[redacted]
San Antonio, TX 78232

[redacted] - Phone
- Cellular
- Fax

[redacted] - Voice Mail
- Nationwide Pager

September 20,1996

Mr. Brian Lamb
C-SPAN
400 North Capital St. NW
Suite 650
Washington,DC 20001

Dear Mr. Lamb,

You had a caller this morning requesting information on the report titled "MURDER IN THE FIRST DEGREE" An Iterim Report on the Death of Commerce Secretary Ron Brown and 34 Other United States Citizens.

Enclosed for your review is a copy of the report. Additionally, I have enclosed several other reports which the Ron Brown report makes reference too.

I hope you understand and appreciate the fact that only the most informed and concerned citizens in this country are regular viewers of C-SPAN. Therefore, as many of us clearly recognize the major media's liberal bias, we constantly depend on C-SPAN to be truthful and objective. In fact, C-SPAN is the only major source of news that I feel I can depend on to be objective and truthful.

Be forewarned, the information I have sent to you is very distubring. However, I think you have an obligation to review this information objectively. Additionally, if you can truthfully refute the information in these report, than please go public and do so!!! Likewise, if you cannot refute the information in these reports, you have an obligation to make it public.

I know you probably get all types of junk mail from conspiracy nuts, but I do not consider myself to be among their ranks. I am offering the following information so that you can judge my convictions based on my personal background.

o - Ron Brown

I am a married, 38 years old very conservative Republican. I am employed as a Regional Manager with the [redacted] of Denver, Colorado. As a Regional Manager, I oversee [redacted] business interest in Texas, New Mexico, Oklahoma, Louisiana, and Arkansas. I have an annual income of about 125,000.00 dollars. My wife [redacted] is 35 and employed as the Litigation Coordinator of a major insurance defense law firm here in San Antonio. My Wife and I have a son named [redacted] [redacted] is 16 years old and a Cadet at the [redacted] in Harlingen, Texas. In case you are unfamiliar with the [redacted], it is one of the finest, private, secondary schools in the United States. [redacted] is also the only private secondary type military oriented boarding school in American with a Marine Corp. curriculum. [redacted] is entirely staffed by retired Marines, and is the largest single source of Midshipmen to the Naval Academy.

I think you can see by the information that I have provided, that I am not a nut case. I don't live in a cave, stockpile arms, or belong to any paramilitary militia group. I am however, a reasonable intelligent adult with an open mind and a health distrust of Government. I am a firm believer in the old adage "Love your country, but fear your government."

In closing, the questions I'll pose to you is what if only 25 or 30 percent of the information I've enclosed is true? Wouldn't that be enough to scare the hell out of you!!!

Best Regards, [redacted]

An Arkansas thriller.

THE NAME OF ROSE

By L.J. Davis

You see a girl walking down the street. You can say, "There goes a beautiful girl" or "There goes a whore." What the hell's the difference? They've both got legs.
—Jon E. M. Jacoby, executive vice president of Stephens Inc., explaining the Arkansas system of politics and finance as it reached perfection during the Clinton years

I.

In Arkansas, the latest backstairs of the national political system, you hear a lot of things. Concerning Whitewater, for example, you are constantly—and probably correctly—reminded that the dustup involves nothing but a typical loony tunes S&L deal from the 1980s, despite the august personages involved and their perplexing insistence on behaving like refugees from a Raymond Chandler novel. In Arkansas memories are long, political rascality is king of regional sports and rumor and truth tend to commingle until otherwise reasonable people are driven slightly bonkers trying to sort out one from the other. In Little Rock the whole Whitewater affair is regarded as something of a hoot—the Yankee carpetbagger press, with the reality of Arkansas staring it in the face, has gone and missed the real story again. But if Whitewater was nothing but a minor peccadillo that the press has glommed onto because it thinks it understands it—and compared with the private financial shenanigans of Arizona Governor Fife Symington, Whitewater resembles a misdeed along the lines of crossing the street against the light—why, then, has the Clinton administration so frantically placed its back to the door, as though a peek beyond would reveal grandpa tied to a chair, surrounded by his looted bank books? In Arkansas the answer to this question eerily resembles the epitaph on the tombstone of Sir Christopher Wren: if you would see Clinton's monument, look around.

When it comes to Bill Clinton's home state, the national press has repeatedly looked, seen everything and observed next to nothing (the honorable, largely ignored exception being the *Los Angeles Times*). Visiting Little Rock in search of atmosphere during the presidential campaign, reporter after reporter dutifully described the imposing Stephens Building, the elegant Capitol Hotel, the Worthen Bank tower and the headquarters of Arkla Petroleum, future White House Chief of Staff Mack McLarty's gas company, without realizing that all of these things were either owned, controlled or under the influence of a single, immensely powerful family: the Stephenses.

By a happy chance, the family is also the stellar client of Hillary Rodham Clinton's old employer, the Rose Law Firm. Although it usually served as a hired gun with a conveniently blind eye, Rose proves to be a handy prism for observing a Gothic, sometimes darkly humorous tale of bonds, banks, a friendly cocaine distributor, sinister Pakistanis, shadowy Indonesians and the uses to which an agreeable state government can be put. The story is in fact three connected stories, combined in a typically Southern saga: Stephens Inc. and the Worthen Bank Corporation; the Rose Law Firm itself; and the Arkansas bond business, which, like most bond businesses, is extremely difficult for the well-educated layman to understand, thus making it an excellent place to hide things in plain sight. Central to the story is a pair of siblings named Witt and Jackson Stephens.

II.

In one sense, nothing unusual occurred in Arkansas during the 1980s: tales of high jinks in high places have always figured prominently in American discourse, and some of the most colorful stories—a number of them actually true—have come out of the Bubba Belt of the South and Southwest, whose geographical heart happens to be occupied by Arkansas. But Arkansas is rendered sui generis by the presence of the only major investment bank not headquartered on Wall Street, Stephens Inc. of Little Rock, which does much to explain some of the arresting peculiarities of a state that is more than a little strange even when judged by the spacious standards of its region.

