

On the afternoon of July 3, Cornelius called Nancy Hernreich, Deputy Assistant to the President for Appointments and Scheduling, to ask to meet with the President regarding Thomasson's and Watkins's actions.⁸¹⁹ The President called Cornelius back, and later, she went to see him for fifteen minutes in the Oval Office.⁸²⁰ Cornelius said the President told her he was "sorry [she] had been hurt" and "that he would make sure in the end it was okay for me."⁸²¹

E. The White House Responded to Public Controversy Over the Firings By Conducting an Internal Review.

From May 25-26, 1993, McLarty convened a series of meetings in his office which were attended at various times by Foster, Watkins, Lindsey, Kennedy, Nussbaum, Stephanopoulos, Myers, Mark Gearan, and others.⁸²² The purpose of the meetings was to create a chronology of the Travel Office firings⁸²³ and update everyone involved.⁸²⁴ The meeting also considered whether or not the White House should conduct an internal review of the firings.⁸²⁵

⁸¹⁹ Cornelius GJ 7/25/96 at 195-96, 199.

⁸²⁰ Id. at 197.

⁸²¹ Cornelius GJ 7/25/96 at 197-98. Cornelius said she did not know of any actual intervention on her behalf by the President. Id.

⁸²² See generally Kennedy's notes of meeting 5/25/93, OIC Bates No. 542-DC-00018416; Gearan GJ 7/11/96 at 15-17. Although Mark Gearan recalled that such a meeting took place, he remembered little about the details of the meeting. Id.

⁸²³ See Gearan GJ 7/11/96 at 16. On one draft of this chronology, McLarty wrote the following, "May 16 - HRC Pressure." GJ 95-2 Exh. 145 (emphasis in original). McLarty testified that although he could not specifically recall why he made this notation, he was certain that it either related to the pressure he felt as a result of his May 16 meeting with Mrs. Clinton, or that someone else at the meeting had mentioned pressure from Mrs. Clinton. See McLarty GJ 7/31/96 at 147.

⁸²⁴ Kennedy GJ 7/30/96 at 106.

⁸²⁵ Stephanopoulos GJ 9/8/95 at 5-6.

Stephanopoulos said those in favor of the review ultimately carried the day because the Travel Office affair "became a matter of some controversy in the press, and it was decided that that was the best way to dispose [of] the controversy, to have our own investigation to get to the bottom of it and put it out."⁸²⁶ Not everyone involved in handling the fallout from the firings believed that the review was a good idea.⁸²⁷ One of those was David Gergen, who testified: "My own view is that when these things happen, if you're going to do your entire review, you better damn well be candid. And you better lay all of the facts out, because if you don't, it's going to come back and bite you."⁸²⁸ Nussbaum also opposed it, as well as others who "had different views about whether or not the review would be the right thing to do," but McLarty recommended it to the President, and the President approved.⁸²⁹

At McLarty's direction,⁸³⁰ Deputy Chief of Staff Mark Gearan assigned John Podesta⁸³¹ and Todd Stern⁸³² to oversee an internal management review of the Travel Office firings.⁸³³

⁸²⁶ Id. at 6.

⁸²⁷ See Gergen GJ 7/1/96 at 10-11.

⁸²⁸ Gergen GJ 7/1/96 at 10-11.

⁸²⁹ McLarty 7/31/96 GJ at 142-43. In addition, as a result of these meetings, five of the employees's terminations were reversed and they were placed on paid administrative leave. See Dreylinger GJ 6/6/96 at 12-14. Only Dale and his deputy Gary Wright remained terminated. See Wright GJ 7/9/96 at 34; Dale GJ 7/9/96 at 132.

Also, on May 27, the President and McLarty asked David Gergen, who had served in previous Republican administrations and was a member of the D.C. press community, to come in and "help them think through their problems" with communication with the public, correct their "mistakes" and "floundering" and "rough time" the new administration was having, the latest chapter of which was the Travel Office incident. Gergen GJ 7/1/96 at 4-6.

⁸³⁰ See McLarty 7/31/96 GJ at 141-42.

⁸³¹ Podesta served as an Assistant to the President and Staff Secretary from January 20, 1993 until July 1, 1995. Podesta GJ 7/18/96 at 4. Podesta had worked as a volunteer in the 1992

Podesta and Stern were assisted by two members of Gearan's staff, Dwight Holton and Andre Oliver.⁸³⁴ The Podesta/Stern review resulted in the publication of a report on July 2, 1993.⁸³⁵

When McLarty was asked whether the report's purpose was "to get the facts out," the following exchange resulted:

A: . . . this is a management review. That was the purpose of it. And I think there are a number of meetings that could have had a much more lengthy discussion, but would not have served the purpose of this report. It was not just this meeting. . . .

Q: What was the purpose of the report?

A: The purpose of the report was just as I described it.

Q: To get the facts out.

A: Well, to look at the decision making that had taken place, what had gone wrong, and what recommendations -- what we might do in the future to avoid mistakes that were made. As part of that, it did -- the report did have a chronology or a factual section, but the emphasis of the review was to examine the decision making process and then to make recommendations how that could be improved upon. That was the emphasis of a management -- and I think it's called a management review.

Q: Now, all of that could have been done confidentially and not released to the public.

Clinton-Gore campaign and received the job offer to work in the White House through his friendship with Susan Thomases. Id. at 5.

⁸³² Stern, himself an attorney, served as Podesta's deputy until July 1995, when he became Staff Secretary. Stern GJ 7/10/96 at 4-5.

⁸³³ Podesta GJ 7/18/96 at 8-9.

