

the specifics details of our conversation, I did not direct that any particular action should be taken, nor did I make particular comments about what should be done (e.g., that I thought the Travel Office people "should be out"). I may have expressed the view that appropriate action should be taken if the circumstances warranted it. I do not recall telling Mr. Watkins I was going to an event with the President. I do not know how Mr. Watkins may have construed my remarks.

....

Although I had no decision-making role with regard to the removal of the Travel Office employees on May 19, 1993, I expressed my concern, as set forth above, that if there were fiscal mismanagement in the Travel Office or in any part of the White House, it should be addressed promptly. I am sure I felt such action could include, if necessary and justified, appropriate personnel actions so that this Administration would not be blamed for condoning any existing fiscal mismanagement problems, even though the Travel Office employees had been hired by previous administrations. I may have expressed to Mr. Foster and Mr. McLarty, and perhaps to Mr. Watkins, an interest in receiving information about whether the review that was being conducted found evidence of financial mismanagement.

It is quite possible that I had conversations with other individuals about the White House Travel Office prior to May 19, 1993, but I do not recall them.⁸⁸

C. David Watkins Prepared a Memorandum Between September and November 1993 Regarding the Causes of the Travel Office Firings.

This Office's investigation of the statements by Mr. Watkins and Mrs. Clinton arose, at least in part, from the discovery of a memorandum prepared by David Watkins that discusses Mrs. Clinton's role in the Travel Office firings. That memorandum was an evolving document that went through several drafts and editorial changes between September and November 1993. The evolution of the Watkins Memorandum is described more fully in Appendix C.

⁸⁸ GJ 95-2 Exh. 8 at 5, 7-13 (emphasis in original). This answer was prefaced by a two-page explanation of how busy Mrs. Clinton was during the relevant time period and the fact that her father passed away in early April 1993. See id. at 6-7.

1. Background and Contents of the Watkins Memorandum.

Following the Travel Office firings, the White House conducted an internal investigation -- the White House Travel Office Management Review. The Management Review resulted in the issuance of a reprimand to Watkins. Watkins was very upset by the White House Travel Office Management Review process, his reprimand, and that he was perceived to have acted improperly.⁸⁹ On September 8, 1993, Watkins enlisted one of his assistants, Matthew L. Moore, to assist him in writing a memorandum to McLarty⁹⁰ responding to the White House Travel Office Management Review report.⁹¹ Between September and November 1993, Watkins and Moore prepared numerous drafts of this memorandum which stated that Watkins had been pressured to fire the Travel Office employees by Mrs. Clinton, and that the pressure had been communicated to him through McLarty, Foster, and Thomason.⁹² This information was not in the Management Review because, as Watkins explained to Moore, he had not provided the complete facts to the White House Travel Office Management Review.⁹³

⁸⁹ Varney GJ 6/18/96 at 51-52. Moore also speculated that Watkins wrote the memo in response to rumors circulating in the White House among senior staff that Watkins was being forced out of the White House. Moore GJ 6/20/96 at 61.

⁹⁰ Moore disagreed that the memorandum was intended for McLarty, though he admitted that Watkins wanted the drafts addressed to McLarty whether or not it was eventually sent to him. Moore GJ 6/20/96 at 67-68.

⁹¹ Id. at 63. Moore testified that Patsy Thomasson was present at the initial session on September 8. Moore GJ 6/27/96 at 23.

⁹² GJ 95-2 Exh. 69-B; White House Travel Office--Day Two: Hearing Before The House Comm. on Govt. Reform and Oversight, 104th Cong., 2d Sess. 74 (1996)(testimony of David Watkins).

⁹³ Moore GJ 6/27/96 at 109.

2. Watkins Prepared Contemporaneous Notes in Late May and Early June 1993 During the White House Travel Office Management Review, That Were Later Reflected in the Watkins Memorandum.

In a May 31 note to himself, Watkins wrote that on May 12 Harry Thomason "says he bumped into Hillary [and] she's ready to fire them all that Day."⁹⁴ In the same note, Watkins wrote that on May 14, Foster told him that "he's getting more pressure from [the] First Lady to Act."⁹⁵ On June 2, Watkins wrote a note relating to his May 14 conversation with Mrs. Clinton, quoting Mrs. Clinton as saying, "Harry says his people can run things better; save money, etc. And besides we need those people out -- We need our people in -- We need the slots."⁹⁶ Watkins concluded this note by writing, "Is the real story to be told?"⁹⁷

In contrast with the assertions contained in his notes, when White House Staff Secretary John D. Podesta and his deputy Todd Stern asked Watkins on June 3 whether he had been pressured to act quickly, Watkins indicated that Thomason thought that "ro[o]ting out corruption" in the Travel Office would make a good press story.⁹⁸ Watkins did not mention Mrs.