For one thing, although Arkansas is the home to some of the nation's wealthiest families, it is one of the poorest states in the country, although there is no reason for it to be poor at all. Abundantly endowed with minerals, petroleum, timber and some of the most fertile agricultural land on the surface of the planet, it bears a close resemblance to a Third World country, with a ruling oligarchy, a small and relatively powerless middle class and

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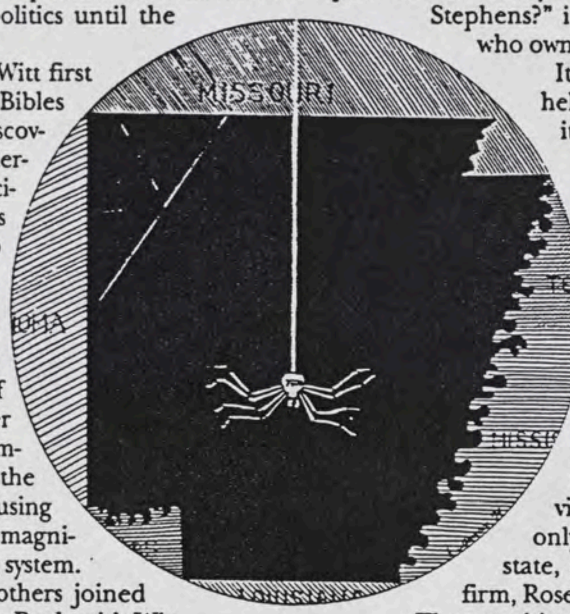
a disfranchised, leaderless populace admired for its colorful folkways, deplored for its propensity to violence (on a per capita basis, Little Rock has one of the highest murder rates in the nation) and appreciated for its willingness to do just about any kind of work for just about any kind of wage.

In the words of one local wag, the farther you get from Arkansas, the better the Stephens boys look. Indeed, the family's sanitized, Horatio Alger-like biographies have been featured, accompanied by a remarkable lack of examination, in publications as various as *Forbes* and *Golf Digest*. The dynasty's founder, Witt Stephens, together with his younger brother by sixteen years, Jackson, grew up on a hardscrabble farm near the town of Prattsville, the sons of a small-time speculator in oil stocks and sometime state legislator, A. J. Stephens, who remained a power in state Democratic politics until the end of his life.



An eighth-grade dropout, Witt first made his living by peddling Bibles and belt buckles before he discovered a pair of bonanzas in undervalued, Depression-era municipal bonds and the natural gas with which Arkansas is so richly endowed. Meanwhile, Jackson briefly served as a page with his father in the state legislature and went on to become a classmate of future president Jimmy Carter at the Naval Academy, a circumstance that would later serve the family's fortunes well while causing a disaster of still unmeasured magnitude in the American banking system.

After World War II the brothers joined forces at Stephens Inc. in Little Rock, with Witt—or Mr. Witt, as he came to be known—serving as the company's colorful, cigar-chomping and aphoristic face to the world (or as much of the world as paid attention) while the taciturn Jack toiled away in the back office, revealing a golden touch at investment strategy. These things are relative, of course; by the time Witt (who died in 1992 at the age of 83) handed over the reins to Jack in 1957, while retaining his petroleum interests and serving as the presiding genius of the firm, Stephens Inc. was worth a beggarly $7.5 million. But in the Arkansas of 1957, a financial institution with $7.5 million had the money and the clout to do a number of things—including purchase a governor.

Witt, like his father before him, was a staunch hereditary Democrat, a supporter and friend of such Arkansas luminaries as Senator William Fulbright. He was also a great patron of the infamous, six-term Orval Faubus—not, apparently, because of the governor's segregationist policies (to the family's credit, Jack Stephens, a trustee of the University of Arkansas since 1948, had successfully lent his voice to the cause of integrating the institution), but because Faubus was sound on the subject of natural gas, a subject dear to the Stephens' heart. As the family's fortune continued to wax after the Faubus years, it became an axiom of Arkansas politics that someone could occasionally become governor without permission from Stephens headquarters, but the politician was unlikely to remain governor for very long unless he paid close attention to the care and feeding of the brothers—the great exception to the rule being two-term Republican Winthrop Rockefeller, the beneficiary, representative and broken reed of an even vaster American fortune, who became the failed hope of Arkansas liberalism. Decades later, when the self-effacing Jack became chairman of the Augusta National Golf Club in Georgia, naive visitors were quickly enlightened on the subject of how a man so shy could assume a post so prominent in the sport of the moneyed and the gently bred. "Jackson Stephens?" it was explained. "He's the man who owns Arkansas."

It was with Jackson Stephens at the helm that Stephens Inc. propelled itself into the stratosphere of the American financial plutocracy, making a bewildering variety of investments in enterprises as various as real estate, hazardous waste incineration, data processing, nursing homes, trucking and airplane maintenance, while simultaneously diversifying into the business of underwriting issues of common stock. In its new role, the firm called on the services of young C. Joseph Giroir, the only trained securities lawyer in the state, and his paralyzingly respectable firm, Rose.

The securities business, in turn, led to a chain of peculiar events beginning in 1977 (the year, it so happened, that Bill Clinton became Arkansas attorney general and that Rose hired his wife). That year, no less a figure than T. Bertram Lance appeared on the corporate doorstep of his old friend's classmate, bringing with him a load of troubles and a glittering opportunity. Lance was compelled to resign as head of Jimmy Carter's Office of Management and Budget because of his long history of questionable financial practices in Georgia. As a result of that history, he was also beset by a negative net worth, substantial loans from banks in Chicago and New York and a large stockholding in the National Bank of Georgia. Sadly for Lance the price of the bank stock was depressed and its sale on the open market could not rescue him from the specter of bankruptcy, which was the dilemma Stephens Inc. was invited to solve.

