to
22 take it to a person of higher authority and then I had no
23 direct involvement in it. So I don't know when that decision
24 to actually terminate was made.
25 Q Okay. But from the time you had the discussion

PROCEEDINGS

1 Whereupon,
2 JOHN LEE HILLEY
3 was called as a witness and, after having been duly sworn by
4 the Foreperson of the Grand Jury, was examined and testified
5 as follows:

EXAMINATION

BY MR. CRANE:

7 Q Good morning, Mr. Hilley.
8 A Good morning.
9 Q My name is Jim Crane.
10 A Hi, Mr. Crane.
11 Q And, of course, we met last week while you were in
12 here for some time. And I apologize for the delay.
13 A That's okay. I understand.
14 Q We had some difficulty getting some jurors here
15 because of some family crises that were going on.
16 Let's see. State your full name again just for the
17 record.
18 A John Lee Hilley, H-i-l-l-e-y.
19 Q All right. And you previously appeared before this
20 Gibraltar on May 19, 1998. Is that correct?
21 A A week ago, I believe. Yes.
22 Q Right. Okay. At this point, I will not go through
23 all of your rights and privileges.

1 with Mr. Keating until Monica actually left, do you recall
2 that length of time?
3 A Well, I think I do, but I think also it's because
4 of having read in the paper subsequently that I think she
5 left in an April timeframe. I think, that's my recollection
6 from the paper. And I think Mr. Keating -- like I say, I was
7 new -- must have come to me, I think, I'm guessing, about a
8 month -- between a month and two months after I arrived and I
9 arrived in February.
10 Q All right. And you arrived in February, a month or
11 two months later, Mr. Keating comes to you, so we are going
12 to be into March or April?
13 A I imagine. I can't help you exactly, but that
14 makes sense. Yes.
15 Q All right. Is this a fair characterization, sir,
16 that it was a fairly short period of time before Ms. Lewinsky
17 actually left Legislative Affairs? It didn't take long to
18 get her out, to put it bluntly.
19 A Again, the only way I know that it actually
20 occurred was because the person who was moved to be the new
21 person in legislative correspondence was a young man named
22 Chris Walker and that occurred, I think, some time in the
23 spring as well. But my best guess would be something in a
24 month or two range, again, between the time he came to see me
25 and, I believe, the time she left. I'm guessing.

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1 Q Okay. Let me show you what we've earlier labelled
 2 as Grand Jury Exhibit JLH-1, your initials.
 3 A Sure.
 4 Q This is this memo that uses the phrase
 5 "extracurricular activities" that we talked about at some
 6 length.
 7 A That's correct.
 8 Q Now, in recent months, other than your appearance
 9 here at the grand jury last week, May 19th, when was the
 10 previous occasion that you saw this memo?
 11 A Well, could I just go back a second?
 12 Q Sure.
 13 A Well, I must have written the memo, so I must have
 14 seen it then.
 15 Q Right.
 16 A Which would have been either October 15th, 16th,
 17 somewhere around there, of 1996. And then like I
 18 testified, the fact that I wrote this memo had fallen from
 19 my memory.
 20 Q Right.
 21 A And then I was given a reminder of that fact here
 22 in the last -- fairly recently -- month or two. And, like I
 23 testified, with an unsolicited phone call from the White
 24 House Counsel's Office -- I don't need to go through all that
 25 detail?

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1 Q No. My question to you was before you came to the
 2 grand jury, when had you last seen this memo?
 3 A Well, I know you had a conversation with my lawyer
 4 about this.
 5 Q Right.
 6 A And so I want to be strictly in line with that, but
 7 I did say that I did see it and I think --
 8 Q What timeframe?
 9 A Oh, it was just right before I came in to testify.
 10 Within a week of the time or a few days of the time when I
 11 came in to testify last Tuesday. Just a few days.
 12 Q And how did you get it?
 13 A Through counsel.
 14 Q Okay.
 15 A My counsel.
 16 Q Right.
 17 A Right.
 18 Q Now, we also talked when you were here last time
 19 about your conversations with a Mr. Podesta.
 20 A That's correct.
 21 Q And I'm referring to in particular after Monica
 22 Lewinsky had left Legislative Affairs. Now, tell us again,
 23 who is Mr. Podesta?
 24 A Mr. Podesta is the Deputy Chief of Staff at the
 25 White House.

