

OP

7 May 1994

Austin, Texas 78731

Brian Lamb, Founder
C-Span Television
Washington, D.C. 20001

Dear Mr. Lamb:

I wrote you a long letter on last 11 April, which I am certain you found objectionable. I didn't mean it to sound so harsh. But I am very concerned about the Media, and particularly about C-Span and C-Span2, and their journalistic integrity.

I imagine that you have read Trudy Lieberman's article in the latest Columbia Journalism Review, "Churning Whitewater." In case you haven't seen it, I am enclosing a copy.

For a long time I have wondered where Mr. Leach of Iowa got so much of that "juicy" material which he has been alluding to so vaguely in his various public appearances. He has come across as such a nice honest and honorable man! He, like many others have fallen for this junk that Floyd Brown, David Bossie, and other Clinton Haters have dredged up. When he appears again, as he does so often on your programs, have someone ask him about his relations with Mr. Brown and those others.

And now we have the Paula Jones case! That poor girl will get mangled before this is over by the very people who created her. The case will probably never go to trial. But the damage has been done. Imagine, if you will, the Governor of any State--whether Republican or Democrat--bringing a young girl up to his hotel room, exposing himself, and asking her to give him oral sex! My God! Why don't we just shoot anyone that does that kind of thing and have done with it? Tragically, **this may not be true of Clinton at all**. But the damage, which those folks intended to do--the dirty tricks kids--has been done. Doubt has been cast on his character. Irreparable damage has been done to his presidency. Isn't this sedition under its classical definition?

Clinton has already stood more than any other President has had to take in this first year of his term. The media are at fault for purveying so much of this without sober thought and careful checking. The media contributed to Vince Foster's suicide, according to the note he left behind. Is it proper to ask whether the Washington Press Corps, and the men and women who own the news organizations in this country are aware of the import of what they are doing in the way in which they are a party to these scurrilous attacks on this President of the United States?

It is all so contrived. So pat. So absurd. So mean. So hateful. So tragic.

Sincerely,

[REDACTED]

CHURNING



Whether or not the story turns out to be more than an extended fishing expedition, it is already clear that the frenzied media are feeding on bait dangled by a master of media manipulation

by Trudy Lieberman

"The mainstream media (to which we mail *ClintonWatch* regularly) is now beginning to parrot much of the information and analysis we break." — *ClintonWatch*, November 1993

"Citizens United has been a powerful force behind the exposure of the biggest story to hit Washington D.C. since Watergate." — *Citizens Agenda*, February 1994

In a cluttered office tucked away in one of the many red-brick office condominiums that ring Washington, D.C., David Bossie, source par excellence to journalists dredging the Whitewater swamp, handles one of the eighteen calls he says he gets each hour. This one is from Bruce Ingersoll, a staff reporter for *The Wall Street Journal*. The discussion centers on bonds. "I have a whole file on bond transactions," Bossie tells Ingersoll. "I will get a report on what I find, I know you are trying to move quickly on this. You want to come out before *they* come out." A few minutes later Bossie says, "I don't know what I have to give you," but promises to spend the next couple of hours going through materials. "You're on deadline, I understand that." He then points Ingersoll in another direction. "Have you done anything on Beverly? [Presumably that is Beverly Bassett Schaffer, former Arkansas Securities Commissioner.] You guys ought to look into that. There will be lawsuits against the Rose law firm," he adds.

"Lot 7," Bossie tells me between calls, is the next big story. "ABC and *U.S. News & World Report* are looking at Lot 7. We're the only ones that have the abstract. Wade [Chris Wade, a real estate agent who sold some of the Whitewater lots] dumped the property and got something from the Clintons."

Trudy Lieberman is a senior editor at Consumer Reports.

The phone rings again. Bossie addresses the caller as "Judge." "That judge who called," Bossie explains later, "called me in August and said he had a friend, [another judge named] David Hale, who was in trouble because of Bill Clinton." It was this phone call and the charges that Hale later made through Bossie's organization, Citizens United, that fueled David Bossie's zealous investigation into Whitewater. Bossie's efforts have, in turn, generated daily page-one headlines — and another chapter in the saga of American pack journalism. "I'm the information bank," he says.