⁸³⁴ Podesta GJ 7/18/96 at 13; Stern GJ 7/10/96 at 17; Holton GJ 7/2/96 at 7; Oliver GJ 7/2/96 at 5-6.

⁸³⁵ GJ 95-2 Exh. 68. Dee Dee Myers explained that releasing the report "into the black hole of a four-day weekend, or three day weekend" when "people are more interested in having barbecues with their families" was intended to make "it minimum news." Myers GJ 7/23/96 at 104-05.

A: It could have been.

Q: I mean, part of the purpose of the generation of this document was to get the facts out to the public about what had occurred.

A: Well, there were a number of ways that we could approach this situation.⁸³⁶

Public scrutiny of the Travel Office firings posed a dilemma for the Management Review team.⁸³⁷ Stern recognized the significance of a fundamental question being raised by the public regarding the nature and extent of senior White House staff involvement in the decision to dismiss the Travel Office employees.⁸³⁸ However, the final report prepared by the Management Review team was, ultimately, incomplete in its answer to this question. The report's incompleteness was a result of: 1) the decision of several staff to provide less than complete information to the Management Review; 2) the manner in which the Management Review interviews were conducted; and 3) editorial changes to the report made as the Management Review was being prepared.⁸³⁹

Ultimately, the Management Review's final version was released to the public in early July 1993. Several White House staff members were reprimanded as a result of the Management Review.⁸⁴⁰

⁸³⁶ McLarty GJ 7/31/96 at 38-39.

⁸³⁷ Stern GJ 7/10/96 at 72-73.

⁸³⁸ GJ 95-2 Exh. 149.

⁸³⁹ Watkins Int. 11/22/96 at 32; Stern GJ 7/10/96 at 37; Podesta GJ 7/18/96 at 17.

⁸⁴⁰ White House Travel Office Management Review at 17, 19-21 (July 2, 1993). The White House Travel Office Management Review itself does not state that anyone would be "reprimanded." At the press conference releasing the Management Review, Chief of Staff Mack McLarty said that Watkins, Eller, Cornelius and Kennedy were going to be reprimanded, though

1. Todd Stern Immediately Perceived the Tension Created by Questions Concerning Mrs. Clinton's Role in the Firings.

On May 26, Stern made several pages of notes to organize his thoughts about the Travel Office matter.⁸⁴¹ Stern wrote in part: "Report has to be as tough [and] self-critical as possible within the perimeter."⁸⁴² Stern additionally wrote:

- (i) Who knew about firings?
- (ii) Who ordered it [and] who approved?
- (iii) Who pushed it? Why?
- (iv) What did President know?

Problem is that if we do any kind of report [and] fail to address these Qs, pres[s] jumps on you wanting to know answers; while if you give answers that aren't fully honest (e.g. nothing re HRC)⁸⁴³ you risk hugely compounding the problem by getting caught in half-truths. You run [the] risk of turning this into a "cover-up."⁸⁴⁴

Stern explained that he made this notation because he had already heard rumors and read press reports about the possibility of Mrs. Clinton's involvement in the Travel Office firings.⁸⁴⁵

when asked what that meant, McLarty agreed that there would be no reduction in their pay or even a letter placed in their personnel files. Statement of White House Chief of Staff Thomas M. McLarty, White House Press Briefing (7/2/93). McLarty then referred to the public statement of reprimand at the press conference itself as the extent of the punishment. Id.

⁸⁴¹ GJ 95-2 Exh. 149.

⁸⁴² Id.

⁸⁴³ Stern said this reference was written by him innocently as "an example of simply taking a matter, which, from the sort of press point of view, would be the most sensitive. I mean, it's sort of -- if you were in the military context, you'd say nothing about the [G]eneral, rather than nothing about the [P]rivate as your example." Stern GJ 7/10/96 at 74. Stern denied anyone had ever instructed him not to refer to Mrs. Clinton in the report. Id. at 73-74.

⁸⁴⁴ GJ 95-2 Exh. 149 (emphasis supplied).

⁸⁴⁵ Stern GJ 7/10/96 at 74.

Stern also wrote:

We need to think seriously about whether or not it won't be better to come clean, even to [the] point of conceding that HRC had some interest.⁸⁴⁶

Stern denied that any separate agenda concerning treatment of Mrs. Clinton's involvement existed:

Q: Did you . . . decide to ask witnesses in your interview process that you were going to undertake about the First Lady's role?

A: We didn't decide to ask about or not to ask about the First Lady's role, per se. We decided to ask -- to find out from witnesses what happened. We didn't have a separate standard for the First Lady.

Q: Did you, in fact, ask witnesses as you went along in your review -- interviews, about the First Lady's role in the firing?

. . . .

A. We didn't -- we didn't -- I don't think that we asked witnesses about Jeff Eller's role. I don't think we asked witnesses about the First Lady's role. I don't think we asked witnesses -- I mean, I don't think we asked in that form, but we certainly asked witnesses to tell us what happened. In fact, witnesses ultimately did tell us what happened.⁸⁴⁷

Podesta and Stern determined that it was necessary to interview many White House staffers, somewhere "on the order of 40 or 50 interviews."⁸⁴⁸ The interviews consisted of simply asking each witness for their version of what happened, with very few probing questions or

⁸⁴⁶ GJ 95-2 Exh. 149.

⁸⁴⁷ Stern GJ 7/10/96 at 37.

⁸⁴⁸ Id. at 27. The team was informed that the only witnesses they could not interview were the former Travel Office employees, a restriction imposed by the Justice Department. Id. at 54.

follow-ups.⁸⁴⁹ In addition to the interviews, on June 11, Podesta and Stern sent a notice to the White House staff to produce all documents that were relevant to the Travel Office firings.⁸⁵⁰

2. The Management Review Sought Information From Senior White House Staff.

a. Harry Thomason.