A solution was soon found in the form of the now notorious Bank of Commerce and Credit International (BCCI), although whether Lance introduced Stephens to the Pakistani-run scam or vice versa is a matter of some debate. Beyond dispute, however, is the fact that the comptroller of the currency, the nation's principal regulator of commercial banks, had clearly stated that BCCI was never to enter the American banking system under any circumstances. Oddly, this unambiguous order did nothing to prevent Stephens Inc. from solving Lance's problems while settling a small score of its own. The National Bank of Georgia was controlled by a holding company called Financial General, one of the few entities in the country allowed to engage in interstate banking under the laws of the time. The Stephens interests controlled slightly less than 5 percent of Financial General and the investment had soured, partly because Financial General refused to hire the family's data processing company. It was, Stephens soon persuaded BCCI, just the sort of investment BCCI was looking for, the comptroller's edict notwithstanding.

In short order, Stephens launched Lance on the path to renewed solvency, assembled blocks of stock for purchase by the front men who would conceal BCCI's identity, effected an introduction to the subsequently disgraced Democratic wise man Clark Clifford, turned a small but tidy profit on the sale of its own shares, pocketed fees of at least $95,000—and, in return for a sum that in Stephens terms amounted to chump change, set in motion the process that would give BCCI its long-sought beachhead in the American financial community. When subsequently confronted with its BCCI involvement by the Securities and Exchange Commission, Stephens Inc. neither admitted nor denied the SEC's findings but promised to go and sin no more.

But BCCI was not the only exotic party attracted by Lance's bank holdings. Also appearing on the scene was Mochtar Riady, one of the wealthiest men in Indonesia, with far-ranging interests and a known connection to his country's dictator, General Suharto. When someone went into business with Riady, there was also the possibility that they were in business with the general, a fairly decent chap by dictatorial standards (he had begun his reign with the slaughter of 200,000 supposed Communists, a feat he had not found necessary to duplicate except on the island of Timor) but a tyrant nonetheless.

Stephens Inc., which appeared to be uninterested in the true activities of BCCI, exhibited a similar indifference when it came to Riady. Moreover, the Stephens people did not appear to be the least bit curious about the business endeavors of the distinguished former statesman who effected the introduction between Jakarta and Little Rock. This was Robert B. Anderson. Formerly a secretary of the treasury in the Eisenhower administration, Anderson had carried out diplomatic assignments for President Lyndon Johnson in the Middle East and had served as President Richard Nixon's chief negotiator in the Panama Canal talks before opening an offshore bank—Commercial and Trade Bank and Trust Ltd. on Anguilla—that catered to people who needed to launder money, evade taxes, or both.

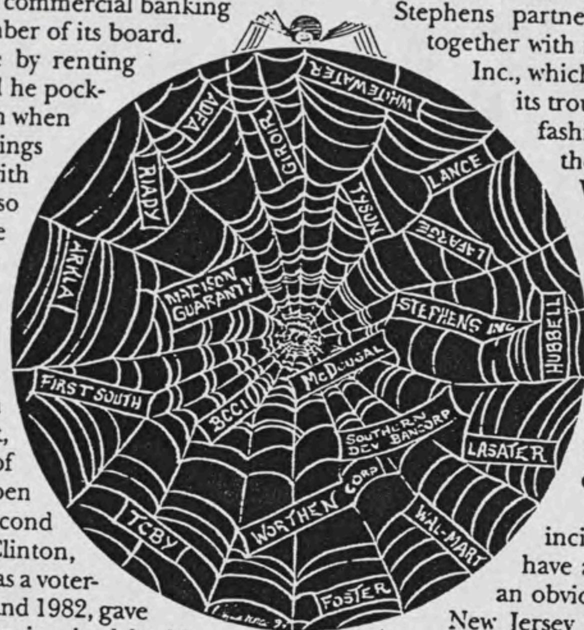
Jack Stephens had willingly presided over the handoff of a big hunk of an American bank to a bunch of Pakistani thugs, but he was not willing to let Riady go so easily. "He wanted to buy into an American bank, an idea I was not enthusiastic about," Stephens told an interviewer some years later, perhaps making an unconscious semantic distinction. He'd seen nothing wrong with selling BCCI an American bank—they even named it First American—but he and Riady soon began planning an entirely new kind of Arkansas bank holding company, for which they required the services of Giroir and his expertise in securities law. But they also needed something that increasingly became a hallmark of the Rose firm: a willingness to perpetrate a subtle conflict of interest.

Founded in 1820, well before Arkansas became a state, Rose is one of the oldest surviving law firms west of the Mississippi, one of the most competent and one of the most quietly influential. Often, in looking at the state government of Arkansas, the Rose firm and the Stephens interests, it is hard to escape the impression that one is looking at a single entity, rather along the lines of NATO. The law partnership takes its curious name from U. M. Rose, a talented attorney who dominated the firm from the mid-1860s to the end of the century, was one of the founders of the American Bar Association and is one of two Arkansans whose statues adorn the Capitol in Washington. Over the years Rose has provided Arkansas with numerous legislators and justices of the state supreme court. In 1957, when the modern civil rights era was born in Governor Faubus's refusal to integrate Little Rock's Central High, it was a Rose lawyer who acted as lead counsel to the school board. (Rose still has no black partners.) And from 1975 until 1988 the firm enjoyed a spectacular run—growing from seventeen lawyers to fifty-three—under the leadership of the dapper and charming Giroir, the first and only chairman in the history of Rose, who deeply entwined the partnership and his personal destiny in the affairs of the Stephens family's empire.

During the Clinton administration, the history of the Rose firm could be divided into two periods: the Giroir years, and the shorter period, from 1987 to 1992, when the firm claimed to be a democracy, voting on its future rather than blindly following a single, charismatic leader. This democracy, however, was publicly dominated by three partners: the amiable Webster Hubbell, who was until a few days ago associate attorney general; the quiet Vincent Foster, who was deputy White House counsel until his suicide last summer; and Hillary Rodham Clinton, who as of press time is still First Lady. The firm's sea change, which generated a certain amount of hoopla from the legal press, was more apparent than real. Under the surface, Rose was much the same as always, doing good for its friends and clients while doing well for itself, but much more silently.