Bossie, the twenty-eight-year-old political director for Citizens United, a conservative Republican operation, runs an information factory whose Whitewater production lines turn out a steady stream of tips, tidbits, documents, factoids, suspicions, and story ideas for the nation's press and for Republicans on Capitol Hill. Journalists and Hill Republicans have recycled much of the information provided by Citizens United into stories that have cast a shadow on the Clinton presidency.

Bossie, who says he works sixteen hours a day on Whitewater, earned his Republican stripes as the national youth director in Senator Robert Dole's 1988 presidential campaign, and then moved on during the 1992 Bush campaign to become executive director of the Presidential Victory Committee. His boss, Floyd Brown, worked as Dole's Midwest political director during the 1988 campaign, but is best known for producing the Willie Horton commercial that helped sink the presidential ambitions of Democrat Michael Dukakis.

Brown, with Bossie as a principal researcher, wrote "Slick Willie": *Why America Cannot Trust Bill Clinton*, a 192-page paperback released during the 1992 presidential campaign. At the time, the press paid little attention to the book's revelations, including a preview of the current Whitewater scenario.

Since the Arkansas judge's telephone call last August, Citizens United has collected thousands

WHITEWATER

of facts and documents on Whitewater and packaged it all to catch the attention of the press and to restoke the story whenever it threatened to die down.

Bossie and Brown have been briefing people since October — “the top fifty major publications, networks, and editorial boards,” Bossie says. “We’ve provided the same material on the Hill both on the House and Senate side.” An equal opportunity source, Bossie says he would gladly provide documents to Democrats, but they haven’t asked.

Francis Shane, publisher of Citizens United’s newsletter, *ClintonWatch*, hesitates to say exactly whom they’ve worked with — “We don’t particularly like to pinpoint people” — but he does say, “We have worked closer with *The New York Times* than *The Washington Times*.” Jeff Gerth, *The New York Times*’s chief reporter on Whitewater, hesitated to talk on the record. He did say, “If Citizens United has some document that’s relevant, I take it. I check it out like anything else.”

Most of the information is found in five thick packets stacked up around the Citizens United offices, four of them neatly bound and bearing the Citizens United emblem — an eagle and a flag — on the front. There’s the volume titled “Arkansas Bond Deals with Stephens Inc.,” which, among other things, details the potential problems Citizens United perceives with a 1989 Arkansas Student Loan Association bond issue. “Truly there are many areas of this issue which need further investigation,” the volume points out. Bossie himself says, “They were making sweetheart deals through bonds,” and then he adds, “The ones working on this are *Money* magazine and *The Bond Buyer*.” A second volume covers Bill and Hillary Rodham Clinton’s tax returns from 1980 through 1990; a third details lawsuits involving James McDougal; a fourth is a collection of real estate abstracts; and a fifth is a package titled “Whitewater Documents,” which contains an assortment of deeds, mortgages,



checks, letters, reports, balance sheets, and press releases. Citizens United has also compiled an eighteen-page list of “Criminal statutes relating to potential Whitewater Crimes,” complete with legal citations.

ClintonWatch, a newsletter dedicated to “Proving Character Does Count in a President,” is sent to all media and contains tales and tidbits that have found their way into the nation’s news. The organization’s official newsletter, *Citizens Agenda*, sent to its 11,000 subscribers periodically, offers a morsel or two and boasts about the group’s success in siccing the media on to the Whitewater story. Citizens United’s newest information effort is a *Whitewater Fax Bulletin*, also called *ClintonWatch*, which is fed to the media almost daily. “Nobody seems to have all the

Floyd Brown, who created the Willie Horton ads in 1988, proudly announces another campaign for another election: a phone number that played recordings of alleged conversations between then-candidate Bill Clinton and Gennifer Flowers.

“Everything Hale has done [with the media] has gone through us,” says *Clinton-Watch*’s publisher

answers, but by sharing our information with members of the media, we can start putting pieces together ... We are making new discoveries every day,” Brown said in launching his new fax service in early March. One of the first *Fax Bulletins* was aimed at stirring up interest in Lot 7, which Bossie had told me was the next big story.