The first person interviewed by Podesta and Stern was Harry Thomason,⁸⁵¹ who disclosed the fact that he had informed the President early in the Spring of 1993 of a problem with one of the offices in the White House dealing with travel.⁸⁵² Thomason told the President that he planned to follow-up with the appropriate people.⁸⁵³ Thomason did not tell Podesta and Stern that he had conversed with Mrs. Clinton about the Travel Office because Thomason said he was never asked.⁸⁵⁴ Podesta and Stern took notes of this interview.⁸⁵⁵

⁸⁴⁹ See Podesta GJ 7/18/96 at 17.

⁸⁵⁰ Stern GJ 7/10/96 at 20; GJ 95-2 Exh. 146. Podesta and Stern did not institute a method for cataloguing documents submitted in response to their request. Stern GJ 7/10/96 at 21. Stern maintained that all documents were eventually forwarded to the Office of the White House Counsel at the conclusion of the Management Review. Id.

⁸⁵¹ Podesta GJ 7/18/96 at 14; Stern GJ 7/10/96 at 86.

⁸⁵² Podesta GJ 7/18/96 at 15-16; GJ 95-2 Exh. 272 (Podesta's notes of Thomason interview); Stern GJ 7/10/96 at 88; GJ 95-2 Exh. 150 at 3 (Stern's notes of Thomason interview).

⁸⁵³ Podesta GJ 7/18/96 at 15-16.

⁸⁵⁴ Thomason GJ 7/17/96 at 148; Podesta GJ 7/18/96 at 16; Stern GJ 7/10/96 at 87-88. Podesta testified that he did not specifically ask Thomason any questions regarding the First Lady. Podesta GJ 7/18/96 at 16. Podesta said: "[W]e tried to inform people that we weren't conducting an investigation, we were just conducting a management review, that we tried to be non-confrontational." Id. at 17.

⁸⁵⁵ Podesta GJ 7/18/96 at 15; Stern GJ 7/10/96 at 86-87; GJ 95-2 Exh. 150; GJ 95-2 Exh. 272.

b. Vince Foster.

On June 3, 1993, Podesta and Stern interviewed Vince Foster.⁸⁵⁶ Foster did not divulge the fact that he had spoken with Hillary Clinton about the Travel Office prior to May 19.⁸⁵⁷ Following their format of simply asking witnesses to state what they knew with no follow-ups, Podesta and Stern did not query Foster about the role of Mrs. Clinton in the Travel Office firings.⁸⁵⁸ Stern testified that at one point in the interview they asked Foster if additional people, other than those he had previously mentioned, were involved in the Travel Office firings, and rather than saying no, Foster said: "[T]hat's all I think I should say."⁸⁵⁹ Note taker Holton said he thinks Foster "suggested there was an issue of privilege" concerning the First Lady.⁸⁶⁰ On June 30, Podesta reinterviewed Foster without Stern.⁸⁶¹ During that interview, Foster told Podesta that he had talked to Mrs. Clinton on May 13 about the Travel Office and that Mrs. Clinton had expressed her concern about the matter.⁸⁶²

⁸⁵⁶ Podesta GJ 7/18/96 at 27-28; Stern GJ 7/10/96 at 102.

⁸⁵⁷ Podesta GJ 7/18/96 at 28. Watkins admitted that he and Foster had expressly agreed to be protective of Mrs. Clinton during their White House Travel Office Management Review interviews. See Watkins Int. 11/22/96 at 32. Webster Hubbell, a longtime friend of the Clintons, testified that Vince Foster "was very protective of [Mrs. Clinton], and wanted to make sure that . . . she wasn't being criticized." Hubbell GJ 6/25/96 at 23.

⁸⁵⁸ Stern GJ 7/10/96 at 106.

⁸⁵⁹ Stern's notes 6/3/93, OIC Bates No. 210-DC-00000588 at 589; Stern GJ 7/10/96 at 115. Foster expressed concern that the notes being taken of himself and other interviewees "might be discoverable" by the many investigations that were likely to ensue. Podesta GJ 7/18/96 at 30; Stern GJ 7/10/96 at 229, 231.

⁸⁶⁰ Holton GJ 7/2/96 at 35-37.

⁸⁶¹ Stern GJ 7/10/96 at 103; Podesta GJ 7/18/96 at 66; see also Stern's notes description of Podesta's meeting with Foster undated, OIC Bates No. 542-DC-00018108.

⁸⁶² Stern GJ 7/10/96 at 117. Foster took 1 1/2 pages of notes on the interview. These

c. Bernard Nussbaum.

Stern and Podesta interviewed White House Counsel Bernard Nussbaum on June 8, 1993.⁸⁶³ Mr. Nussbaum informed Podesta and Stern that Foster had informed him of a desire to fire the Travel Office employees quickly, but that it was necessary for Peat Marwick to conduct

notes reflected that Podesta told Foster about the contacts with Mrs. Clinton that Watkins and McLarty had reported to Podesta. Regarding Foster's contacts with Mrs. Clinton, the notes stated:

I told John that after a late lunch on Thurs I spoke with HRC. . . . She was aware of some assertion of impropriety in tvl office and wanted to know what was being done about it - I related I had given to Kennedy as our security officer.

I related I had a later discussion on Thurs (evening?) . . . in which I advised her outside auditors were being used and probably told her they would start Friday.

I told him I may have had a few short, incidental non-substantive discussions subsequently to pass on my understanding from DW of status, which changed.

