

B. Business Entities and Campaign Staff that Provided Travel Services to the Clinton-Gore Campaign and the Press Covering the Campaign Wanted to Provide Travel Services to the Clinton Administration.

There were several individuals and business entities that arranged for and provided travel services to the Clinton-Gore Presidential Campaign and the press covering the campaign. Two business entities -- TRM, Inc. and Air Advantage -- provided charter services to the campaign. World Wide Travel, Inc. provided commercial reservation services; and two campaign staffers, Catherine Cornelius, and Clarissa Cerda, were responsible for arranging travel services. Because of their travel related expertise, they all played a role in the events that led to the firings in May 1993.

1. Several Entities Interested in Travel Office Business Provided Charter and Commercial Aviation Services to the Campaign and Press.

Three of the business entities that became involved in the Travel Office matter -- TRM, Inc., Air Advantage, and World Wide Travel, Inc. -- were all early participants in the Clinton-Gore Presidential Campaign and arranged travel services for the campaign and the press. TRM, Inc. and Air Advantage were introduced to the campaign through Arkansas native Harry Thomason, a long-time personal friend of President Clinton.¹³⁰ Thomason was a part owner of TRM,¹³¹ along with Thomason's literary agent Dan Richland,¹³² and Darnell Martens.¹³³ World Wide Travel was a local Little Rock-based company.¹³⁴

"was very strict" about not using any of this cash for his own expenses, claiming never even to have bought himself a dinner at the press corps's expense. Id. at 41.

¹³⁰ Thomason GJ 7/17/96 at 5-6.

¹³¹ "TRM" stood for Thomason, Richland & Martens. Martens GJ 7/16/96 at 6.

¹³² Martens GJ 7/16/96 at 3; Richland GJ 7/17/96 at 2-3.

Martens had formed TRM in late 1991 to perform financial and budgeting analysis for corporate aircraft operations and develop a computer data base tracking the safety of charter operations.¹³⁵ Martens was TRM's president and sole employee, and Thomason and Richland were the financiers.¹³⁶

Martens recalled that in December 1991,¹³⁷ one month after starting TRM, Thomason told Martens to try and get business chartering airplanes for Governor Clinton's presidential campaign.¹³⁸ Martens met with the campaign's Budget Director, David Buxbaum.¹³⁹ Martens and Buxbaum agreed that Martens "would be advising them on [which charters] to use, and assisting in the documentation, and just providing a sense of security for them."¹⁴⁰ No written

¹³³ Martens GJ 7/16/96 at 3.

¹³⁴ Carney GJ 6/13/96 at 4.

¹³⁵ Martens GJ 7/16/96 at 4-6.

¹³⁶ Id. at 3, 5; Thomason GJ 7/17/96 at 12, 19; Richland GJ 7/19/96 at 5, 14-15.

¹³⁷ At this point TRM had just two clients. The first was a charter operator named Executive Jet Management. Martens GJ 7/16/96 at 6. The other was Thomason's own aircraft maintenance and modification company, Thomason Aircraft Corporation. Thomason GJ 7/16/96 at 13. TRM was apparently not profitable between 1993 and 1996, based on partner Richland's statement that he received no profit or return of capital during that period. Richland GJ 7/19/96 at 8.

¹³⁸ Martens GJ 7/16/96 at 7-8.

¹³⁹ Id. at 8. When first asked if he arranged the contact, Thomason initially said, "Oh, I'm sure I probably found a name and gave him a phone number," but then claimed "[in] some way [Martens] was put in touch with the people in the Clinton campaign, and I was never privy to exactly how that happened." Thomason said, "I don't believe I knew David Buxbaum. But perhaps I did." Thomason GJ 7/17/96 at 17-18. Buxbaum stated that Thomason recommended Martens to him though he did not pressure Buxbaum, and after interviewing several other charter companies, Buxbaum hired Martens because he thought Martens would be "loyal to the Clinton campaign." See Buxbaum FBI Int. 12/4/96 at 1.

¹⁴⁰ Martens GJ 7/16/96 at 10.

contract or agreement was prepared.¹⁴¹ For compensation, Martens said he "advised them [] that it was typical in the industry for -- if you were going to assist in obtaining business for a charter operat[ion], that some percentage of that charter revenue could be flowed back, and generally, it was five percent."¹⁴² The Clinton presidential campaign began obtaining charter aircraft for campaign travel through TRM, Inc. in early 1992.¹⁴³

Martens testified that when the campaign called about "a trip, I would assist the campaign in determining what was the right size airplane for that particular trip and advise them generally about what it should cost. If they accepted that and said, 'Yes, let's -- we would like to book that,' then I would turn booking over to dispatch operations at Executive Jet, who would actually secure the airplane, provide a firm quote to us in the campaign, and I would ship that off."¹⁴⁴ Martens received his five percent commission directly from the charter company rather than from the campaign, and Martens disclosed that amount to Buxbaum.¹⁴⁵ Martens also testified

¹⁴¹ Id. at 9-10. Buxbaum said that given the daily changes occurring in a campaign, a contract would have been "futile." Buxbaum FBI Int. 12/4/96 at 1.

¹⁴² Martens GJ 7/16/96 at 9; see also, infra, Section (C)(regarding Martens's false allegation that UltraAir paid Billy Dale a five percent kickback for the Travel Office business).

¹⁴³ Martens GJ 7/16/96 at 7-8.

¹⁴⁴ Id. at 13. Executive Jet was a commercial charter company for whom Martens worked as a financial consultant. Martens GJ 7/16/96 at 4.

