

First, this section summarizes the operation of the Travel Office under Billy Dale.

Second, this section describes the involvement in providing travel services to the Clinton-Gore Presidential Campaign during the 1992 campaign by various persons and entities who were interested in replacing the Travel Office employees.

Third, this section describes the actions of Darnell Martens, Harry Thomason, Catherine Cornelius, Clarissa Cerda, and others during the transition and the early days of the Clinton Administration, which reflected their individual interests in replacing the Travel Office employees in the Clinton Administration.

Fourth, this section provides a detailed chronology of events beginning in late April 1993, leading up to the Travel Office firings on May 19, 1993.

Fifth, this section summarizes the investigation conducted for the White House Travel Office Management Review.

Sixth, this section summarizes the investigations conducted by the House Government Reform and Oversight Committee, the General Accounting Office, the Office of Professional Responsibility, the Office of Inspector General of the Department of the Treasury, and the Federal Bureau of Investigation.

A. There Was Evidence of Mismanagement of Travel Office Funds at the Time of the Firings.

The question of Mrs. Clinton's role in the decision to fire the Travel Office employees turned, in part, on whether there was a basis for the firing in the first instance. If this Office had determined that no predication for the firings existed and that all of the allegations of fiscal mismanagement were unfounded (or even falsely generated), such a determination would bear substantially on the question of whether the firings were at Mrs. Clinton's (or some other person's) direction. On the other hand, to the extent that allegations of misconduct were

substantiated and communicated to Watkins prior to the firings, that evidence supports his testimony that he was responsible for the formal firing decision.

As a consequence, this Office examined the Travel Office's historical operation. Although many, indeed the overwhelming majority, of the allegations against the Travel Office employees were unfounded, this Office concluded that at the time of the decision to fire the Travel Office employees, Watkins had been made aware of evidence of financial mismanagement. That evidence is detailed in this section.

1. For Nearly Thirty Years, Travel Office Director Billy R. Dale Had Provided Travel Services to the White House Press Corps.

During the three decades Billy Dale worked in the Travel Office, it had three functions: (i) to send and receive commercial cables for the President and White House Staff; (ii) to make commercial travel arrangements for those within the White House complex; and (iii) to charter commercial aircraft to transport the White House press corps on Presidential trips.¹⁰⁷ For longer trips the Travel Office arranged for the press's hotel accommodations, made sure there was sufficient phone service and briefing areas, and set up ground transportation.¹⁰⁸ During such trips, a member of the Travel Office staff flew with the press to help with accounting, billing, or "any general duty that needed to be done."¹⁰⁹

One of the peculiarities in booking an aircraft and pilot for presidential trips involved the press's desire to film the President deplaning Air Force One, and then filming again as Air Force

¹⁰⁷ Dale GJ 7/9/96 at 5-6.

¹⁰⁸ Id. at 8-9.

¹⁰⁹ Id. at 6-9.

One took off from each location.¹¹⁰ This meant the press charter had to arrive at each airport before Air Force One, but take off after it, requiring an airline and pilot familiar with the routine and with the necessity of coordinating with the air traffic control towers and the pilot on Air Force One.¹¹¹ It also meant that the plane needed to load and offload equipment quickly, so that speeches or briefings could be quickly distributed among the press as required.¹¹² This requirement made Boeing aircraft, which stood low enough to the ground that the cargo area could be accessed without using a conveyor belt loader, the preferred model.¹¹³

Of equal importance, larger, well-known commercial airlines were generally uninterested in this business because of the risk that the schedule might be changed or delayed, making the aircraft unavailable for the airline's next trip.¹¹⁴ Similarly, presidential trips were often scheduled on very short notice -- for example, a trip to view some recent natural disaster -- and large airlines could not rapidly pull an aircraft out of commercial service.¹¹⁵ Thus, commercial interest in providing services to the Travel Office was limited.

After three decades of working in the Travel Office, and learning the idiosyncrasies of keeping the press and President satisfied under often logistically difficult conditions, Billy Dale had developed a short list of known airline charter companies he knew could get the job done.¹¹⁶

¹¹⁰ Id. at 11-12.