OIC Bates No. 542-DC-00001066-67. Foster's notes further reflect the following:

After discussing other issues we mutually exchanged views that HRC is perceived as being involved in decision and events in which she has no participation.

OIC Bates No. 542-DC-00001067. The OIC also sought the notes of Foster's discussion with his lawyer James Hamilton, which raised the unsettled issue of whether the attorney-client privilege survived the death of the client. At the appellate level, a divided panel of the United States Court of Appeals for the District of Columbia Circuit ruled that those notes should be produced to the OIC. In re: Sealed Case, 124 F.3d 230 (1997). The Supreme Court ultimately reversed, holding that the attorney-client privilege survived the death of the client, preserving the confidentiality of the notes. Swidler & Berlin v. United States, 524 U.S. 399 (1998).

⁸⁶³ Podesta GJ 7/18/96 at 50-51.

an audit first.⁸⁶⁴ Nussbaum also told them Foster was "under some sort of pressure to move quickly," although it was not a foregone conclusion that the employees would be fired.⁸⁶⁵

d. David Watkins.

Podesta and Stern also interviewed David Watkins on June 3, 1993.⁸⁶⁶ When asked whether there had been pressure on Watkins to act quickly regarding the Travel Office matter, Watkins told Podesta and Stern that:

HT thought this was a story, "ro[o]ting out corruption." There was the thinking that the Travel Office employees "are not our guys." Also a feeling that there was a need to get ahead of the story.⁸⁶⁷

Watkins mentioned no pressure from McLarty or Foster.⁸⁶⁸ As with Thomason and Foster, Watkins failed to tell Podesta and Stern that he had spoken to Hillary Clinton about the Travel Office on May 14⁸⁶⁹ -- nor did they ask him whether she had any role.⁸⁷⁰

The May 14 telephone conversation between Watkins and Mrs. Clinton was first disclosed to Podesta and Stern in early June by way of a handwritten note⁸⁷¹ that Watkins

⁸⁶⁴ Id. at 51.

⁸⁶⁵ Id. This information was not included in the White House Travel Office Management Review report. In the grand jury, Podesta first testified that Foster informed him that Jeff Eller and Harry Thomason were pressing him to move quickly on the Travel Office matter. Id. at 52. Podesta then stated that Foster did not tell him that Thomason and Eller were pressing Foster to take action. Id.

⁸⁶⁶ Id. at 30; Stern GJ 7/10/96 at 122-23.

⁸⁶⁷ Typed notes of meeting with David Watkins 6/3/93, OIC Bates No. 542-DC-00015004 at 15007.

⁸⁶⁸ Podesta GJ 7/18/96 at 31.

⁸⁶⁹ Id.

⁸⁷⁰ Stern GJ 7/10/96 at 127.

provided.⁸⁷² Podesta and Stern reinterviewed Watkins on June 15 and who once again did not mention that he felt "pressured by the First Lady to act."⁸⁷³ Watkins did not discuss his handwritten note during the interview with Podesta, because Podesta did not confront Watkins with the note or attempt to resolve the inconsistency between Watkins's note and his statements in the interview.⁸⁷⁴

Thereafter, according to Podesta and Stern, Watkins's May 14 telephone conversation with Mrs. Clinton regarding the Travel Office was described to Podesta by Mrs. Clinton on June

⁸⁷¹ On June 2, 1993, Watkins wrote:

Hillary telephone conversation with D. Watkins on Friday, May 14.
"Harry says his people can run things better; same money, etc. And besides we need those people out - We need our people in -We need the slots.-

Watkins also wrote the following in the same note:

Travel Office Review has become an inquisition

Neel, Podesta, Gearan, McLarty, Panetta -

* No teamwork

* Attitude of guilty or stupidity

* Need War Room to house - computers, etc.

Is the real story to be told?

Watkins's notes 6/2/93, OIC Bates No. 542-DC-00001499. Watkins also told the OIC that he believed that the White House Management Review was a "whitewash" designed to find scapegoats. Watkins Int. 6/13/00 at 2.

⁸⁷² Podesta GJ 7/18/96 at 35.

⁸⁷³ Stern GJ 7/1/0/96 at 137.

⁸⁷⁴ Podesta GJ 7/18/96 at 35-38.

30.⁸⁷⁵ Podesta claimed that either that day or the following day, he confirmed with Watkins that Watkins had spoken to Mrs. Clinton prior to May 19 about the Travel Office.⁸⁷⁶ Podesta did not take notes during his final interview of Watkins and did not precisely recall what Watkins said other than confirming that he had a conversation with Mrs. Clinton.⁸⁷⁷

Podesta and Stern did not confront Watkins about his failure to disclose his discussions with the First Lady during his two previous interviews on June 3 and June 15,⁸⁷⁸ although Podesta admitted that Watkins's notes differed from what they had been told by Watkins.⁸⁷⁹ Prior to his third and final interview with Stern and Podesta for the White House Travel Office Management Review, Watkins gave them his notes referring to Watkins's contact with Mrs. Clinton on the Travel Office.⁸⁸⁰ Podesta and Stern nevertheless failed to question Watkins about the information in the notes, and Watkins's "perception was they didn't want to hear about" Mrs. Clinton or her role, remarking that Podesta "didn't pursue" that issue.⁸⁸¹

When asked why he did "not do the simple thing of either showing that document to Mr. Watkins or showing it to the First Lady and saying is this what happened," Podesta responded, "I have already explained to you that I didn't think much of this document because I didn't think it was -- first of all, I didn't think that the Travel Office review had become an inquisition so that I

⁸⁷⁵ Id. at 32; Stern GJ 7/10/96 at 171.

⁸⁷⁶ Podesta GJ 7/18/96 at 32-33.