The March 1994 issue of *ClintonWatch* characterized the organization’s impact on Whitewater press coverage this way: “We here at *ClintonWatch* have been working day and night with the major news media to help them get the word out about the Clintons and their questionable dealings in Whitewater and Madison Guaranty.” Of course, Citizens United is not the only source of information on Whitewater. And reputable reporters do their own digging and double-checking. Still, an examination of some 200 news stories from the major news outlets aired or published since November shows an eerie similarity between the Citizens United agenda and what has been appearing in the press, not only in terms of specific details but in terms of omissions, spin, and implication. Here are four cases in point.

David Hale talks

Citizens United takes full credit for blowing the Whitewater story wide open with what it calls Floyd Brown’s “exclusive news-making interview with Arkansas Municipal Judge David Hale.” Hale, who owned Capital Management Services, a Small Business Administration-approved lending company, claims he was pressed by then Governor Clinton to make a loan of \$300,000 to Susan McDougal, one of the Clintons’ Whitewater partners, who, he said, did not qualify. Part of this loan allegedly found its way into the coffers of the Whitewater Development Corp.

The November 1993 issue of *ClintonWatch* recounts much of what Hale told Brown in a feature called “Clinton Fingered in Loan Cover-Up.” As that issue was making its way to the news desks of the nation’s media, Citizens United began arranging interviews for Hale with various news organizations. “Everything Hale has done [with the media] has gone through us,” Shane told me.

On November 2 *The New York Times* and *The Washington Post* broke the Hale story. Both deny that Brown was the source. “Mr. Hale asserted in interviews with reporters,” that Clinton had personally pressed him to make the \$300,000 loan, the *Times* article said. A few days later *The Washington Times* featured in its news columns a copy of the \$300,000 check payable to Susan McDougal and signed by Hale. That check is in Bossie’s Whitewater document collection labeled exhibit “B-1.”

Over the next several weeks, virtually all of the

major media carried Hale’s version of the loan transaction, but few looked into his political connections, his motives, or his credibility. Many referred to interviews they had had with Hale himself. On November 7, for example, the *Los Angeles Times* said, “In a series of interviews, Hale provided this account” On November 11, NBC reported: “Now this man, a former local judge under indictment on an unrelated case, has told NBC News” The November 15 issue of *Newsweek* mentioned a “telephone interview” with Hale. On December 15, ABC’s *World News Tonight* noted, “This is David Hale, until recently a Little Rock investor”

Hillary seeks power of attorney

In the same story that featured the \$300,000 check, *The Washington Times* lobbed another grenade: it printed a copy of a letter Hillary Clinton wrote to McDougal on November 28, 1988, asking for power of attorney over Whitewater matters. The *Times* portrayed the letter as proof that, despite their disclaimers, the Clintons were active in the management of Whitewater.

The letter filtered through the press. In January, *USA Today* credited *The Washington Times*’s disclosure with keeping the Whitewater issue alive, and *The Wall Street Journal* in a March 18 story on the “scrappy 12-year-old broadsheet” noted the paper’s power-of-attorney “scoop.” A Nexis search turns up thirty-one news organizations that cited the power of attorney letter. Some used it to show the Clintons were more than passive investors in Whitewater; a few amplified the facts. *The Boston Globe*, for example, reported that Hillary Clinton obtained the power of attorney; *USA Today* noted, correctly, that she didn’t. The letter seeking power of attorney is in the Citizens United file as exhibit “K-1.”

The fact that Hillary Clinton asked for power of attorney in 1988 is intriguing, but does it prove the Clintons’s long-standing involvement? Or could there have been other explanations? For example, was McDougal, who had experienced health problems, incapable of cleaning up the mess Whitewater supposedly had become?

The Sheffield Nelson tapes

Newsweek’s February 7 issue revealed that Sheffield Nelson, a Little Rock attorney who ran against Clinton for governor in 1990, had taped conversations with McDougal. In those conversations, McDougal claims that the Clintons had not been truthful about their Whitewater losses, and is quoted as saying, “I could sink [the claim of a \$69,000] loss quicker than they could lie about it And Bill Clinton knows it.” *Newsweek* said the tape was obtained from “independent sources” but had been “authenticated” by Nelson. Several

newspapers picked up *Newsweek's* findings.