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1 Q All right. And what was the nature of his
 2 conversation there with you in the hallway?
 3 A All right. This was, again, some months ago and to
 4 the best of my recollection, I would guess it was in the late
 5 fall of 1997, but I am not sure of the date, when it was.
 6 But I recall that I was outside the Chief of Staff's office
 7 on the first floor of the West Wing of the White House and
 8 Mr. Podesta came up to me.
 9 I recall it was sort of right in front of the
 10 elevators and people were passing to and fro. And in a very
 11 brief conversation asked me if our office would produce or
 12 could produce a recommendation on behalf of Ms. Lewinsky.
 13 Q Okay. And Podesta is the Deputy Chief of Staff?
 14 Is that correct? Or was?
 15 A That's correct. Well, he currently is.
 16 Q Currently is?
 17 A He was at that time and currently is.
 18 Q And so his immediate boss is the Chief of Staff.
 19 A That's correct.
 20 Q And at that time, it was still Leon Panetta or it
 21 was Erskine Bowles?
 22 A No, this was Erskine Bowles. Mr. Podesta was
 23 brought in by Mr. Bowles as one of his deputies.
 24 Q All right. So is this fair to say that Erskine
 25 Bowles, apart from the President, is the number one man

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1 the White House?
 2 A In terms of staff responsibility -- well, in terms
 3 of staff responsibilities, yes. He's the most senior staff
 4 person.
 5 Q All right. And then number two would be the Deputy
 6 Chief of Staff, Podesta in this case?
 7 A In terms of operational hierarchy, there's actually
 8 two of them. Two Deputy Chiefs of Staffs.
 9 Q All right. So is this a fair characterization,
 10 sir, that this request for a letter of recommendation for
 11 Ms. Lewinsky was coming from fairly high up in the White
 12 House hierarchy?
 13 A Yes. It was coming from the Deputy Chief of Staff.
 14 Q And did it strike you as unusual that a woman who
 15 had been terminated some months ago was now having the Deputy
 16 Chief of Staff or was the recipient of a request for a
 17 recommendation on the part of the Deputy Chief of Staff?
 18 Do you see what I'm getting at?
 19 A Yes, I do. At the time, I didn't think much about
 20 it. I get requests for hundreds of things a day. But given
 21 in light of what's become public since then, and perhaps
 22 why I recalled this event, that it did stick in memory, that
 23 he had approached me about this.
 24 Q All right. So is this a fair characterization,
 25 that at one moment your line deputy, Mr. Keating, together

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1 with Evelyn Lieberman are working to terminate Monica
2 Lewinsky?
3 A That was the result of what they came out with.
4 Yes.
5 Q Right. And then --
6 A As well as -- I would like to establish the
7 context, please, that it was brought to me as nothing about
8 Monica Lewinsky was brought to me separately with regard to
9 Mr. Keating.

10 When he originally came to me after I had just
11 begun at the White House, he came with a recommendation about
12 wanting to deal with the entire, which was two people,
13 legislative correspondence shop, so it wasn't about Monica
14 Lewinsky solely, it was about the performance of the office
15 itself.

16 Q Okay. But I'm talking about right now just Monica
17 Lewinsky.

18 A Okay.

19 Q True, [REDACTED] was also terminated or
20 transferred.

21 A Right.

22 Q But at one point in time, Mr. Keating together
23 with Evelyn Lieberman, to basically get her fired. True?

24 A Well, that's your characterization of the word.
25 I always took it -- he came to me, that they wanted to move

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1 them out or transfer the two of them, but that's your
2 characterization, yes. And they were terminated from
3 employment at the White House. That's correct. Yes.

4 Q Okay. I think the terms that you use in the memo
5 are to get rid of?

6 A Right. Sure. That's an accurate -- yes.

7 Q Okay. So the most accurate phrasing would be, as
8 you say in your memo, "we got rid of Monica and Jocelyn"?

9 A That's correct.

10 Q Okay. Whether they're technically fired or
11 transferred under very unhappy circumstances --

12 A Right. It was an involuntary separation for sure.

13 Q All right. And a few months later, Mr. Podesta,
14 the number two man in the staff of the White House is
15 wondering whether she can get --

16 A I'm sorry, maybe I didn't hear you. Did you say a
17 few months later?

18 Q Yes.

19 A Well, [REDACTED] and Ms. Lewinsky left the White
20 House in sort of the spring of 1996. As I recall, it was
21 not until the following year, '97, late '97, if that, that
22 Mr. Podesta came to me, so it was a year and a half later.