⁸⁷⁷ Id. at 32-34.

⁸⁷⁸ Id. at 33.

⁸⁷⁹ Id. at 37-38.

⁸⁸⁰ Id. at 34-36.

⁸⁸¹ Watkins Int. 11/22/96 at 32-33; Podesta GJ 7/18/96 at 35-39.

didn't put much stock in this document. I asked her what happened, I asked him what happened. And that was -- that's the way we conducted the review. We tried to do it in a non-confrontational way but to get the story, I think we got the story and we wrote it up."⁸⁸² Podesta and Stern both claimed they did not disclose the substance of Watkins's notes to Mrs. Clinton.⁸⁸³ Podesta could not recall whether he had shown Watkins's notes to McLarty.⁸⁸⁴ Podesta also made no reference whatsoever to Watkins's notes in the White House Travel Office Management Review report.⁸⁸⁵

e. Thomas F. "Mack" McLarty.

Podesta and Stern also interviewed Mack McLarty. McLarty is certain he told Podesta of his conversations with the First Lady and that she viewed the Travel Office as a "serious matter": "I am positive that I made it clear to Mr. Podesta during our discussion that the First Lady had discussed this matter with me and that she took it as a very serious matter," though McLarty is not sure if he told Podesta that this concern was communicated in two separate conversations.⁸⁸⁶ Podesta said he found out "relatively early" in the interviewing process, and before he interviewed Mrs. Clinton, that McLarty had spoken with Mrs. Clinton about the firings, though

⁸⁸² Podesta GJ 7/18/96 at 39-40. Stern said, "I think we didn't ask her that question because Mr. Watkins -- because we had talked with Mr. Watkins at a great deal of length. He had not told us any of this stuff. And we had a memo that sort of appeared out of the blue for no particular reason, and which exhibited a good deal of anger about the whole process, and which we were not prepared to put a great deal of credence in without Mr. Watkins telling us orally what he had to say." Stern GJ 7/10/96 at 209-10.

⁸⁸³ Podesta GJ 7/18/96 at 39; Stern GJ 7/10/96 at 196.

⁸⁸⁴ Podesta GJ 7/18/96 at 40.

⁸⁸⁵ Id.

⁸⁸⁶ McLarty GJ 7/31/96 at 109.

Podesta did not take any notes of what McLarty told him.⁸⁸⁷ Podesta said that it was related to him that Mrs. Clinton said to McLarty, "'Were you looking into it, are you on top of it?'" , and "McLarty told her that he knew about it and he was on top of it that he was aware of it and he was dealing with it."⁸⁸⁸

Todd Stern testified as follows when questioned about what he and Podesta knew and reported about the communications between Mrs. Clinton and McLarty:⁸⁸⁹

Q: And what, to your knowledge, was the substance of that conversation based on what Mr. McLarty and the First Lady told you?

A: Well, I'd go back to the report.

Q: That would be fine if you go back to the report and read to me what the substance of the conversation was.

A: I think it was -- let's see. We just -- what the report says is late that afternoon -- this is on page 9 of Exhibit 68. Late that afternoon, referring to May 13th, she, meaning Mrs. Clinton, saw McLarty and inquired about the situation in the travel office. That's basically what both of them [sic] us, that she --

Q: All right. Well, what did she ask?

A: I don't have more than that to say.

Q: What did she say?

A: I think he -- I really don't have more than that. I mean, she -- she inquired about what was going on. There were -- again she had heard problems in the office. She had already talked to Foster at that point. My understanding is that she asked McLarty what was going on, sort of for a status update, and he told her. At that point --

Q: Well, what did he tell her?

⁸⁸⁷ Podesta GJ 7/18/96 at 78.

⁸⁸⁸ Id. at 85-86.

⁸⁸⁹ Stern GJ 7/10/96 at 163.

A: I don't have more than what I just told you.

Q: Well, it's not in the report what he told her.

A: Yeah, but I've given you my answer.

Q: Well, what did he tell her?

A: What do you want me to say? I've given you my answer.

Q: Well, I want you to answer the question, what did Mr. McLarty tell you --

A: I've answered the question, sir.⁸⁹⁰

f. Mrs. Clinton.

On June 30, Podesta and Stern arranged through the First Lady's Chief of Staff Maggie Williams to interview Mrs. Clinton.⁸⁹¹ Stern took two pages of notes during this interview.⁸⁹² According to Podesta and Stern, David Gergen, Counselor to the President, was present during the interview.⁸⁹³ During the interview, Mrs. Clinton mentioned certain conversations about the Travel Office on May 13 with Foster and McLarty.⁸⁹⁴ Mrs. Clinton told them she could not remember whether Harry Thomason had mentioned the Travel Office to her,⁸⁹⁵ but did recount

⁸⁹⁰ Stern GJ 7/10/96 at 164-65.

⁸⁹¹ M. Williams GJ 7/30/96 at 32; Podesta GJ 7/18/96 at 32; Stern GJ 7/10/96 at 142.

⁸⁹² Podesta GJ 7/18/96 at 68; Stern GJ 7/10/96 at 142; Stern's notes of Hillary Rodham Clinton's interview 6/30/93, OIC Bates No. 542-DC-00018265.

⁸⁹³ Podesta GJ 7/18/96 at 68; Stern GJ 7/10/96 at 142. Gergen testified that he had no involvement in investigating the Travel Office matters, "This was something that . . . [he] didn't regard -- because [he] had not been there at the time the Travel Office occurred." Gergen GJ 7/31/96 at 6-7.

⁸⁹⁴ Podesta GJ 7/18/96 at 69-70; Stern GJ 7/10/96 at 144-45.