¹⁴⁵ Id. at 8, 12-13, 16-17. Buxbaum stated that he did not know the specific amount of commission paid to Martens, but thought that the amounts paid to Martens seemed reasonable to him. See Buxbaum FBI Int. 12/4/96.

that he completed paperwork required by the Federal Election Commission,¹⁴⁶ and prepared necessary reports to bill the press for travel.¹⁴⁷

In February 1992, as the campaign began to require larger aircraft, Martens contacted Air Advantage, in New Mexico, owned by Penny Sample.¹⁴⁸ Air Advantage brokered large aircraft for group travel, but did not own airplanes.¹⁴⁹ At six-week intervals,¹⁵⁰ Martens gave Air Advantage the number of flight hours the campaign needed, and Air Advantage negotiated with the aircraft owners and presented a bid to the campaign.¹⁵¹ Because the campaign sought "dedicated" aircraft specially reconfigured and painted with "Clinton-Gore logos," the same airplanes were used for each trip.¹⁵² The campaign paid for actual hourly use of the airplanes, along with a lease payment of approximately \$175,000 per month, per airplane.¹⁵³ According to

¹⁴⁶ Martens GJ 7/16/96 at 14.

¹⁴⁷ Id. at 31. Thomason was not aware that TRM arranged charters for the campaign, only that TRM was providing consulting services for the campaign, as well as negotiating contracts with airports for the best field prices, determining where to land with the least disruption in air traffic, and checking fuel prices. Thomason GJ 7/17/96 at 19-20.

¹⁴⁸ Martens GJ 7/16/96 at 21-22; Sample GJ 6/13/96 at 6-7.

¹⁴⁹ Sample GJ 6/13/96 at 3-4; Martens GJ 7/16/96 at 20.

¹⁵⁰ Martens GJ 7/16/96 at 22-23. Sample testified that Air Advantage entered into a new contract with the campaign each 30 day period. Sample GJ 6/13/96 at 17.

¹⁵¹ Martens GJ 7/16/96 at 22-23.

¹⁵² Id. at 21-22. Because of the aircraft's reconfiguration, and the costs involved, Martens said it was "common practice" in the charter business to continue using the same charter airline on an exclusive basis from that point forward. Id. at 24-25. Charles Caudle, head of Airline of the Americas/UltrAir also bid to provide air support to the Clinton Campaign, but was not successful. Caudle GJ 6/18/96 at 13-14. Martens and Thomason later focused on the exclusivity of UltrAir's contract with the Travel Office as evidence that the contract must have resulted from a "kickback." See, infra, at Subsection (C).

¹⁵³ Sample GJ 6/13/96 at 10-11.

Martens, neither he nor the campaign knew how much Sample was paying for the aircraft; they only knew what Sample billed the campaign.¹⁵⁴ Sample paid Martens approximately \$25 to \$50 per block hour (a per hour fee charged whether the aircraft is actually flown or not) as a commission.¹⁵⁵

In Sample's opinion, Martens did little for his five percent commission,¹⁵⁶ which she called an "unusual business relationship."¹⁵⁷ Sample insisted Martens was paid solely because he secured the business from the campaign, and that he otherwise performed no necessary work.¹⁵⁸ Sample said, "we were his brain," reconciling Martens's books and preparing the bills that he simply forwarded on to the campaign.¹⁵⁹ The details of each charter -- including all catering, fuel contracts, and ground handling -- were arranged by Air Advantage and the Secret Service.¹⁶⁰ Sample reconciled each day's business -- how many passengers were on each flight, how much

¹⁵⁴ Martens GJ 7/16/96 at 23-24.

¹⁵⁵ Sample GJ 6/13/96 at 10, 15. Sample testified that she submitted monthly summaries to TRM which delineated her 8% commission and the \$25 to \$50 per block hour commission paid to Martens. It was her understanding that Martens provided a different type of document to the campaign, but she had "no idea" whether Martens's bills detailed Sample's 8% and TRM's flat fee. She testified that Martens's extra fee "had been openly discussed with Mr. Buxbaum." Sample GJ 6/13/96 at 18-19. Martens also says that he disclosed this arrangement to Buxbaum. Martens GJ 7/16/96 at 25, 28. Buxbaum, though, stated that he did not know of the existence of or the nature of the fee agreement between Air Advantage and Martens. Buxbaum FBI Int. 12/4/96.

¹⁵⁶ Sample GJ 6/13/96 at 14-15. Martens insisted that he worked very hard during the campaign, clocking 15-17 hours a day, seven days a week. Martens GJ 7/16/96 at 28-30.

¹⁵⁷ Id. at 14-15.

¹⁵⁸ See Sample GJ 6/13/96 at 14-15.

¹⁵⁹ Sample GJ 6/13/96 at 15.

¹⁶⁰ Id. at 13.

was spent for every item -- and compiled monthly summaries which she submitted to Martens¹⁶¹ who, in turn, provided the information in report form to the campaign.¹⁶² However much work Martens did, the gross income TRM received from the campaign -- its only client in 1992¹⁶³ -- was approximately \$300,000, from which Martens said he received \$90,000.¹⁶⁴

While TRM and Air Advantage provided charter services, World Wide Travel Service, Inc., the largest travel agency in Arkansas, based in Little Rock,¹⁶⁵ was the Clinton campaign's exclusive provider of commercial airline travel and hotel bookings for campaign staff.¹⁶⁶ Beginning in early 1992, Chairman, CEO, and majority owner Betta M. Carney estimated that World Wide booked two to three million dollars worth of air travel for the campaign, and received a ten percent commission paid by the airline on each ticket.¹⁶⁷ World Wide provided the same services for the Clinton-Gore transition team.¹⁶⁸

¹⁶¹ Id. at 15.