Two weeks later Representative Jim Leach, the ranking Republican on the House Banking Committee, handed to the press additional portions of the Sheffield Nelson tapes — giving the “sink and lie” quote even wider circulation. The *Los Angeles Times* in a story crediting Leach with release of the tapes did note that a portion of Nelson’s interview with McDougal “was previously provided to some reporters by sources who asked not to be identified.”

CNN picked up the story, named Leach as the source of the tapes, and cited “new evidence resurrecting some of the most serious questions about President Clinton’s role in the Whitewater controversy.” CNN showed viewers a \$6,300 Whitewater check for payment of a mortgage taken out by Hillary Clinton, which it said “appears to back up at least part of the McDougal tape,” but did not explain how. Nowhere in the broadcast did CNN demystify the implied connection between the mortgage payment and McDougal’s taped statement. (Exhibit “J-9” in the Citizens United collection shows a “Whitewater Development Co. check #130, reflecting a \$6,361.65 interest payment on H. Rodham. #23039.”)

NBC waited until mid-March to do its version of the Nelson tape, which it said “NBC News has obtained.” It, too, gave prominence to the “sink and lie” quote. But NBC used a different check to back up McDougal’s allegation on the tape, that the Clintons did not lose money on Whitewater. NBC said that among the Clintons’ losses for 1982 was a check for \$20,744. NBC noted that the White House said the money was for repayment of a Whitewater-related loan. On camera, McDougal said the check was repayment for a personal loan. (Exhibit J-4 in the Bossie Whitewater collection notes: “Bill Clinton check #621 for \$20,744.65 to Madison Bank & Trust noted as repayment of note.” ABC had shown the same check five weeks earlier.)

In his press conference at the end of March, Clinton admitted the check was not a Whitewater loss, but a loan, which he had forgotten about, taken out to help his mother buy a cabin.

Was Citizens United a source for NBC’s piece? *ClintonWatch* publisher Shane says only, “We have a close relationship with them. We’ve worked with all the networks. Ira [producer Ira Silverman] does a good job.” An incident reported in the *Arkansas Democrat-Gazette* reveals how close that relationship is. In January, the paper said that former Arkansas Securities Commissioner Beverly Bassett Schaffer accused Bossie and an NBC crew of ambushing her outside her office and then stalking her after she refused to grant an on-camera interview.

Silverman was quoted as saying the incident was the result of “aggressive journalism,” noting that Bossie was in Arkansas “for another aspect of NBC’s investigation” into Whitewater. Silverman says, “I talk to them [Citizens United] along with everyone else. Back in October and November it was difficult to develop sources.” He added that early on Bossie provided sources.

The only reporter who acknowledged a connection between Citizens United and the tape was



John Aloysius Farrell of the *The Boston Globe*, who reported that conservative activist Floyd Brown “is up to his old tricks This week Brown released a typical nugget to the press: a tape of a spring 1992 visit by Clinton’s partner in Whitewater Development Co., James McDougal, to the law offices of GOP attorney Sheffield Nelson.”

Vince Foster solicits the FDIC

In 1989, Vince Foster wrote to the FDIC seeking legal work for the Rose law firm from the government, which was beginning to clean up the savings and loan mess. The government was trying to recoup some of its losses by suing Frost & Co., a Little Rock accounting firm that had been hired by the state to examine the books of Madison Guaranty. The government contended that Frost had issued a misleading report about Madison’s financial condition. In his letter, Foster said the

The elusive David Bossie, shown above in a sketch created from reporter Trudy Lieberman’s description. Citizens United, the conservative activist organization that he works for, refuses to permit photographs of Bossie in order to protect his identity, since he is chief investigative reporter for *ClintonWatch*, the newsletter that has been promoting the Whitewater story since last summer.

Stories were peppered with such phrases as "eyebrows are raised," "questions persist," "scandalous odors"

firm does not represent any savings and loan, although the firm apparently had previously represented Madison Guaranty, a potential conflict of interest. Rose got the job.