¹¹¹ Id. at 11-13.

¹¹² Id. at 11.

¹¹³ Id. at 11-15.

¹¹⁴ Id. at 16.

¹¹⁵ Id. at 16-17.

¹¹⁶ Dale GJ 7/9/96 at 20-22.

Dale had been told "many times that when [he] went out on a Presidential trip, a happy and contented press corps is less likely to write a negative story about the President or the administration than one who is mad or he's uncomfortable in his seat or something like that."¹¹⁷

By the mid-1980s, the list of airlines interested in flying the press corps had dwindled to one, Pan Am, and the relationship worked well both from Dale's and the press's perspective.¹¹⁸ When Pan Am went bankrupt in the early 1990s, Dale tried several companies, but the press complained the planes were too small and the food was bad.¹¹⁹ Then some ex-Pan Am employees who had flown on presidential trips formed a charter company called Airline of the Americas (which later became known as UltrAir).¹²⁰ Dale welcomed the return of people already experienced in the demands of presidential press travel, and the press corps thanked Dale for bringing back the familiar faces who knew how to make them comfortable.¹²¹

¹¹⁷ Id. at 15-16. David Watkins's assistant Patsy Thomasson testified: "[T]he press is a very high-maintenance group in a way. They want . . . all first class seats on the airplane [T]hey wanted their dinner to be served off of a china plate, and it had to be a hot meal; it couldn't be a cold meal. And if it was a breakfast meal, they did not want their hot roll or their muffin or their bagel wrapped in plastic wrap And they didn't want to have [to] drink their coffee ever [] out of a plastic cup." Thomasson GJ 7/11/95 at 15-16. Thomasson pointed out that the press's schedule when traveling with the President was very difficult, sometimes the airplane meal was "the only hot food they get all day," and "that's what they were willing to pay for." Thomasson GJ 7/11/95 at 16.

¹¹⁸ Dale GJ 7/9/96 at 18-19.

¹¹⁹ Id. at 18.

¹²⁰ Id. at 18, 21.

¹²¹ Anne Edwards, who had worked in the Carter Administration and later joined the Clinton White House press office as Special Assistant to the President, Director of Press Advance, had known Dale for decades, and confirmed that he was well-respected and liked by the press. Edwards GJ 6/6/96 at 3, 58-59.

2. Dale Maintained a Petty Cash Fund for Cash Needs During Press Trips.

No taxpayer funds were involved in paying for the travel expenses of the White House press, which reimbursed the Office for its own expenses.¹²² After each trip, Dale estimated the expenses before the actual bills came in, and sent each press organization a bill for its pro rata share of the expenses.¹²³ Dale estimated the expenses for the press's planes, hotels, catering, cars, buses, and other sundry traveling expenses.¹²⁴ He also estimated and billed the press for petty cash used during the trip for bellmen who handled the press's luggage and equipment, food, tips, and unanticipated expenses.¹²⁵ This cash came from the Travel Office's "petty cash fund," which Dale said had "existed ever since I went to work in the office" in 1961.¹²⁶ On foreign trips Dale found it necessary to travel with as much as \$10,000 in petty cash.¹²⁷

Dale divided the press's bills into three basic categories: air travel, ground transportation and accommodations, and "miscellaneous," which included charges for such things as press centers or telephone installation costs.¹²⁸ "Petty cash" used during each trip was included under the miscellaneous category and was not separately itemized.¹²⁹

¹²² Dale GJ 7/9/96 at 24-25.

¹²³ Id. at 24-30.

¹²⁴ Id. at 28-30.

¹²⁵ Id. at 25-29.

¹²⁶ Id. at 24-27.

¹²⁷ Id. at 35.

¹²⁸ Id. at 28-29, 39.

¹²⁹ Dale GJ 7/9/96 at 28, 39. According to Dale, however, the press was "not concerned about [the precise amount of cash expended]. They're concerned that we get them to their destination and the bills come in and they're reasonable." Id. at 29. Mr. Dale testified that he