In his years as Rose's chief, Giroir conspicuously chaired a group drawn from the state's so-called Good Suit Club. The club successfully lobbied the legislature to change the state usury law, which made owning an Arkansas commercial bank a much more attractive proposition. It also was active in convincing the state's lawmakers to revise the law restricting the formation of bank holding companies, which enabled Giroir, Riady and Stephens to make a substantial and potentially lucrative investment.

On his own, Giroir had purchased control of four Arkansas banks. He sold all four—including the second-largest bank in the city of Pine Bluff—to Worthen Banking Corporation, the new holding company Riady and Stephens had been able to set up after state law, with Giroir's help, had been made more congenial to such things. For his part in the deal, Giroir was compensated with $53,760,294 in cash, stock and assumed debt. He also became a major stockholder of Worthen (named after the venerable and very large Little Rock bank that was the pride of the Stephens commercial banking empire) and a powerful member of its board. He received further income by renting property to the company, and he pocketed an additional $2.1 million when he sold part of his stockholdings to a company affiliated with Riady's son James (who was also Worthen's co-president). More important, he managed to create a whole new client for his firm; Rose became Worthen's principal outside counsel.



These things are complicated, dull and dry, which is an excellent form of concealment, but consider the sequence of events. With the stroke of a pen and without a visible second thought, then-Governor Bill Clinton, following his traumatic period as a voter-rejected civilian between 1980 and 1982, gave life to two pieces of legislation inspired by his wife's boss—revising the usury laws and permitting the formation of new banking holding companies.

In a state as small as Arkansas, where everybody of importance knows everybody else, it seems impossible that Governor Clinton could not have known that the relevant legislation would be of immense personal benefit to the boss in question, the state's most powerful family and an Indonesian investor whose presence in Arkansas seemed to be regarded as the most natural thing in the world. Last and not incidentally, the governor, by permitting the creation of the Worthen Bank Corporation, had arranged a new payday for the Clinton family through the windfall in legal fees provided to the Rose firm (Hillary Rodham Clinton, partner). When the compensation of the firm's partners was computed, Rodham Clinton has insisted, she specifically exempted herself from receiving a share of Rose's business with the state. But although Worthen could not have been brought to life without the help of her husband's government, it was not a government agency. Rodham Clinton was therefore not excluded from a partner's share of its fees.

More important, Worthen also became a major depository of the state's tax receipts. Nothing unusual here; governments frequently park their undeployed funds with large private banking institutions until they decide what to do with the money. But the results soon proved to be imprudent under the most charitable interpretation of the word. In 1985 Worthen Bank managed to lose $52 million of Arkansas state taxpayers' money in a purchase of government securities from a New Jersey brokerage with a questionable past and no future whatever; several of its principals ended up in jail for fraud. With its capital wiped out in a single stroke and a seizure by federal regulators imminent, Worthen was swiftly rescued with a $30 million cash infusion from its major stockholders, in the form of a loan that paid the Stephens partners a handsome 10 percent—together with additional funds from Stephens Inc., which pocketed a $3.2 million fee for its trouble. (The risk, in true Stephens fashion, was not great. Two-thirds of the funds were swiftly replaced by Worthen's insurance company, which made Stephens Inc.'s noble rescue of the bank—and of a big hunk of the Arkansas treasury—an almost surefire, profitable investment.) Also conspicuous during the complex negotiations were Joe Giroir and his partner Webb Hubbell, appearing in their capacity as members of Rose.

Two questions surround this incident. First, how could Worthen have allowed the state to make such an obviously tainted investment via the New Jersey brokerage firm? Second, and more important, why did nobody in Arkansas appear before the bar of justice? The New Jersey firm was a direct lineal descendent of a peculiar regional phenomenon: the world of so-called bond daddies. The bond-daddy racket, long centered in Memphis but with many of its members drawn from Arkansas, specialized in selling questionable government securities to gullible investors, principally small banks with little financial sophistication.

Here is where the oddity begins, at least as it concerns Worthen. The Stephens brothers, if not Giroir and Riady, were intimately familiar with the black arts of finance. They were also experts in the government bond market. Moreover, at least one of the principals in the New Jersey brokerage of Bevill, Bresler & Schulman Inc. (which executed the transaction for Worthen and the state of Arkansas) was well-known in the region. Bevill's operations had all the earmarks of a standard bond-daddy scam, and yet Worthen committed $52 million anyway. (At the bank, the official explanation was that co-president Jim Jett acted naively, on his own and without the supervision of his principal stockholders, which is possible but not entirely plausible, since Giroir, who represented the Stephenses, sat on the board.)

Consider a virtually identical event at the same time in Ohio, in which a savings bank controlled by Marvin Warner, Jimmy Carter's ambassador to Switzerland, invested in the same kind of fraudulent securities, destroyed itself, ignited a statewide financial panic and caused Governor Richard Celeste to declare the first Ohio bank holiday since the Great Depression. A number of the responsible parties, including Warner, found themselves behind bars, some for a very long time. Why? Under long established Anglo-American law, an officer or director of a bank is governed by the "prudent man" rule, which states that he is personally responsible for the financial and legal consequences of his acts. In Arkansas, where the prudent man rule seems to have been suspended, a number of people were fired, but the Clinton government hauled precisely no one into court on criminal charges. Once again in Clinton's Arkansas, the law seemed to be different than it was in the rest of the United States—which makes certain Arkansans smile in knowing amusement over the fact that Bill Clinton now happens to be running the United States.

III.

The near failure of Worthen in 1985, like the arrival of BCCI, proved to be another pivotal event in recent Arkansas history: Stephens, Worthen, Rose and the Clintons remained at the center of the stage, but the cast of supporting players began to change.