The Washington Post, citing FDIC records, broke the story of Foster's letter on November 3, three and a half months after his suicide. It was picked up later that month by *The Washington Times* and publications covering the thrift industry. *The Wall Street Journal* mentioned it in a mid-December editorial.

But it wasn't until early January, after Citizens United featured Foster's letter in *ClintonWatch*, that it received prominent play in the media. The newsletter said that the Rose firm had settled its \$60 million suit against Frost for \$1 million and then "billed the government \$400,000 for its trouble." It also emphasized a point *The Washington Post* had made in passing. It quoted from Foster's letter: "[t]he firm does not represent any savings and loan association in state or federal regulatory matters," but added this embellishment: "(note the use of the present — not the past — tense.)"

From January 1 to the end of March, twenty-three news organizations referred to the Foster letter — more than triple the number that picked up the story after the November 3 *Washington Post* piece. Many, including *The Atlanta Journal-Constitution*, *The Dallas Morning News*, *The Arizona Republic*, and *The Boston Globe*, mentioned the \$400,000 fee highlighted in *ClintonWatch*. *Newsday*, on January 16, called attention to Foster's use of the present tense in his letter.

All of the surveyed papers quoted the same portion of Foster's letter. Only the Minneapolis *Star Tribune* gave the letter a fuller presentation. It added this from the letter: "... while there may be individual transactions or situations where a conflict of interest would arise, we believe that the firm would not be ethically disqualified from serving as fee counsel." The paper goes on to point out that Foster does not mention Rose's past involvement with Madison.

The *Star Tribune* story was only one of two stories during that period that we found which brought some balance to the charges flying about the Clintons, and to question what the fuss was all about. The other was a January 31 *Business Week* story, which pointed out that the "Whitewater case could end with a whimper, not a bang," because, among other reasons, the government has already investigated many of the dealings of James McDougal and come up empty handed, a point that should have been made in other stories. (Recently, the *Chicago Tribune* and *The Wall Street Journal* featured stories exploring the link between Bossie and Brown and the Whitewater story.)

In mid-February, the FDIC cleared the Rose law firm of conflict of interest in the Frost & Co. mat-

ter. William Safire referred to FDIC investigators as "whitewashers." Republicans prevailed on the FDIC to reopen the case.

Back in October, *ClintonWatch* exhorted the Washington news media to "end their endless babbling about Camelot and get down to the business of investigating the legal, ethical, and moral shortcomings of the Clinton administration."

Whitewater is about character, publisher Fran Shane tells me. "The American people have elected a president with 43 percent of the vote. He is a man of no character. He may have to tell the people he didn't come clean. We're saying Bill Clinton may not be worth saving."

Many news organizations explain the importance of Whitewater in similar terms. Take *Time*, for instance. In a January 24 story laced with references to documents that also appear in Bossie's Whitewater collection, the magazine pronounced that "the investigation concerns the much larger issue of whether a President and First Lady can be trusted to obey the law and tell the truth."

The character issue can be turned on the press, which has shamelessly taken the hand-outs dished up by a highly partisan organization, with revenues of more than \$2 million a year, without identifying the group as the source of their information.

Of course, journalists get leads and documents from all kinds of sources, savory and otherwise. Then the good journalist goes on to corroborate, amplify, and analyze the facts, and judge whether Fact A really does connect to Fact B. Those elements were missing from most of the pieces we examined.

Some stories did point out that no crimes and no illegalities had been committed. Often they nevertheless went on to string together assorted facts, without the connective tissue. Instead, the stories were peppered with such phrases as "those interviewed also wonder aloud," "eyebrows are raised," "questions persist," "scandalous odors," and "ethically suspect sweetheart deal." This approach had the effect of implying guilt by innuendo. The bigger the pile, the guiltier the Clintons must be.

As of this writing in early April, it appeared that Citizens United was still conducting outreach. A briefing led by Floyd Brown for the Washington press corps was held at the National Press Club on March 15 "to discuss information and documentation regarding Whitewater." According to Shane, the experience was like "trying to explain it to the learning disabled." Apparently, though, Citizens United was getting through. The next day the *Arkansas Democrat-Gazette* reported that Brown handed out a "treasure trove of information" to reporters, "who grabbed them up like goodies." ♦