¹⁶² Martens GJ 7/16/96 at 31.

¹⁶³ Id. at 32.

¹⁶⁴ Id. at 29.

¹⁶⁵ Davison GJ 6/13/96 at 7.

¹⁶⁶ Carney GJ 6/13/96 at 5-6.

¹⁶⁷ Id. at 3-4, 7-9.

¹⁶⁸ Id. at 9.

2. Catherine Cornelius and Clarissa Cerda Handled Travel Arrangements for the Campaign.

Catherine Cornelius, a distant cousin of the President,¹⁶⁹ had met then Governor Clinton years earlier, seen him at political gatherings while she was attending the University of Arkansas,¹⁷⁰ and occasionally corresponded with him.¹⁷¹ She was an unemployed recent Texas A&M graduate when she traveled to Little Rock in October 1991, to attend then Governor Clinton's announcement of his presidential campaign and to volunteer to answer phones.¹⁷² Six days later she was promoted to volunteer coordinator, and then to a Colorado field assistant position.¹⁷³ In early 1992, Cornelius, then twenty-three years old, assumed responsibility for coordinating commercial travel for campaign staff, assisted by agents from World Wide assigned to the campaign office.¹⁷⁴

¹⁶⁹ Cornelius GJ 7/25/96 at 4.

¹⁷⁰ Cornelius attended the University of Arkansas for her first two years of college before transferring to Texas A&M. Cornelius GJ 7/25/96 at 3-5.

¹⁷¹ Id. at 5-7.

¹⁷² Id. at 3-4.

¹⁷³ Id. at 4, 8.

¹⁷⁴ Cornelius GJ 7/25/96 at 8. Judith Kelley-Gehrki, Operations Manager of World Wide Travel, supervised the five other agents from World Wide: Jackie Alt, Angela Colclasure, Fan Dozier, Karen Harris, and Sandy Feltman. Kelley-Gehrki GJ 6/13/96 at 4. Colclasure described herself as a friend of Cornelius's. Colclasure GJ 6/13/96 at 5. Kelley-Gehrki described Cornelius as World Wide's main liaison with the campaign. Kelley-Gehrki GJ 6/13/96 at 6. She stated that "actually we did our job so well she really didn't have anything to do with the actual making of the reservations." Id. at 6-7. When asked what Cornelius's role was, Kelley-Gehrki explained, "[Cornelius] would, I'm assuming, somehow know what each department's budget was, and so I guess she looked at the amount that we wrote down after we made the reservation, and verified that they had enough funds to cover it, and approve it." Id. at 10.

Clarissa Cerda, then 29 years old and a recent University of Michigan law school graduate, also worked on travel matters.¹⁷⁵ Cerda worked as the campaign budget officer and the director of press and Secret Service travel reimbursements, and her duties included securing reimbursements for press charters pursuant to Federal Election Commission guidelines.¹⁷⁶ Cerda and Cornelius became friends through daily contact during the campaign, as both were involved in travel.¹⁷⁷ Cerda also dealt with Martens on press charters, and used World Wide as her billing agent.¹⁷⁸

David Watkins, then 51 years old, served as deputy campaign manager for operations, with ultimate responsibility for travel arrangements and other administrative matters.¹⁷⁹ Cornelius reported primarily to Watkins's subordinate Buxbaum, and had little direct contact with Watkins.¹⁸⁰ Cerda, like Cornelius, reported to Watkins through Buxbaum, though Cerda spoke with Watkins frequently.¹⁸¹

3. Cornelius, Cerda, Martens, and Thomason Showed an Early Interest in the Travel Office During the Transition.

Beginning almost immediately after the election, many of the individuals and entities involved in making travel arrangements for the Clinton campaign expressed an interest in

¹⁷⁵ Cerda GJ 7/1/96 at 4-5.

¹⁷⁶ Id. at 5-6.

¹⁷⁷ Id. at 7.

¹⁷⁸ Id. at 11, 12-13.

¹⁷⁹ Watkins FBI Int. 8/18/95 at 1, 4; see also Cerda GJ 7/1/96 at 13.

¹⁸⁰ Cornelius GJ 7/25/96 at 21.

¹⁸¹ Cerda GJ 7/1/96 at 13-14.

continuing that work, or similar work, on the Clinton Administration's behalf following the inauguration. Prior to April 1993, World Wide Travel, Cornelius, Cerda, and Martens each sought travel related work in the new administration.

a. After the Election, World Wide Approached Watkins Regarding White House Travel Business.

As early as December 1992, World Wide decided it would seek the White House's business for "personal travel that was non-official."¹⁸² Carney wrote Cornelius a letter stating "[w]e would like very much to continue our relationship, as you and your staff move into the White House."¹⁸³ Carney offered to teach Cornelius "how to put together a request for bid."¹⁸⁴ Cornelius and Cerda "were hopeful [World Wide Travel] would win that bid."¹⁸⁵ Carney said that because she "knew that the White House travel department had not been put [previously] out for bid," she had never attempted to solicit its business before.¹⁸⁶

In early January 1993,¹⁸⁷ Carney and World Wide's director of customer service, Steve Davison (who had successfully landed the campaign's business),¹⁸⁸ met at the transition office with Cornelius¹⁸⁹ and David Watkins, who was designated to become Director of the Office of

¹⁸² Carney GJ 6/13/96 at 10.

¹⁸³ Id. at 17.

¹⁸⁴ Id. at 18.

¹⁸⁵ Cornelius GJ 7/25/96 at 48.