A former Stephens executive named Ray Bradbury, who had been deeply involved in the BCCI negotiations—hardly a job qualification, one would think—took the helm at Worthen, where he discovered that the bank was also stuffed with bad real estate loans. Meanwhile, federal regulators learned that the bank had made an excessive number of insider loans, particularly to the Riadys, although what happened next is, as usual, a matter of mutually exclusive explanations.

Knowledgeable observers in Little Rock and elsewhere say that the Riadys were slowly forced out of the bank by the federal government; at Worthen, the official version says that the Riadys disengaged because it was clear the troubled bank could not be a major force in international finance. In any event, the Riadys soon departed.

The role of Joe Giroir also underwent a change. As a principal owner of Worthen, he was charged with securities fraud in a shareholder suit; he was also sued by Worthen itself for taking illegal "short-swing" profits when he sold stock to the Riady affiliate. Not only did Giroir lose his board position and partial ownership of the bank—with Giroir and Riady out of the picture, the Stephenses gradually increased their stockholding to more than 40 percent, while stoutly denying they controlled the place—but, following Giroir's disgrace in 1988, Rose lost Worthen as a client that had once paid the firm hundreds of thousands of dollars per year.

As for Giroir, his troubles were far from over. In 1986 he was revealed to be a shareholder in and a substantial borrower from a Pine Bluff thrift called FirstSouth, the first billion-dollar S&L failure in the country. Before the dust had cleared, the head of FirstSouth had gone to jail together with a former president of the Arkansas Bar Association, and Giroir had sued the federal regulators while the federal regulators were suing him, putting a considerable crimp in the plans of his partners, Hubbell and Foster, to create a lucrative practice in the cleanup of the S&L crisis. (At failed S&Ls, the fees for firms like Rose could be enormous. According to one frustrated federal investigator, private lawyers in Dallas were making $500,000 per month from the thrift catastrophe, more than the total annual budget for the federal cleanup effort in the entire state of Texas—and in Arkansas, where lawyers were cheaper, the damage per capita was among the worst in the country. Somehow, Governor Clinton escaped criticism for this interesting fact.) It was clear that Joe Giroir, who had built the modern Rose Law Firm, was now the partnership's greatest liability—the firm's reputation aside, federal regulators charged that Giroir had used Rose letterhead to give FirstSouth legal advice beneficial to himself; Rose was forced to settle with the Federal S&L Insurance Corporation regulators for a reported half-million dollars—although once again there is a contradictory official version of his abrupt departure.

Giroir once claimed that he left the firm voluntarily but will no longer comment on the matter. The Rose firm fell abruptly silent on this and all other subjects following recent allegations that it had shredded its Whitewater files, but its spokesman told *American Lawyer* in 1992 that Giroir departed in a coup arranged by litigators who were miffed that he and the firm's other rainmakers were paid substantially more than the lawyers who actually did the scut work in court—litigators prominently including Hubbell, Foster and Rodham Clinton, who actually seemed to be engaged in very little legal work at all.

With the departure of Giroir, life at Rose became quieter if no less active. The three partners became the firm's public face to the world. The most physically imposing and locally active of these was Hubbell, a six-foot, five-inch giant of a man who had played football for the University of Arkansas, had almost made it into the big time with the Chicago Bears, had served briefly as mayor of Little Rock (when Rose received a significant portion of the city's bond business) and had received an interim appointment as chief justice of the Arkansas Supreme Court from Governor Clinton. (According to a reliable source, Hubbell's father-in-law, Seth Ward, a septuagenarian self-made entrepreneur, once complained that keeping Hubbell in politics cost him $100,000 a year.)

The second was Foster, once described as an immaculately brown-suited man in an immaculate brown office, who was regarded as the "soul" of a firm that, according to grand jury testimony, shredded volumes of his records the moment an independent federal prosecutor appeared in the vicinity. The last was Rose's first female partner, Rodham Clinton, who occasionally did some lawyering in the intervals when she wasn't working for the Children's Defense Fund, attending to her personal business affairs or serving as the governor's first lady. The three were described to *American Lawyer* as "big, big buddies"; Rodham Clinton's office was next door to Hubbell's, and much of her work was actually done by Foster. The three also were closely entwined in a curious financial arrangement. This was Mid-life Investors, a partnership set up by E. F. Hutton in 1983. Hubbell, Foster and Rodham Clinton each kicked in $15,000 and named each other—rather than their spouses—as beneficiaries. But although the fund was active at least until 1991, Rodham Clinton reported annual dividends of under twenty dollars from Mid-life Investors, a sum that comes as a surprise to Roy Drew, the financial counselor who supervised the partnership and invested its money in such 1980s takeover candidates as Diamond Shamrock and Firestone Tire. According to Drew, with the likes of Sir James Goldsmith and the Japanese offering huge sums for the stock of Shamrock and Firestone, there was no way Mid-life Investors could have failed to reap substantial profits.

Although Rodham Clinton was a litigator—that is, a lawyer whose task is to appear in court, if only to force the other side to settle—and an attorney who was named one of the 100 most influential in the country by the *National Law Journal* in 1988 and 1991, she was almost never seen in the courtrooms of Little Rock; some court reporters remember an occasional appearance, and one could not remember having seen her at all. According to a search conducted by *American Lawyer*, she tried just five cases during her fifteen years at Rose; other published sources say her work revolved around copyright infringement cases involving songwriters and bread companies. But paradoxically, in view of what happened to Giroir, she (like Giroir) received extra compensation for the business she generated from her extracurricular activities, even if she did not work on the cases at all.