⁹⁴ GJ 95-2 Exh. 164 (emphasis and capitalization in original). Thomason has admitted that he told Watkins of Mrs. Clinton's concern about the Travel Office, but has denied telling Watkins that Mrs. Clinton was "ready to fire them all that day." See Thomason GJ 7/17/96 at 133-34; Thomason House Depo. 5/17/96 at 172. Thomason testified, "I believe there is no way I would have told David Watkins that, because that is not what Mrs. Clinton told me." Thomason GJ 7/17/96 at 134. Watkins insisted that Thomason made this statement. See Watkins Int. 11/22/96 at 15.

⁹⁵ GJ 95-2 Exh. 164 (emphasis in original).

⁹⁶ Watkins's notes 6/2/93, OIC Bates No. 542-DC-00001499. Thomason admitted that during one of his conversations with Mrs. Clinton he informed her that people would be available to handle the Travel Office if the employees were fired. Thomason GJ 7/17/96 at 136.

⁹⁷ Watkins's notes 6/2/93, OIC Bates No. 542-DC-00001499.

⁹⁸ Notes of Andre Oliver, 6/3/93, OIC Bates No. AJ-DC-00002105 (Oliver was a member of White House Deputy Chief of Staff Mark Gearan's staff, who assisted Staff Secretary John Podesta and Deputy Staff Secretary Todd Stern during interviews for the White House

Clinton (or her comments that he later reported to the GAO, the FBI, and the grand jury regarding having “our people in”⁹⁹) to Podesta and Stern in his interview for the White House Travel Office Management Review.¹⁰⁰

3. The Watkins Memorandum Evolved from Describing Pressure from Mrs. Clinton to Questioning Her Awareness of Her Involvement.

In early drafts of the Watkins Memorandum, Watkins described his contact with both Foster and McLarty where they communicated to him Mrs. Clinton's interest in the Travel Office.¹⁰¹ He wrote that the First Lady "took interest in having the Travel Office situation resolved quickly" and that Foster "regularly informed me that the First Lady was concerned and desired action -- the action desired was the firing of the Travel Office staff."¹⁰² He said that the "pressure from the First Lady and [McLarty] became irresistible."¹⁰³

Despite these early references to pressure from the First Lady, later drafts added language that suggested that Watkins did not know whether the First Lady was aware of the pressure he felt. In later drafts, he wrote that although he "felt extreme pressure from the First Lady," this "pressure" was "perhaps unknown to the First Lady" or "perhaps accentuated beyond the [sic]

Travel Office Management Review by taking notes.); see also Stern's notes 6/3/93, OIC Bates No. 210-DC-00000598 at 602.

⁹⁹ Watkins GJ 2/28/95; Watkins GAO Int. 12/9/93 at 17; Watkins FBI Int. 9/30/93 at 4.

¹⁰⁰ See Andre Oliver's notes 6/3/93, OIC Bates No. AJ-DC-00002105; Stern GJ 7/10/96 at 132; Podesta GJ 7/18/96 at 31. Watkins's interview by the White House Travel Office Management Review is more fully described infra, Section V(E).

¹⁰¹ GJ 95-2 Exh. 69-E at 2.

¹⁰² Id.

¹⁰³ Id. at 7.

her intention."¹⁰⁴ The final version of the memorandum omitted the language regarding extreme pressure, but retained the language that the pressure was "perhaps unknown to the First Lady."¹⁰⁵

D. The Watkins Memorandum Was Not Disclosed to This Office or Congress Until January 1996.

Despite its responsiveness to requests from this Office and the Congress, the Watkins Memorandum was not produced to Congress until January 3, 1996 or this Office until January 4, 1996, more than two years after its preparation.¹⁰⁶ As part of its jurisdiction, this Office was charged with investigating possible obstruction of the Congressional investigation and was authorized to investigate any obstruction of justice arising out of its own investigation. Because the Watkins Memorandum appeared to confirm the First Lady's role in the Travel Office firings and because the Congress and this Office had requested documents related to the firings, this Office investigated the circumstances surrounding the failure to produce any form of the document until January 1996.

Suffice it to say, the delayed production of this memorandum until 1996 deprived Congress and other investigations of crucial evidence into the causes of the firings. The particulars of the discovery of the Watkins Memorandum are contained in Appendix D.

V. FACTUAL SUMMARY

With the background related to the alleged violations in mind, this section extensively summarizes evidence related to the actual firing of the Travel Office employees, which bears on the analysis of the alleged violations set forth in Section VI, beginning on page 216.

¹⁰⁴ GJ 95-2 Exh. 69-O at 3, 10.

¹⁰⁵ GJ 95-2 Exh. 69-T at 3.

¹⁰⁶ See H.R. Rep. No. 104-849, at 157 (1996).