23 Q A year and a half later.

24 A Yes. A year and a half.

25 Q Okay. I stand corrected on that timeframe. But

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1 a year and a half later, Mr. Podesta is wanting to know
2 whether she can get a letter of recommendation.

3 A That's correct.

4 Q That's our timeframe?

5 A That's correct. Yes, it is.

6 Q At any point, did you say to Mr. Podesta, "Wait a
7 minute. This is the intern that Evelyn Lieberman and Tim
8 Keating canned or got rid of?"

9 A Well, again, it was a brief conversation. I know
10 these are all very important events in people's lives, but at
11 that time, not knowing the events that have unfolded
12 subsequently, it was a very peripheral issue to me and I
13 didn't think much of it.

14 But I could have said, because I did remember the
15 names of the people who had been terminated, so it would have
16 been consistent as things were represented to me to have
17 said, you know, this could probably only be a standard or, I
18 think the words that the FBI used last time, generic letter
19 that could be written on Ms. Lewinsky's behalf.

20 I want to be clear, I could not have myself written
21 the letter nor would have agreed to, since I did not know her
22 or her work product personally.

23 Q All right. And do you have any insight as to why
24 in light of your experience in the White House why at one
25 moment basically people are ganging up on Monica to get rid

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1 of her and then the next moment the Deputy Chief of Staff
2 wants to get her a letter of recommendation?

3 A Well, again, I'm just trying to be fair to people
4 on all sides and tell the court everything I know about these
5 incidents.

6 And so the characterizations of ganging up, et
7 cetera, again, I do not know the facts of what was going on.
8 Everything I did was based on representations made to me, and
9 so to -- you know, the characterizations would not be mine
10 because I just tried to represent this factually.

11 But it is the case that Mr. Podesta came to me and
12 asked that question and, like I said, that was the one and
13 only time he approached on me on it, about this.

14 Q All right.

15 A But he did ask me about that and, of course, that's
16 what I volunteered to the FBI.

17 Q Now, there was some question about whether
18 Ms. Lewinsky and [REDACTED] had allowed correspondence to
19 back up in the Office of Legislative Affairs correspondence
20 division. What do you understand about that and how much of
21 a back log there might have been?

22 A When Mr. Keating came to me, again, being new, I
23 inherited the entire staff and at that time I did not know
24 the quality or the work product of any of my employees that I
25 had inherited.

1 He did represent that there was a problem of the
2 mail being backlogged, as you say, or getting out slowly.
3 And the only recollection I have that's specific is there was
4 some reference to the mail about OMB mail or some location of
5 mail to do with OMB was a problem.

6 Q And do you know how long this backlog was? Did he
7 ever tell you how long?

8 A No. Again, because of the nature of my
9 responsibilities, being responsible for all of Congress as
10 well as every branch of the administration as regards federal
11 legislation, I did not direct the Office of Legislative
12 Correspondence. I had no direct knowledge of its
13 functioning.

14 Q All right. Now, was Mr. Keating able in his
15 position to terminate or transfer a low level staffer, or
16 low level staffers plural, like Ms. Lewinsky and [REDACTED]
17 on his own?

18 A Well, as indicated by what I asked him to do and
19 based on the fact that I did not know the work of the two
20 women, I would have not, I think, allowed that and so I don't
21 think it would have been in his authority. And, again,
22 that's why I requested that he go to a person of higher
23 authority, who was Ms. Evelyn Lieberman, the Deputy Chief of
24 Staff, at that time.

25 Q Okay. But my question is could he.

1 A I don't know. I don't know. I mean, again, as we
2 talked about last week, this was the only unhappy personnel
3 situation that came up during my tenure, so there was no
4 other case and, in this one case, neither he nor I, you know,
5 saw fit to exercise that on our own. And I didn't know if I
6 even had the authority, to be honest. I had just walked in
7 the door.

8 Q Nobody ever told you whether you had hiring or
9 firing authority?

10 A No. That's why I said take it upstairs.

11 Q Did you ever find out later whether you had hiring
12 or firing authority?

13 A No one ever discussed that with me. No. I mean,
14 our office hires people. We interview people and such but
15 it's always -- I imagine there's some bureaucracy that has
16 to approve in the Office of Administration ultimately all
17 decisions that are made, so I don't think I have sole ability
18 to do that. It has to be cleared, again, through the system.