¹⁸⁶ Carney GJ 6/13/96 at 11-12.

¹⁸⁷ See Cornelius GJ 7/25/96 at 13-17 (reviewing GJ 95-2 Exh. 346).

¹⁸⁸ Carney GJ 6/13/96 at 5; Davison GJ 6/13/96 at 6, 10.

¹⁸⁹ Watkins's assistant, Barbara Yates, was in Watkins's Little Rock office during this meeting, but did not actually participate in the meeting. She was aware that World Wide was

Management and Administration.¹⁹⁰ Carney told Watkins and Cornelius that bidding the Travel Office would "save money," and Davison pitched outsourcing as a way to satisfy the twenty-five percent White House staff cut that President Clinton promised during the campaign.¹⁹¹

Cornelius's impression was that Carney and Watkins had already spoken about the Travel Office.¹⁹²

b. Cornelius and Cerda Suggested Changes in the Travel Office.

David Watkins became White House Director of Management and Administration on Inauguration Day, January 20, 1993, and was responsible for the Travel Office as part of his

"making their pitch for the business, for some business coming out of the White House." Yates GJ 7/11/96 at 36. Davison had approached Cornelius about World Wide's interest in the White House Travel Office business previously. Cornelius GJ 7/25/96 at 12. World Wide, through Davison, provided Cornelius with a briefing book on federal government travel and educated her on how the White House Travel Office worked. Id. at 12.

¹⁹⁰ Watkins GJ 2/28/95 at 41-42; Davison GJ 6/13/96 at 22-23; Cornelius GJ 7/25/96 at 13; Honea GJ 7/10/96 at 3-4; see also Carney GJ 6/13/96 at 14. Kelley-Gehrki testified that she and Davison again met with Watkins and Cornelius some time later in Watkins's office in Washington, D.C. at the Old Executive Office Building, and that Watkins "basically told us that they wanted to do this right, and nothing was moving on it, and just to hang tight." Kelley-Gehrki GJ 6/13/96 at 29-30. Davison was pushing for a bidding process, but Watkins and Cornelius "didn't want to hear it." Id. at 29-30. Watkins and Cornelius observed during the meeting that the Travel Office was not being run properly, that "there was a lot of waste and they just wanted it fixed." Id. at 31.

¹⁹¹ Carney GJ 6/13/96 at 11; Davison GJ 6/13/96 at 16.

¹⁹² Cornelius GJ 7/25/96 at 15-16. Carney maintains that she expected that any Travel Office business would be put out for bid, so that during the January 1993 Little Rock meeting, she was merely urging Watkins to consider a bid process. Carney GJ 6/13/96 at 14-15. A follow-up letter from Carney to Cornelius was, however, devoid of any discussion of a bidding process, and instead stated World Wide's desire to continue its relationship with the Clinton-Gore staff, as well as World Wide's written proposal to Watkins for a "comprehensive Travel Management Program." Letter from Diana Hanson to Betta Carney 11/30/92, OIC Bates No. AL-DC-00004557, and Letter from B. Carney to Cornelius 12/2/92, OIC Bates No. 542-DC-00007473. Steve Davison acknowledged that the letter failed to mention a bid, but insists "[t]hose were our conversations." Davison GJ 6/13/96 at 25.

official duties.¹⁹³ Watkins previously had been involved in various business ventures in Arkansas and had served in the President's 1992 Presidential Campaign as Deputy Campaign Manager for Operations, a position principally concerned with the business aspects of the campaign.¹⁹⁴ He had also been involved in President Clinton's Presidential Exploratory Committee and in President Clinton's gubernatorial campaigns.¹⁹⁵ Watkins hired Cornelius and Cerda to work as administrative assistants.¹⁹⁶ Watkins also hired Cerda's law school classmate Matthew Moore, then 25 years old, who had worked with Watkins as campaign budget officer.¹⁹⁷ In February 1993, Watkins hired Patsy Thomasson,¹⁹⁸ then 45 years old, an Arkansas native and longtime friend of the President,¹⁹⁹ to serve as his deputy.²⁰⁰

¹⁹³ See Cerda GJ 7/1/96 at 19; White House Travel Office--Day Two: Hearing Before The House Comm. on Govt. Reform and Oversight, 104th Cong., 2d Sess. 17 (1996)(testimony of David Watkins).

¹⁹⁴ Watkins Int. 8/18/95 at 1, 4.

¹⁹⁵ Id. at 1.

¹⁹⁶ Cerda said she agreed to work for Watkins temporarily as a favor to him, but made clear that she hoped "to do something that would let me use my legal skills and my international background" with the Administration. Cerda GJ 7/1/96 at 10, 20. After working as a secretary in Watkins's office for four months, on May 1, 1993 Cerda moved to the White House Counsel's Office, before having taken or passed any bar exam, where she remained until July 14, 1995. Id. at 23. Cerda testified that Cornelius handled most of the secretarial duties for Watkins, and she provided back-up. Id. at 24. Cornelius testified that she did not expect her job in Watkins's office to be secretarial, and that she had no training for it. She said that Cerda was assigned more substantive work. Cornelius GJ 7/23/93 at 33.

¹⁹⁷ Moore GJ 6/20/96 at 4-6. Moore, like Cerda, was a 1992 Michigan Law School graduate and the two knew each other from law school before joining the campaign. Id. at 4-6.

¹⁹⁸ Thomasson GJ 7/24/96 at 9, 13.

¹⁹⁹ Id. at 5-6.