For example, she was only one of two Rose partners to act as a corporate director, serving at various times on the boards of four companies and earning $64,700 in 1991 from director's fees alone. (Her 1991 salary from Rose was in the vicinity of $110,000; her husband earned $35,000 and got to live in a free house.) She was on the board of Wal-Mart, a Rose client that Stephens had launched on the road to glory. (Rodham Clinton also owned $80,000 worth of Wal-Mart stock.) She served Southern Development Bancorp, a holding company created to give development loans in rural Arkansas, which, according to *The Washington Post*, paid Rose somewhere between $100,000 and $200,000 in fees. In 1989 she joined the board of TCBY yogurt company, which occupies the tallest building in Little Rock. TCBY then proceeded to pay Rose $750,000 for legal work during the next few years. Last, and puzzlingly, she was a director of Lafarge, a giant French cement company that had no discernible connection to Arkansas except, like Stephens Inc., it was engaged in burning hazardous waste. (As president, Bill Clinton did nothing to stop operation of an Ohio waste incinerator, partly backed at one time by Stephens Inc., despite the fact that it didn't work, had no legal permit and his own vice president had promised that it would never operate until it was thoroughly investigated, which it wasn't.)

With Rodham Clinton aboard at Rose, the firm's long established connections to the governor's office were made firmer still. Rose, the gold standard of Arkansas law firms, had long enjoyed unusual access to the state's corridors of power. It both advised and did the bidding of the powerful family that acted as the state's shadow government, and during the Clinton years, the Rose Law Firm sometimes behaved as though it were an agency of the state rather than a legal partnership with offices in a converted YMCA.

The intimate connection between Rose, Stephens Inc. and the governor's office may help explain how the Stephens family made a vast amount of money when its most visible enterprises were doing no such thing. The investment bank had hit a gusher when it took Wal-Mart public, made a pleasing sum on the stock of Tyson Foods, the nation's largest chicken processor, but otherwise cut no great swath in the stock market. Until recently, Worthen was a disaster area. At least part of the answer for the family's continued prosperity seems to reside in the unusual way Bill Clinton's state dealt with Stephens Inc.'s old specialty, government bonds.

IV.

The crown jewel of Bill Clinton's avowed attempt to create industries and jobs in the state was an unusual entity called the Arkansas Development Finance Authority (ADFA). According to well-established common law, a government-chartered authority is supposed to be an independent body, insulated from the hurly-burly of everyday political life and its temptations. But ADFA, written into law with the help of Webb Hubbell, was no such thing. All ten members of its board were appointed by the governor. Though it was specifically granted the power to issue industrial development bonds, the governor, personally, was required to approve every bond issue. State agencies with the ability to issue industrial bonds are supposed to distribute the money (and thus create jobs and wealth) to companies and individuals who can't receive lines of credit on favorable terms from the usual financial institutions or venture capitalists. On significant occasions, however, ADFA spread its bounty to less than deserving clients. Nor do the peculiarities of this body end here.

Although it issued bonds, ADFA did no due diligence—the common practice of engaging an outside financial expert to examine the applicants for the proceeds and determine if they actually need the money and are otherwise worthy recipients. (Due diligence, according to an ADFA spokesman who happens to be the brother-in-law of one of Witt Stephens's daughters, was the responsibility of the purchasers of the bonds under the ancient principle of caveat emptor—a practice that had previously helped the region's bond daddies flourish and had wiped out the capital of the Worthen bank.) While its spokesman is a little fuzzy on the subject, it seems that there was no regular ADFA oversight to ensure that money was being spent according to the original purpose of the loan, although an ADFA employee might occasionally be sent into the field to discover if everything was tickety-boo.

It is also somewhat difficult to discover just what ADFA was actually doing. A recent examination of the log kept at ADFA headquarters for the enlightenment of wandering reporters and inquisitive citizens reveals just twenty-five bond issues from 1985 to the present—or twenty-six, if you count the paperwork on a bond issue that was removed in a reporter's presence. Moreover, the log suggests that ADFA was heavily involved in good works with religious orders. But according to the *Los Angeles Times*'s count of ADFA's activities, the authority released seventy industrial bond issues—according to my count, the number is sixty-five—none of them to religious charities or university hospitals, and most of them missing from the official log. Which begs the question: Just what was ADFA doing with the $719 million it dispensed (or whose dispensation it authorized) as of January 1992?

"ADFA," says Larry Nichols, a dismissed authority official, "was set up by Clinton for Dan Lasater." Now, it should be borne in mind that Nichols is something of an Arkansas character and, in some circles, a figure of fun. A well-known supporter of the Nicaraguan contras, Nichols was also the person who originally alleged that Clinton had an affair with Gennifer Flowers and four other women, only to destroy his credibility when he retracted his charges in a document remarkable for its abject contrition. But there are those in Arkansas who insist that Nichols is neither entirely a vindictive nut nor the sort of notorious regional liar who has to hire a man to call his own dog. "You ought to listen to Larry Nichols," says a Little Rock political consultant. "He says a lot of things, but sometimes he tells you something you really need to know." And, certainly, there is something intriguing about Bill Clinton's relations with Lasater, a man no governor in his right mind would let in the front door.

If Dan Lasater was not the largest cocaine user in the state of Arkansas, he was certainly the most conspicuous one. A prosperous Little Rock bond dealer, he was an acquaintance of the Clinton family and a contributor to the governor's political fortunes. Lasater distinguished himself in other ways, too. He served ashtrays full of cocaine at parties in his mansion, stocked cocaine on his corporate jet (a plane used by the Clintons on more than one occasion) and later told the FBI that he had distributed cocaine on more than 180 occasions. "I shared my success . . . in that manner," he explained.

He was also a patron of Governor Clinton's cocaine-using half-brother, Roger, employing the younger man in his thoroughbred racing stables in Florida and claiming that he gave Roger Clinton $8,000 to pay off debts to drug suppliers. By 1985 it was also known that Lasater was the subject of a police investigation that, even the most uneducated guess would suggest, could end in only one way. But that year, Governor Clinton deemed Lasater worthy of handling a $30.2-million bond issue to modernize the state police radio system, despite the fact that the expenditure would normally be made by an appropriation from the treasury and the fact that Lasater was about to be busted. Nonetheless, Clinton vigorously lobbied the legislature, ignored the wishes of the Stephens family and won the day, giving Lasater & Co. a handsome $750,000 underwriting fee, according to the *Los Angeles Times*. In 1986 Lasater was sentenced to two and a half years in prison, with Roger Clinton testifying against him at his trial. In 1990 he received a state pardon from Governor Clinton.