⁸⁹⁵ Podesta GJ 7/18/96 at 70; Stern GJ 7/10/96 at 143-44. Stern's notations indicated Mrs. Clinton spoke with McLarty, Watkins, Foster, and Thomason about the Travel Office. See

her May 14 conversation with Watkins.⁸⁹⁶ However, Mrs. Clinton's summary of the conversation disclosed only that Watkins had updated her on the Peat Marwick audit, not any details of what she might have said to Watkins.⁸⁹⁷ The First Lady also recounted her May 14 conversation with Foster indicating that he then informed her there was a problem in the Travel Office and that William Kennedy was handling it. Podesta listened to Mrs. Clinton's narrative and asked no follow-up questions.⁸⁹⁸

In short, Watkins and Foster were each interviewed a minimum of three separate occasions.⁸⁹⁹ During their first two interviews, neither Foster nor Watkins mentioned they had held conversations with Mrs. Clinton before the firings.⁹⁰⁰ After Mrs. Clinton disclosed the conversations with Foster and Watkins to Podesta, Foster and Watkins described (albeit incompletely) their consultation with her during the days leading up to the firings.⁹⁰¹

Stern's notes of Hillary Rodham Clinton's interview 6/30/93, OIC Bates No. 542-DC-00018265. Podesta could not explain the contradiction between his recollection of the interview and Stern's notes. Podesta GJ 7/18/96 at 71.

⁸⁹⁶ Podesta GJ 7/18/96 at 71.

⁸⁹⁷ Id. at 71-72; Stern GJ 7/10/96 at 145.

⁸⁹⁸ Podesta GJ 7/18/96 at 72. Podesta also interviewed President Clinton "a couple of days" prior to the report's public release on July 2, 1993. Id. at 77. Podesta learned that Thomason had mentioned a problem in the Travel Office to the President in the early Spring. Id. Podesta testified that he did not take any notes of his conversation with the President. Id.

⁸⁹⁹ Id. at 89-92; Stern GJ 7/10/96 at 200, 204, 207.

⁹⁰⁰ Podesta GJ 7/18/96 at 31-32, 75; Stern GJ 7/10/96 at 132.

⁹⁰¹ Podesta GJ 7/18/96 at 75.

3. The Final Version of the White House Travel Office Management Review Substantially Reduced Mrs. Clinton's Involvement from the Involvement Reflected in Earlier Drafts.

The publicly released final version of the White House Travel Office Management Review did not contain a complete account of: 1) McLarty's conversations with Mrs. Clinton; 2) Foster's conversations with Mrs. Clinton; and 3) Watkins's conversations with Mrs. Clinton.⁹⁰² In part, this was due to editorial changes made to the Management Review as it was drafted.

a. The Management Review Described McLarty's Conversations With Mrs. Clinton.

The Management Review contained an incomplete account of the two conversations between Mrs. Clinton and McLarty, in which she stated "her concerns" about the Travel Office. The evidence suggests that the discussion of their May 13 conversation was purposefully amended by Mrs. Clinton's Chief of Staff Maggie Williams. The May 16 discussion was omitted completely.

i. The Description Of The May 13 Discussion.

A draft copy of Podesta and Stern's report contained the following statement:

Late that afternoon [May 13], she [Mrs. Clinton] saw McLarty in his office and mentioned her concerns to him.⁹⁰³

The final version of the Management Report contained the following amended language:

⁹⁰² But cf. White House Press Briefing, July 2, 1993 (Chief of Staff McLarty asserting that the White House Management Review was "thorough," "complete" and "candid;" John Podesta rejecting the suggestion of a "special prosecutor" "given the thorough review and the thorough job that's done in this report.")

⁹⁰³ Draft of White House Travel Office Management Review 6/30/93, OIC Bates No. 542-DC-00018561 at 18568. Podesta and Stern never conducted a formal interview of McLarty regarding his involvement in the Travel Office firings, but instead had several informal discussions with him, where no notes were taken. Stern GJ 7/10/96 at 163-64. It was during these discussions that McLarty informed Podesta and Stern about his May 13 conversation with Mrs. Clinton. Id. at 164-65.

Late that afternoon she saw McLarty and inquired about the situation in the Travel Office.⁹⁰⁴

Podesta argued that although these two sentences differed, they had the same meaning; he stated he did not recall why the sentence was changed in the final report.⁹⁰⁵

When McLarty was questioned about why Mrs. Clinton's mention of "concerns" had disappeared from the draft report to reappear as merely having "inquired about the situation" in the final version, McLarty explained, "this is a management review. I don't think it intends to be a thorough investigation of this matter. It is a management review of the chronology of what took place, why the decisions were made, where the decision making went wrong, and recommendations, particularly important, of how we can avoid this in the future. . . . I would agree that you could have put more information about this and probably a lot of other meetings."⁹⁰⁶

Podesta had provided a draft copy of the section discussing Mrs. Clinton to Maggie Williams because "there was going to be a public release of something that had Mrs. Clinton's

⁹⁰⁴ GJ 95-2 Exh. 68 at 9.

⁹⁰⁵ Podesta GJ 7/8/96 at 79-80. Podesta admitted they discussed the draft report with Mrs. Clinton's Chief of Staff Maggie Williams, but claimed not to recall if Williams suggested the change in language regarding Mrs. Clinton's contact with McLarty. *Id.* at 82-83. Williams admitted to reviewing the draft report discussing the possibility of contact between Mrs. Clinton and Harry Thomason, and lobbying Podesta (successfully, *see* White House Travel Office Management Review at 5) to take it out. Williams testified that "when I looked at the section that had Mrs. Clinton in it, he had said something, you know, 'How did Mrs. Clinton find out about this? Did she talk to Harry Thomason?' And I said, 'Well, you've told me that she had no recollection of talking to Harry Thomason. Do you know anybody who can say for sure that she talked to Harry Thomason? If not, I mean, you know, just don't put somebody in there if we don't [know] for sure. You just have to put she has no recollection of it.'" Williams GJ 7/30/96 at 62.