²⁰⁰ Thomasson GJ 7/24/96 at 95; see also Aff. John A. Gaughan in United States v. Dale, No. CR 94-469 (D.D.C. Nov. 9, 1995)(signed 1/5/95), OIC Bates No. 556-DC-00000007.

c. Cornelius and Cerda Disliked Working for Watkins and Wished to Work in the Travel Office.

Cornelius and Cerda did not enjoy working for Watkins, apparently because they felt, at least in part, that being Watkins's administrative assistants was not sufficiently challenging. Cornelius's dissatisfaction spurred her to seek a different role -- one involving the Travel Office. Clinton Press Secretary Dee Dee Myers said Cornelius later told her that the problem was that Watkins "thought that these two young girls should be relegated to answering the phone," and "paid no attention to their recommendation or opinions about things."²⁰¹

Others in the office perceived that Cornelius's and Cerda's real difficulty was that they simply did not like secretarial work. Jennifer O'Connor, a deputy assistant on Watkins's staff,²⁰² said she thought a "major source" of Cornelius's frustration was that "she had a lot of administrative tasks. I think she, you know, answered the phone and things that she, essentially, didn't want to continue to be doing. She wanted a job in which she could do some other tasks."²⁰³ Working as an administrative assistant for Watkins had not been Cerda's first choice either.²⁰⁴ Watkins's third secretary, Jean Charlton, also thought that the reason Cornelius and Watkins did not get along was Cornelius "did not like being a secretary. She made that well known," as did

In May 1993, Kelly McClure was assigned to work as Thomasson's assistant. McClure GJ 7/11/96 at 5.

²⁰¹ Myers GJ 7/23/96 at 157, 168.

²⁰² O'Connor GJ 6/20/96 at 3-4.

²⁰³ Id. at 10.

²⁰⁴ Cerda said she told Watkins "that I would only commit to a maximum of six months in a job that didn't have to do with either legal work or international work. And it was understood from day one between David and I that this was temporary, it was to help him out." Cerda GJ 7/1/96 at 20.

Cerda, who told Watkins "very clearly" that "she didn't want to be a secretary, either."²⁰⁵ In any event, their dissatisfaction spurred them to seek new positions in the Travel Office. As Cornelius said, this goal "became important to me and much more of a focus the more and more unhappy I became with David."²⁰⁶

d. Cornelius and Cerda Advocated Reorganizing the Travel Office.

Throughout the transition, Cornelius had always expressed a strong interest in working in the Travel Office: "I wanted to work in the Travel Office, or I thought that would be a good place for me to work, because that's what I knew how to do."²⁰⁷ Cornelius shared this wish with many people.²⁰⁸ Cerda said that Cornelius "thought that that was the one [job] that most closely related to the functions she performed on the campaign. . . . [I]t was her first choice out of the jobs that she was considering."²⁰⁹

World Wide Travel's Steve Davison also heard Cornelius express an interest during the transition in continuing to work in travel and she asked Davison how government travel

²⁰⁵ Charlton GJ 7/30/96 at 13.

²⁰⁶ Cornelius GJ 7/25/96 at 32.

²⁰⁷ Id. at 169.

²⁰⁸ Cerda GJ 7/1/96 at 16-18; Charlton GJ 7/30/96 at 7; Walton GJ 6/6/96 at 8-9, 45-46, 53-54; Yates GJ 7/11/96 at 21-22, 25. Jeff Eller, Deputy Assistant to the President, Director of Media Affairs, claimed he could not "recall" whether she had mentioned an interest in working in travel in the new Administration. Eller GJ 7/17/96 at 9-18. Cornelius, who said that she talked with Eller about everything, had "no doubt" that she had discussed this interest with him. Cornelius GJ 7/25/96 at 167-70. Eller's inability to recall numerous pertinent facts relating to the Travel Office incident and its key players hindered this Office's investigation, since, as will be shown below, he was one of the key advocates of firing during the crucial time period. See, infra, at Subsection B(3).

²⁰⁹ Cerda GJ 7/1/96 at 17-18; see also Cornelius GJ 7/25/96 at 19.

worked.²¹⁰ Kelley-Gehrki, World Wide's Operations Manager, said Cornelius told her she wanted to work in a travel capacity in the White House, and that "[s]he was very hopeful she was going to get a job."²¹¹ Kelley-Gehrki further stated that she had heard Cornelius was a second cousin of President-elect Clinton, and that "there were obvious connections there . . . [b]ecause when he would come in and see us . . . you know, it was hugs . . ."²¹² Kelley-Gehrki did not like Cornelius, as she felt Cornelius did not take her job seriously during the campaign but "got all the glory" for World Wide's hard, professional work.²¹³ On December 31, 1992, using the information fed to her by Kelley-Gehrki/World Wide,²¹⁴ Cornelius and Cerda drafted a memorandum for Watkins detailing the Travel Office's structure, advocating that commercial travel should be bid out.²¹⁵

²¹⁰ Davison GJ 6/13/96 at 13.

²¹¹ Kelley-Gehrki GJ 6/13/96 at 11-13, 17. Cornelius told her she wanted to work in scheduling and advance. Id. at 12.

²¹² Id. at 13.

²¹³ Id. at 18.

²¹⁴ Cornelius GJ 7/25/96 at 25. Kelley-Gehrki GJ 6/13/96 at 15-17. Kelley-Gehrki assisted Cornelius as a way to help World Wide obtain an "RFP" or "request for proposal" for White House business. Id. at 18-19. Kelley-Gehrki also thought that Cerda, who also worked on the memo, was trying to "write [herself] into the White House," though Cornelius "is the one [who was] really pushing for it, really trying to find her little niche." Id. at 21-22.