For whatever it's worth, one of the few people to have access to the office of the late Vincent Foster during the three days it was unsealed following his suicide was White House official Patsy Thomasson, who managed Lasater's business affairs while he was in jail. But in the Clinton system, perfected in Little Rock and now being practiced in Washington, none of these things should be considered a mistake or an aberration.

Lasater was not the only strange thing about the Arkansas bond business during the time of Bill Clinton. Whenever a normal state issues bonds, there are many ways for a variety of people to get well on the public nickel. The beneficiary of the proceeds receives a loan at below-market rates. The financial institution that sold the bonds receives underwriting fees. For each bond issue, an outside attorney is engaged to certify that the deal conforms to the law and prepares the documents required by the Internal Revenue Service and the federal treasury. A bank is chosen as trustee for the money, collecting the repayments from the lucky borrowers and making the repayments to the purchasers of the bonds. And the borrower itself almost invariably retains a lawyer. But when one examines the activities of ADFA, a certain pattern emerges concerning at least some of the beneficiaries of Arkansas largess.

For example, one of the very first ADFA bond issues provided $2.75 million to POM, a manufacturer of parking meters in Russellville, whose president happened to be Seth Ward II, the brother-in-law of Webb Hubbell. Despite the fact that Hubbell was chairman of the conflicts committee at Rose, he seemed to see nothing amiss in the fact that Rose then collected a fee as ADFA's certifying attorney or that he himself served as POM's attorney. Nor did Hubbell seem to see anything unusual in the fact that he was representing the Resolution Trust Corporation in its case against the auditors of Madison Guaranty, despite the fact that his father-in-law, the senior Ward, had not repaid millions in loans from the thrift, or that Ward had received an airplane from Madison in the bargain.

Between 1985 and mid-1992 Stephens Inc. was involved in the underwriting and sale of 78 percent of ADFA's housing and industrial bonds, an unsurprising figure considering the firm's familiarity with the market and its clout in the state. Still, considering Stephens's involvement in the authority's affairs, Governor Clinton did not appear to feel that it was ever so slightly wrong to appoint two Stephens associates—a vice president of one of Worthen's banks and a vice president of a chain of nursing homes partly controlled by the Stephens empire—to ADFA's ten-member board. Nor did the man who signed off on every single ADFA bond issue exhibit suspicion when Stephens seemed to be supplementing its brokerage fees by helping itself to ADFA's money in the form of favorable loans. Meanwhile, at least another member of the board, the vice president of Twin Cities Bank, an institution that served as trustee in one of ADFA's tangled deals, appeared to take a similar double-dip. And the governor's wife's law firm was not only receiving a healthy chunk of ADFA's legal business, but Rose apparently found nothing wrong with affiliates of Stephens receiving ADFA money, or with the fact that on not one but two occasions, ADFA issued bonds that benefited the relatives of Rose partners.

In 1988 and 1989 ADFA lent a total of $1.37 million to the Pine Bluff Warehouse Company. Rose received $22,321 in legal fees from ADFA. The trustee bank was Worthen's National Bank of Commerce in Pine Bluff, whose vice president sat on the ADFA board and whose chief executive officer was not merely a member of Pine Bluff Warehouse's board but the father of a senior Rose partner, William Kennedy III, now associate White House counsel. Stephens, unsurprisingly, underwrote the bonds.

In 1989 ADFA loaned $4.67 million to Arkansas Freightways, whose largest outside stockholder was Stephens Inc. Co-counsel on the bond issue was Rose. The trustee bank's executive vice president was a member of the ADFA board. The underwriter was Stephens.

Also in 1989 ADFA tried to loan $83 million to a Texas entrepreneur for the purpose of bailing out Beverly Enterprises, the country's largest operator of nursing homes, 10 percent owned by Stephens, whose vice president sat on the ADFA board, at a time when Beverly's stock was being hammered by the company's persistent losses. A swift and decisive halt to the deal was called by Arkansas Attorney General Steve Clark, a rising political star who was expected to be a strong gubernatorial candidate in 1990, and who claimed that a Stephens-Beverly lobbyist had offered him a $100,000 bribe (as campaign contributions, of course) if he would just lay off and let the deal go through. The lobbyist was later cleared by an Arkansas court, but Clark was caught charging personal expenses on his state credit card. His political career in shambles, he was later disbarred. Current reports place him somewhere in the state of Georgia.

But these were only the most conspicuously questionable of ADFA's doings, the ones most easily understood by the public and the press. There was also the question of the true extent of Rose's involvement in the authority's bond business. According to the *Daily Record*, a Little Rock business journal, Rose ranked fourth among the law firms working directly for ADFA, with fees of only $175,000 for the years up to 1991. But not everyone agrees with this assessment. When Frank White, the only man ever to defeat Clinton in a gubernatorial election, tried to repeat the feat in 1986, his campaign claimed that Rose had actually been in on every ADFA deal (for the authority or for the recipient) while Clinton was governor.

Unfortunately, the relevant data was assembled under the supervision of White's political consultant, Darrell Glasscock, a former Louisiana state official and a great supporter of the contras (an occupation that appears to have been an Arkansas cottage industry). Reached recently by phone, former Governor White, now an officer of Worthen's principal competitor, the First Commercial bank holding company, clearly wishes he had never heard of Glasscock, cheerily questions Glasscock's veracity and pleasantly turns aside any questions about Rose.