⁹⁰⁶ McLarty GJ 7/31/96 at 35-36; GJ 95-2 Exh. 68 at 9.

name in it, I, of course, wanted to see it and review it."⁹⁰⁷ McLarty also said that "Ms. Williams did participate in one or two meetings we had regarding the travel report . . . about the last week or so before the report was complete."⁹⁰⁸ Concerning the report, Williams said, "[I]t's possible I could have changed it. I mean, I certainly, if I wanted to change it, could have changed it."⁹⁰⁹ Williams said that in her view, changing the word "concerns" to "inquired about" was justified because Mrs. Clinton's statement was not "in quotes," and hence, it is "not necessarily what she told them. It is an interpretation."⁹¹⁰ Just like Podesta, Williams argued that this did not result in any change of meaning: "A change in meaning? Who said it was a change in meaning? It was a change in language."⁹¹¹

ii. The May 16 Discussion.

The final version of the Management Review does not mention McLarty's second discussion with Mrs. Clinton on May 16.⁹¹² McLarty explained that this might have occurred because of his lack of memory about the conversation. He also stated that the final decision on

⁹⁰⁷ M. Williams GJ 7/30/96 at 34. Podesta admitted he may have given her at least the draft pages referring to Mrs. Clinton, and that he "got her views back," although he claimed not to be able to recall if she had written "her views" on the pages. Podesta 7/18/96 at 105-06.

⁹⁰⁸ McLarty House Depo. 7/12/96 at 103-04; McLarty GJ 7/31/96 at 179 ("I think Maggie was in one meeting" to discuss the final report).

⁹⁰⁹ M. Williams GJ 7/30/96 at 36.

⁹¹⁰ Id. at 35-36.

⁹¹¹ Id. at 41.

⁹¹² McLarty GJ 7/31/96 at 96. During this conversation McLarty briefed Mrs. Clinton on the Peat Marwick review findings, and she told him this was a serious matter and a decision should be made quickly. Id. at 81-82.

whether to include a conversation between the First Lady and Chief of Staff about the Travel Office was up to Podesta.⁹¹³

McLarty agreed that the May 16 conversation -- and the reference to Mrs. Clinton's statement that it was a "serious matter" -- had been omitted entirely from the White House Travel Office Management Review, and that he did not "know why it's not in there."⁹¹⁴ McLarty said, "I am positive that I made it clear to Mr. Podesta during our discussion [for the Management Review] that the First Lady had discussed this matter with me and that she took it as a very serious matter," though McLarty said he was not sure if he told Podesta that this was communicated in two separate conversations.⁹¹⁵ He next claimed, "I don't remember whether I specifically recalled the May 16 conversation with Mrs. Clinton at the time this report was published or not."⁹¹⁶

McLarty said that his memory of the conversation was prompted when "a question came up in the [July 2, 1993] press briefing . . . and I did respond about the May 16th meeting . . . an afterthought. The question triggered my memory, and I remembered this particular meeting."⁹¹⁷ Asked to confirm whether he was "suggesting to us that it's possible . . . that you forgot about the May 16th conversation during the month of June, and then remembered it in the month of July after the management report was published," McLarty said, "Well, I think it's possible."⁹¹⁸

⁹¹³ Id. at 95-99.

⁹¹⁴ Id. at 96-97.

⁹¹⁵ Id. at 109.

⁹¹⁶ Id. at 97-98.

⁹¹⁷ Id. at 98.

⁹¹⁸ Id. at 100-01.

b. The Report Described Foster's Conversations With Mrs. Clinton.

The final version of the Management Report contained the following language regarding Foster's May 13 conversation with Mrs. Clinton relating to the Travel Office:

That afternoon, before Foster talked to Watkins about Peat Marwick, Foster went to see the First Lady on a matter unrelated to the Travel Office. The First Lady told Foster that she had heard about problems in the Travel Office. Foster replied that Kennedy was looking into it.⁹¹⁹

When Podesta was questioned about Mrs. Clinton's response to Foster's statements, he replied, "I think that was a fairly complete description of the conversation."⁹²⁰

c. The Report Described Watkins's Conversations With Mrs. Clinton.

After interviewing Watkins three times (June 3, June 15, and June 30), Podesta and Stern included no reference to Watkins's description of Mrs. Clinton's comments in their Report.⁹²¹

When Podesta went back to interview both Mrs. Clinton and Watkins about what each had said during their phone conversation, he did not confront either of them with the specific allegations contained in Watkins's June 2, 1993 note.⁹²² Podesta simply asked them both to describe the conversation, and when Watkins failed to recount it according to the terms stated in the note, Podesta and Stern agreed they could disregard note because it was more a reflection of Watkins "hot-headed" state of mind than an actual factual record.⁹²³ This conclusion was based on the content of the notes that referred to the White House Travel Office Management Review as an

⁹¹⁹ GJ 95-2 Exh. 68 at 9.

⁹²⁰ Podesta GJ 7/18/96 at 85.

⁹²¹ Stern GJ 7/10/96 at 200, 204, 207; Podesta GJ 7/18/96 at 89-92.

⁹²² Podesta GJ 7/18/96 at 37-39.

⁹²³ Id. at 37-39, 42; Stern GJ 7/10/96 at 197-200.