²¹⁵ Memo from Cornelius to David Watkins and Barbara Yates 12/31/92, OIC Bates No. 542-DC-00008025.

e. Cornelius and Cerda Sought the Position of Travel Office Co-Directors.

When Cornelius and others complained to Watkins that the Travel Office's level of performance was not up to what had existed on the campaign,²¹⁶ he asked Cornelius to draft a memorandum for him about the office's operations, which she submitted on January 26, 1993.²¹⁷ Later in January or early February 1993, Watkins asked Matt Moore to prepare another Travel Office analysis.²¹⁸ Cornelius was offended that Watkins gave this assignment to Moore because Moore had not worked on travel for the campaign.²¹⁹ Cornelius said that she and Cerda told Watkins "how upset we were and annoyed we were. And, again, it goes back to, we were supposed to answer the phones and Matt was going to do substantive work."²²⁰ Watkins told them they could submit a "counter-memo" if they liked.²²¹

²¹⁶ Cerda said that on January 26, 1993, Billy Dale showed up unscheduled at Watkins's office and offered to give her a Travel Office tour to help the new staff learn their way around. Cerda GJ 7/1/96 at 59. Cerda observed that Dale did not have procedures in place for reconciling expenses and press reimbursements like those she had followed during the campaign. Id. at 61-62. Rather, he billed the press based on estimates and never reconciled the billing with the White House's actual expenses. Id. Cerda also thought it odd that the Travel Office staff rotated functions so that no one was permanently responsible for a specific area. Id. at 64. Cerda passed along general criticisms to Watkins and the specifics to Cornelius, who also expressed to Watkins her concerns about what she heard. Id. at 65-67.

²¹⁷ Cornelius GJ 7/25/96 at 30-31; Memo from Cornelius to Watkins 1/26/93, OIC Bates No. 542-DC-00008032.

²¹⁸ Moore GJ 6/20/96 at 15-16.

²¹⁹ Cerda GJ 7/1/96 at 24-25. Moore had to go to Cornelius and Cerda for information to complete the memo. Moore GJ 6/20/96 at 19.

²²⁰ Cornelius GJ 7/25/96 at 44. Cerda agreed Cornelius was piqued "particularly because David often gave assignments to people so that she could continue answering the phones." Cerda GJ 7/1/96 at 42.

²²¹ Id. at 26; Cornelius GJ 7/25/96 at 44.

On February 15, 1993, Cornelius and Cerda submitted a memorandum to Watkins entitled, "The White House Travel Office: Briefing Book and Proposal."²²² The memorandum proposed that the employees of the Travel Office be terminated and replaced with more former Clinton campaign workers, nominating Cornelius and Cerda as "co-directors."²²³ White House Press Secretary Dee Dee Myers called this "a pretty aggressive move for two very young staffers to undertake of their own initiative."²²⁴ Cornelius said, "Well, to be perfectly frank, yes," when asked if the proposal to get rid of the current employees in favor of Clinton loyalists was based on her feeling that "they're political appointees and it's a change in politics and they los[t] their jobs."²²⁵ Cornelius and Cerda also proposed that the commercial air travel bookings be handled by World Wide Travel.²²⁶

²²² Briefing Book and Proposal by Catherine Cornelius and Clarissa Cerda 2/15/93, OIC Bates No. 542-DC-00007432. Cerda testified that Cornelius wrote most of the memo, and Cerda helped put together the comparison between their proposed structure for the Travel Office and that of the Bush Administration. Cerda GJ 7/1/96 at 56.

²²³ Cornelius GJ 7/25/96 at 47-48.

²²⁴ Myers GJ 7/23/96 at 157.

²²⁵ Cornelius GJ 7/25/96 at 46.

²²⁶ *Id.* at 48. Cornelius began asking people whether they wanted to be listed on the organization chart for the new Travel Office sometime in January or February. Hirsch GJ 6/6/96 at 13-14. Cornelius faxed the proposal to World Wide prior to the firings. Carney GJ 6/13/96 at 25. Carney testified that when she saw World Wide on the organizational chart she "just kind of laughed" because "that wasn't the way it worked" in Washington. Carney GJ 6/13/96 at 28-29. Kelley-Gehrki said she saw the flow chart memorandum prior to January 20. Kelley-Gehrki GJ 6/13/96 at 26. Cornelius placed others on the chart without asking them if they wanted to be included. Chris Walton, who had worked for Cornelius during the campaign, was named "Trip Coordinator" on the organizational chart. Walton testified that he first learned of the chart when it was published in the New York Times after the firings. Walton GJ 6/6/96 at 35.

There is some question whether Watkins read the memorandum.²²⁷ Administrative Assistant Jean Charlton showed a copy of the memorandum to Watkins's deputy Janet Green and remarked, "This is the way they hope to get out."²²⁸

As a result of these actions (and those of Martens, described below), rumors swirled within the Clinton Administration that the Travel Office was going to be "restructured" somehow so that the current employees would lose their jobs.²²⁹ The rumors reached the Travel Office,

²²⁷ This became an issue after the firings when the press received a copy of the memorandum, and Watkins told then White House Communications Director George Stephanopoulos to tell the press that he had never actually read the Cornelius-Cerda plan to take over the Travel Office. See, infra, at Subsection (D)(9). Cerda testified that she placed the memorandum on Watkins's chair at approximately 11:30 p.m. on February 15, 1993. Cerda GJ 7/1/96 at 69. Cerda testified that she remembered the date and time vividly because it was President's Day, and the President himself walked into the office as she was xeroxing the memo and remarked that it was late and she should go home. Cornelius had already left. Cerda GJ 7/1/96 at 72. One of Watkins's other secretaries, Jean Charlton, later told Cornelius and Cerda that Watkins had taken the memorandum home that evening and said he would read it. Id. at 79. Charlton said she never actually saw the memo in Watkins's possession, though. Charlton GJ 7/30/96 at 15. Cornelius and Cerda concluded that Watkins at least glanced at the chart attached to their memorandum, because the following day Watkins asked them whether they could name one successful company that had "co-directors," and whether Dixie Sanders, whom they had listed on their chart, was the same Dixie Sanders who had worked on the campaign. Cornelius GJ 7/25/96 at 51; Cerda GJ 7/1/96 at 78-79, 137. Cornelius agrees she never actually saw Watkins read the memo. Cornelius GJ 7/25/96 at 157.