19 Q Okay.* But could Mr. Keating have just gone to
20 Evelyn Lieberman and cleared it through the system that way?

21 A Of course. I imagine because Ms. Lieberman's
22 responsibility was for the operational side of the White
23 House, so I take it that she would be the person situated to
24 effect that. Yes.

25 Q All right. So is this a fair characterization,

1 Mr. Hilley, that Mr. Keating did not need to come to you to
2 get a low level staffer like Ms. Lewinsky or [REDACTED]
3 transferred, he could have gone directly to Ms. Lieberman.

4 A He could have but even as his new boss who had
5 never worked with him, I think that would have been a bit of
6 an insult to me not to even inform me that he was going to
7 take it up to another person, so I think he did the right
8 thing in bringing it to me and I think it was the right thing
9 to kick it upstairs.

10 Q But these were extremely low level people, as I
11 think you may have --

12 A They were junior staff. Yes.

13 Q All right. And it wouldn't have been appropriate
14 for him to see to the transfer of low level junior staff?

15 A By himself?

16 Q Together with Ms. Lieberman?

17 A Oh, I do believe that together with
18 Ms. Lieberman -- I'm sort of assuming this, but because
19 of her position as the Deputy Chief of Staff, I think the
20 two of them together and Ms. Lieberman knowing how the
21 bureaucracy worked of course would have been able to do
22 that.

23 Q All right.

24 A That's my supposition.

25 Q Do you know whether Ms. Lieberman even need

1 input to transfer or terminate Ms. Lewinsky and [REDACTED] or
2 could she have done that on her own?

3 A I really don't know her authority.

4 Q Now, in your memo here, JLH-1, you refer to, I
5 believe, in the first sentence, Ms. Lieberman preparing her
6 own memo.

7 A Yes.

8 Q Did you ever see a copy of that memo that came back
9 to you?

10 A No. As I understood it, the memo was not being --
11 if you meant prepared for me, I never saw it and my
12 understanding was, as I said a week ago, that I believe that
13 because all of the department heads were being called in to
14 ask how their operation was running, that this was a memo
15 being prepared in line with the transition because the
16 current Chief of Staff was leaving, Leon Panetta, and she had
17 been made sort of the head of transition.

18 Q All right. So the basic answer is you weren't cc'd
19 on whatever memo --

20 A No, I wasn't. No, I wasn't.

21 Q Okay. Were there any other personnel form
22 you had to sign off on like a notice of transfer or any
23 standard OMB forms, notice of separation or notice of
24 transfer, in order to get Ms. Lewinsky and [REDACTED]
25 transferred out?

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1 A I do not recall seeing any such forms. I know
2 that -- the only forms in my two years there that I recall
3 signing was when there was a person getting a raise or a new
4 person being hired or a change of job title, that paperwork
5 would be put in front of me. I do not have a recollection,
6 although it's possible, since I signed other papers.

7 In my two years there, again, I remember signing
8 basically raises, change of job title and the hiring of
9 folks, but I don't recall being asked to sign any paperwork
10 with regard to either [REDACTED] or Ms. Lewinsky, although I
11 can't rule it out because I can't remember.

12 Q All right. And I believe I've already asked you
13 how long it was from Tim Keating's visit until Ms. Lewinsky
14 and [REDACTED] were actually terminated.

15 A And I would guess, again, I have trouble with
16 specifics, but I would guess a month to two months, would be
17 my guess.

18 Q Did one individual or two individuals take their
19 place?

20 A I do not know. The only one I know, as I've told
21 you, was Chris Walker because it directly impacted me in that
22 he was the in effect administrative assistant that I had
23 inherited from my predecessor. I don't know what they did
24 with the office, if it was one or two. I just know that
25 Mr. Walker went over there to, I believe, head it up.

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1 Q All right. Now, was Mr. Walker already working
2 within your office?

3 A Yes.

4 Q Okay. In a different position?

5 A That's correct. He was my personal assistant,
6 which I had inherited from my predecessor.

7 Q All right. So you were more familiar with him.

8 A Yes, I was.

9 Q And do you know what he was told about why he was
10 taking over Ms. Lewinsky's and [REDACTED] job?

11 A I don't at all. I think -- I mean, this is all
12 very hazy, but I believe that Mr. Walker, to me, indicated a
13 willingness to want to go over there because I think he
14 probably didn't want make me feel bad that he was leaving me
15 for something else, but I do recall that he indicated to me
16 that this was something he wanted to do. But how he was
17 approached or it was described to him, I don't know.