"inquisition" and asked "Is the real story to Be Told?"⁹²⁴ As a result, the White House Travel Office Management Review only refers generally to the moment when Watkins updated Mrs. Clinton on the Peat Marwick review and the Travel Office's status.

The Management Report recounted the May 14 telephone conversation between Mrs. Clinton and Watkins as follows:

Beginning Friday and over the weekend, Watkins received telephone updates on the progress of the Peat Marwick review. Late Friday afternoon, he received an update from Patsy Thomasson on the progress of the Peat Marwick review. He then talked to Foster about the review. Foster, in light of the First Lady's inquiry the previous day, suggested Watkins update her. Watkins then called the First Lady and updated her about the situation in the Travel Office.⁹²⁵

When asked about what was described by Mrs. Clinton and Watkins during this conversation, Podesta testified, "I think Mr. Watkins did most of the talking [in the conversation]."⁹²⁶ Podesta then added:

Q: What did she say to him?

A: I'm telling you the substance of my recollection of her conversation.

Q: And did you ask her, well, okay, he briefed you on it and said he was going to take appropriate action, what did you say to him?

A: That is my -- I told you my total recollection of what the conversation was about.

Q: So you have no idea what she said to him?

A: As I said, I have told you the whole conversation, as I recall it.

⁹²⁴ Watkins's notes 6/2/93, OIC Bates No. 542-DC-00001499 (capitalization in original).

⁹²⁵ GJ 95-2 Exh. 68 at 10.

⁹²⁶ Podesta GJ 7/18/96 at 89-90.

Q: So the answer to my question is, yes, you have no idea what the First Lady said to David Watkins during that telephone conversation because you didn't ask?

A: You can draw that conclusion. I have told you what I remember.

Q: Well, tell me what the First Lady said to David Watkins during the telephone conversation?

A: I told you what the First Lady said to me about that conversation.

Q: And she didn't tell you what she said to David Watkins; is that correct?

A: I don't recall that she said anything specific about what she said to Watkins.

Q: So you don't know what she said?

A: I have testified about what my knowledge is.

Q: Well, do you know what she said to David Watkins during the telephone conversation?

A: I told you what she told me about the conversation.⁹²⁷

Stern's notes of Mrs. Clinton's interview contain no information regarding the May 14 telephone conversation between Mrs. Clinton and Watkins other than, "DW called HRC."⁹²⁸

4. While Some White House Employees Were Reprimanded, Nussbaum and Foster Were Not.

In the end, the draft Review recommended the reprimand of Kennedy, Watkins, Cornelius, Eller, and Thomason.⁹²⁹ Nussbaum testified that when he learned Kennedy was to be

⁹²⁷ Id. at 90-92.

⁹²⁸ Stern's notes of interview with Hillary Rodham Clinton 6/30/93, OIC Bates No. 542-DC-00018265.

⁹²⁹ Draft of White House Travel Office Management Review 6/30/93, OIC Bates No. 542-DC-00018561 at 18576-18577, 18579-18582; White House Travel Office Management Review at 17, 19-21 (July 2, 1993) (final published version). When the White House Travel Office Management Review was released, McLarty announced, "I have issued reprimands to

censured, he went to McLarty and insisted "that Vince Foster be censured, who is Kennedy's immediate superior, and I be censured, as Vince Foster's immediate superior."⁹³⁰ Nussbaum said that McLarty agreed and told him, "'if we censure Kennedy, you will all be censured."⁹³¹ The final version of the Management Review, however, was not altered and Nussbaum and Foster were not reprimanded.

When he inquired, Nussbaum said that he was told by Foster that "'Mack talked to some people, and they decided that you're too important -- too high in the White House -- and I'm too important also in the White House, you know, and therefore, it wouldn't be good for the White House if they censured you or they censured me."⁹³²

David Watkins, William Kennedy, Jeff Eller and Catherine Cornelius. And Ms. Cornelius will be reassigned to another position which has not yet been determined." Statement by Chief of Staff "Mack" McLarty, White House Press Briefing (July 2, 1993). Cornelius stated, "I learned on television that I was going to be reprimanded," but that "[n]o one told me in person." Cornelius GJ 7/25/96 at 195-96. "They did tell me that they were going to reassign me . . . no one told me that I was in trouble or I was going to get reprimanded." *Id.* Prior to the release of the report Watkins was contacted by Panetta and McLarty, who informed him that the White House Travel Office Management Review was done and that he would be "reprimanded [because] he was a central figure. [It] w[ou]ld go in his personnel file," causing Watkins to joke that he "[could]n't work for the gov[ernment] anymore," which angered Director of the Office of Management and Budget Leon Panetta. Watkins Int. 11/22/96 at 34. Even before the report was released Watkins felt that the White House Travel Office Management Review "was [a] bunch of BS." *Id.* at 33. The word "reprimand," is not used in the White House Travel Office Management Review, nor is there any other reference that any kind of tangible disciplinary employment action, such as reduction in pay or title/seniority, was or would be taken against the four individuals singled out by McLarty as having been "reprimanded."

⁹³⁰ Nussbaum GJ 7/16/96 at 29.

⁹³¹ *Id.* at 30.

⁹³² *Id.* at 31. Mrs. Clinton was asked: "Do you know who decided who should be reprimanded within the White House staff as a result of that [the Travel Office] matter?" to which she responded: "No, I do not." H. Clinton Depo. 7/22/95 at 13. She was also asked: "Did you ever have a conversation on that subject matter providing input as to who should or should not be reprimanded?" and again she said: "No, I did not." *Id.* Watkins told this Office that although McLarty had told him at 10:00 in the morning the day the management review was