²²⁸ Green GJ 7/11/96 at 11-12.

²²⁹ Eisen GJ 6/6/96 at 10-11 (saw Cerda in "early February" and she "informed me that they were considering reorganizing the [travel] office, and informed me that if, in fact, they would reorganize the office would I be interested in a position there"); Tripp GJ 6/27/96 at 9, 12 ("I became quickly aware that David Watkins's office was at least somehow involved with the removal of the holdover staff"); Moore GJ 6/20/96 at 16-17, 19 (saying Watkins had him examine the Travel Office in late January or early February because "[h]e understood that it was structured differently from the campaign, and he wondered whether it should be restructured to look more like the campaign"); Cerda GJ 7/1/96 at 106 ("I believe that from day one, the Travel Office was at risk Day one is January 20th I think they were at risk because they were in positions that serve at the pleasure of the President. And we were looking at the different offices that had people who had not resigned and who had stayed on and did replace other individuals in similar situations"); Podesta's notes of Director of Press Advance Anne Edwards's White House Travel Office Management Review interview 6/25/93, OIC Bates No. 542-DC-

because Billy Dale testified that at "about the same time" Cornelius was sending Watkins her memorandum proposing that the office be restructured, "several White House correspondents were told by a Clinton transition official that the new administration had plans to remove the Travel Office staff."²³⁰

4. Martens Sought a White House Consulting Contract on the Use of Civilian Aircraft and Providing Other Services to the Travel Office.

While Cerda and Cornelius proposed altering the Travel Office's structure, Darnell Martens was also taking steps to secure work on travel related matters from the White House. This effort took two forms: 1) Martens sought a consulting contract to study the federal civilian aircraft fleet; and 2) Martens sought a consulting contract to work with the Travel Office staff or to replace them with his own services.

Martens's efforts began in early 1993 when Harry Thomason volunteered to assist the White House with repackaging the President's public image.²³¹ About this same time, Martens sent Thomason a confidential memorandum (dated January 29, 1993), entitled "TRM Action

00019029 - 19030 (indicating that Edwards told Podesta that she had received calls in December '92 from Dale in which Dale said, "[W]e'll lose jobs when Clinton people arrive."); Dreylinger GJ 6/6/96 at 5 ("we had received calls in [the Travel Office] for her [Cornelius] earlier on in the administration as Director of the Travel Office"); Brasseux GJ 7/9/96 at 7 ("we would receive phone calls sometimes from people asking . . . before she'd gotten there, people asking for Catherine Cornelius and we'd say she doesn't work here").

²³⁰ White House Travel Office -- Day Three: Hearing Before The House Comm. on Govt. Reform and Oversight, 104th Cong., 2d Sess. 13 (1996)(testimony of Billy R. Dale).

²³¹ Edwards GJ 6/6/96 at 54. This was referred to as "The White House Project," which Chief of Staff "Mack" McLarty explained was an effort "to use the residence in a more effective way in comporting with the Clinton presidency." McLarty GJ 7/31/96 at 22.

Items."²³² This memorandum, which Thomason testified he did not read until months after it was sent,²³³ discussed perceived "Washington Opportunities" Martens thought TRM should pursue:

(A) Obtain some form of official status as advisors to the White House for general aviation policy matters. . .

(B). . . Review all non-military government aircraft to determine financial and operational appropriateness. A review of all 1,200 aircraft could be accomplished in two years. . . .

D) Determine who controls the scheduling of the White House Press Corps aircraft. This can be done by TRM such as the campaign aircraft were handled.²³⁴

a. Martens Was Interested in Consulting With Regard To Federal Civilian Aircraft.

On February 11, 1993, Martens wrote Thomason another memorandum proposing that TRM pursue a consulting contract to review civilian government aircraft, telling Thomason that his only task was to "[p]ut me in front of the right person at the White House."²³⁵ Martens's memorandum was passed to the President on or about February 17, 1993.²³⁶ Thomason and the President then discussed the subject of possible cost savings by consolidating government aircraft.²³⁷ After the President reviewed Martens's memorandum on February 17, it was

²³² Memo from Martens to Thomason 1/29/93, OIC Bates No. AL-DC-00007625.

²³³ Thomason GJ 7/17/96 at 25. Although Martens claimed to have never discussed the memo with Thomason, both admitted to having an argument about Martens's liberal use of the name "Harry Thomason & Associates" for his venture, as proposed in the memo. Martens GJ 7/16/96 at 38-39. Thomason said he "sort of went crazy" the first time he saw business cards or letterhead with the name, "Harry Thomason Associates," and "sent word" to Martens that "anything that had that name on it was to be dumped." Thomason GJ 7/17/96 at 26-27.

²³⁴ Memo from Martens to Thomason 1/29/93, OIC Bates No. AL-DC-00007625.

²³⁵ Martens GJ 7/16/96 at 49-50; GJ 95-2 Exh. 166.