18 Q All right. Let's see. There were no warning
19 letters or no probation period for either Ms. Lewinsky or
20 [REDACTED] prior to their firing. Is that correct?

21 A Not that I'm aware of. No.

22 Q Okay. Neither that you would have issued or
23 Mr. Tim Keating?

24 A Certainly that I'm aware of. That's correct.
25 You'd have to ask him if he had done something before.

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1 Again, they had been in the office for -- I'm not sure how
2 long before I came onto the scene and what had gone on before
3 that, I don't know, but he never -- it's not my recollection
4 that that was a part of it, that there had been warnings or
5 whatever. But, again, I didn't deal with it directly and he
6 would be the person to ask.

7 Q All right. And, as far as you know, Evelyn
8 Lieberman never gave Ms. Lewinsky in particular any sort of a
9 written warning or reprimand.

10 A As far as I know. But, again, I probably wasn't in
11 a position to know and she would be the one who would know
12 that.

13 Q Okay. Now, did Mr. Erskine Bowles ever have any
14 conversations with you about Monica Lewinsky?

15 A Never. Just as I've had a chance to reflect on
16 this, these events intersected my life three times in my two
17 years at the White House: when Mr. Keating came to me, when
18 Ms. Lieberman requested this memo, and when Mr. Podesta
19 approached me in the hallway, are the ones that I recall when
20 this intersected my life. And I have no recollection of
21 Mr. Bowles ever mentioning Monica Lewinsky to me.

22 Q All right. Did Mr. Podesta ever ask you for
23 letters of recommendation for anyone else within your office
24 at the time you were at the White House?

25 A I don't recall him ever doing that. No.

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1 Q All right. In the week since we have met, have you
2 had any phone calls from the Office of White House Counsel?

3 A No, I have not.

4 Q Has any other person, investigator, anyone other
5 than your attorney asked you, or a close family member, asked
6 you about your testimony?

7 A No. No, sir.

8 MR. CRANE: Are there any questions from the
9 members of the grand jury?

10 A JUROR: Mr. Hilley, you indicated that you were
11 not cc'd on any memoranda prepared by Mrs. Lieberman. Is
12 that correct?

13 THE WITNESS: I don't believe I was. No.

14 A JUROR: Do you have any reason to know whether
15 such a memorandum actually was prepared?

16 THE WITNESS: I have to guess. I don't know, but
17 I'm guessing that it was because, as I recall, I think I
18 was asked to do this because she was preparing something as
19 part of the transition.

20 I mean, I don't know why I would have been asked
21 to write this unless there was something else in the works,
22 but I don't know the nature of it.

23 A JUROR: So whatever was produced by
24 Mrs. Lieberman probably still exists somewhere, wouldn't
25 it?

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1 THE WITNESS: It was produced, it probably would.

2 If this still exists, I would think that would exist, too.

3 A JUROR: Thank you.

4 MR. CRANE: All right. If there are no further
5 questions from any of the members of the grand jury, we will
6 excuse Mr. Hilley.

7 THE WITNESS: Do you want this back?

8 MR. CRANE: Yes. Thank you, sir.

9 THE WITNESS: Okay.

10 MR. CRANE: And, again, sorry about the delay.

11 THE WITNESS: No, I understand.

12 MR. CRANE: Thank you for coming on two occasions.

13 THE WITNESS: That's fine. Thank you.

14 THE FOREPERSON: Thank you.

15 MR. CRANE: Thank you, sir.

16 (The witness was excused.)

17 (Whereupon, at 11:15 a.m., the taking of testimony
18 in the presence of a full quorum of the Grand Jury was
19 concluded.)

20 * * * * *

OCT 17 1996

October 16, 1996

Dear Evelyn,

Thanks for the meeting yesterday. I wanted to follow up on a few points as you put your memo together.

o I've enclosed our staff division of responsibilities that we use throughout the year. I don't distribute it because I want White House and agency staff to funnel their issues and requests through our West Wing operation. That way I can keep track, exercise quality control, and make the judgements about the use of our staff resources.

o I've also enclosed a brief memo on our correspondence operation. It was in bad shape when I came in. We got rid of Monica and [redacted] not only because of "extracurricular activities" but because they couldn't do the job. We also had problems with NSC and White House correspondence that have been corrected. I believe the operation is in quite good shape now.

Thank you for being so good to me this year. I greatly appreciate your help and counsel. I will take the steps you suggested and then follow up with both you and Leon.

[Handwritten signature]

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