²³⁶ Thomason GJ 7/17/96 at 33-34.

²³⁷ Thomason GJ 7/17/96 at 55. Thomason insisted he was not trying to help Martens-

forwarded to Chief of Staff Mack McLarty with the President's handwritten notation -- "Mack: These guys are sharp -- should discuss with Panetta / Lader. B.C."²³⁸ McLarty forwarded the memorandum to Leon Panetta, then Director of the Office of Management and Budget ("OMB"), and Phil Lader, a deputy at OMB.²³⁹

The President's handwritten notation was forwarded to Jack Kelly, a career official at the OMB, who said that Martens's February 11 memorandum with the President's notation "came back through my chain of command . . . stamped 'the President has seen' and then the note itself said, 'Mack, these guys are sharp' something . . . discuss with Panetta/Lader."²⁴⁰ Kelly remarked it was "certainly unusual" for a document with the President's handwriting to get down to him.²⁴¹ Kelly met with Martens in Washington, and advised Martens that the proposal came at a bad time because Senator James Sasser had already begun to examine the government civilian aircraft fleet.²⁴² Kelly suggested that Martens contact the General Services Administration

TRM get White House business, but simply passing Martens's aircraft idea along to the President because he thought there could be huge cost savings. Id. at 34-35.

²³⁸ Memo from Martens to Thomason 2/11/93, OIC Bates No. 542-DC-00025095 (containing the President's handwritten notes on the cover sheet); Thomason GJ 7/17/96 at 47.

²³⁹ McLarty GJ 7/31/96 at 16.

²⁴⁰ Kelly GJ 6/18/96 at 4-5; Memo from Martens to Thomason 2/11/93, OIC Bates No. 542-DC-00025095 (containing the President's handwritten notes on the cover sheet).

²⁴¹ Kelly GJ 6/18/96 at 6. The memo with the President's notation on it was first passed to Phil Lader, the deputy director for management at OMB at that time, and therefore Kelly's superior. Id. at 5. By the time the memo made it down to Kelly, in addition to the President's notation, it contained another notation dated April 30, 1993 stating "note that Phil wrote on top. It says 'Frank.' And that's Frank . . . Reeder, who was my boss's boss . . . the associate director of general management within OMB. . . 'Frank, let's discuss at' something 'staff meeting, Phil.'" Id. at 5, 7; Memo from Martens to Thomason 2/11/93, OIC Bates No. 542-DC-00025095.

²⁴² Kelly GJ 6/18/96 at 11-12, 19, 21-22.

("GSA"), as well as other "agencies that have aircraft and see if any of them would be interested in doing what he was proposing."²⁴³

Martens took Kelly's suggestion and met with GSA, where Martens learned that before his proposal to audit the civilian aircraft fleet could be implemented by GSA, the President needed to issue an executive order.²⁴⁴ Thereafter, on March 12, 1993, Martens sent another memorandum to Thomason detailing the scope of his proposed audit of non-military federal aircraft.²⁴⁵ Martens reminded Thomason that the information contained in the memorandum was generated "[b]ased on your discussion with President Clinton on my 2/11/93 memo."²⁴⁶

Thomason then put Martens in contact with Bruce Lindsey, Senior Advisor to the President,²⁴⁷ who, as a courtesy to Thomason, agreed to meet with Martens on April 7, 1993.²⁴⁸ Lindsey said that he initially was unsure what Martens wanted the White House to do.²⁴⁹ Martens explained that he wanted the Office of the President to issue an Executive Order empowering Interagency Committee on Aviation Policy ("ICAP") to perform an audit pursuant to a consulting agreement with TRM.²⁵⁰ The consulting contract that Martens was proposing

²⁴³ Id. at 22.

²⁴⁴ Martens GJ 7/16/96 at 52.

²⁴⁵ See GJ 95-2 Exh. 191.

²⁴⁶ GJ 95-2 Exh. 191.

²⁴⁷ Thomason GJ 7/17/96 at 36.

²⁴⁸ Lindsey GJ 8/1/96 at 26.

²⁴⁹ Id. at 25.

²⁵⁰ GJ 95-2 Exh. 446; Lindsey GJ 8/1/96 at 28.

would cost \$500,000, with about half of the money going to TRM.²⁵¹ Lindsey said Martens never suggested putting the contract out for bid, and instead wanted the White House simply to award the contract to TRM.²⁵² When Lindsey realized Martens's interest was limited to a \$500,000 contract, "as opposed to sort of a good government[al] interest of his," Lindsey lost all interest.²⁵³

b. Martens Was Interested in Consulting With Regard To the Travel Office.

Martens also sought consulting opportunities with the Travel Office. Martens testified that he knew nothing about the Travel Office, and "assumed there would be some sort of consulting fees" for TRM's performance of these services.²⁵⁴ Martens hoped to capitalize on Thomason's connection to the President for an "introduction" so he could "make money."²⁵⁵ Thomason told Martens that he had mentioned Martens's consulting proposals to the President one evening while they were bowling.²⁵⁶

²⁵¹ Martens GJ 7/16/96 at 54.

²⁵² Lindsey GJ 8/1/96 at 30-31.

²⁵³ Id. at 30, 38.

²⁵⁴ Martens GJ 7/16/96 at 35-36.

²⁵⁵ Id. at 35.

²⁵⁶ Id. at 50-51. Sample confirmed that Martens was supremely confident about his ability to obtain White House business consulting with the Travel Office, asking her "if there was anything I would like" after the election and letting her know that Martens's partner Harry Thomason was a close friend of the President. Sample GJ 6/13/96 at 47.