When a visitor to ADFA asks for the complete documentation on any particular bond issue, he is presented with a thick volume that, if placed on a chair, would allow him to dine with the grown-ups. A small sampling of these volumes reveals an interesting thing: every company examined, including POW, Arkansas Freightways, Pine Bluff Warehouse and Concert Vineyards appears to be eminently creditworthy. These are the sorts of enterprises that could walk in the door of any bank and walk off with any reasonable sum they needed.

Why, then—in addition to the mutual back-scratching described above—were they being given loans at below market rates by a desperately poor state with other uses for its money? This question takes added luminosity from the fact that ADFA really didn't work very well. The old Arkansas Industrial Development Commission, started by Orval Faubus, created 90,000 jobs in nine years. And it had no bonding power. After seven years under the Clinton regime and with tens of millions in issued loans, ADFA had created just 2,700 jobs, many at wages significantly below the national standard. This anemic showing obscures the fact that ADFA had yet another purpose: its generosity was returned in the form of campaign contributions for William Jefferson Clinton.

According to the *Los Angeles Times*, in the 1990 race for the governorship, the recipients of ADFA's largess contributed $400,300, nearly one-fifth of the Clinton war chest. They then kicked in with millions more for the presidential race. Outside Arkansas the white-shoe investment bank of Goldman Sachs, which later contributed its co-chairman, Robert Rubin, to President Clinton's inner circle of economic advisers, raised millions for the presidential race and even paid for a substantial hunk of the Democratic National Convention. According to ADFA's incomplete records, Goldman was either the lead or sole underwriter of at least $400 million in ADFA bonds. In addition, two of ADFA's board members were active Clinton fund-raisers, which raises yet another question among many: Wasn't this against the law? For once, the answer is terse and straightforward. Not in Arkansas.

Under the Arkansas ethics-in-government act, passed in 1988 and, according to state legislators, either drafted or inspired by Hubbell, state legislators were required to report possible conflicts of interest. Surprisingly, the law specifically exempted the governor and other elected or appointed officials, including officials of state agencies and commissions. Moreover, these officials were not even required to report dealings with entities—such as Rose—that employed their relatives. This was not the only remaining service that Rose had provided to the governance of its state. When the time came to rewrite the state's incorporation laws, it was Rose that drew up the 397-page treatise that formed the basis of the legislation.

Well, somebody has to draft a state's legislation, and under Arkansas's unusual ethics law, it was perfectly all right for Rose to do just that. Less clear (if anything in these murky waters can be described as clear) is just why Clinton seemed so eager to assist the Stephens family, which was hardly enamored of the man and kept bankrolling the candidates who ran against him for governor until it experienced a change of heart in 1990. Witt Stephens habitually referred to Clinton as "that boy." In a moment of candor his brother Jack once remarked that "it would be awfully easy for Stephens, if we wanted to be close to a governor, to be close to Bill Clinton." Nonetheless, the Clinton governorship's assistance to Stephens extended well beyond ADFA. During Clinton's years in Little Rock, the Stephens interests were involved in some 61 percent of the $7 billion of all the state bonds issued in Arkansas.

Contrary to state law, Stephens Inc., according to the *Arkansas Democrat-Gazette*, was given the underwriting for the state university system without competitive bids from other bond dealers. The Fayetteville campus alone, where the Clintons had once taught law, had $33 million in bonds outstanding. Under Clinton, Stephens devised a plan to rescue the state's troubled student loan authority, in which the authority's bonds would be bought by the state employees' retirement funds. An independent consultant—Roy Drew, the very man who created Mid-life Investors for Hubbell, Foster and Rodham Clinton—was brought in to examine the deal. Drew thought it was a terrible investment and so did the state's auditor, Julia Hughes Jones. But Drew was dismissed, Jones's budget failed to pass the legislature (the first time ever for an Arkansas state auditor) and she began to receive late-night harassing calls from a collection agency—concerning, ironically, her own daughter's student loan, which was current. In the upshot, the retirement funds bought $100 million of the loan authority's bonds, another $100 million in the bonds of two other state agencies, ADFA was given the task of overseeing the retirement fund's investment policies and Stephens Inc., according to *The Philadelphia Inquirer*, made $1.8 million.

These were very considerable favors to a family that not only bankrolled Clinton's opponents but seemed to despise him as a man. But Bill Clinton's canny instinct that the Stephenses needed to be appeased—rather than ignored—eventually paid off. After Clinton's unexpected loss in the New Hampshire primary, with the campaign coffers bare, the staff paying its bills on their personal credit cards and federal matching funds just beyond reach, the Worthen Bank rescued the candidacy with a prearranged $3.5 million line of credit, selflessly advanced at a lucrative rate of interest. Later, Worthen—whose executives, like many Stephens executives, experienced a spasm of Arkansas patriotism that caused them to reach for their checkbooks—became the Clinton campaign's depository of $55 million in federal campaign funds, which, in effect, was free money. Worthen did not have to pay any interest on this staggering sum, but as long as it was on deposit (and as long as Worthen, with its undistinguished track record in the department of government deposits, managed not to lose it), the bank was free to use it to make itself some money that it got to keep.

And when the votes were counted, everybody who wanted to go to Washington got to go to Washington: Bill Clinton and Hillary Rodham Clinton, president and First Lady; Mack McLarty, White House chief of staff; Vince Foster, deputy White House counsel; Webb Hubbell, associate attorney general; Patsy Thomasson, a White House aide. Jack Stephens, though mentioned as a candidate for secretary of the treasury, had, it now seems safe to say, the good sense to stay home.

Oh, and one last thing: when Whitewater special prosecutor Robert Fiske—who once defended Clark Clifford, the famed friend of Jack Stephens's old client, BCCI—arrived in Little Rock, something strange happened. Worthen Bank had a fire.

Is this a great country, or what? •

Article #2 of 3

by Anthony L. Kimery

Penetration Fostergate II

The continuing saga of the information Washington hopes to keep from America and the World.

Was Vince Foster the subject of a counterintelligence investigation on suspicion of selling state secrets to Israel? And if so, did that investigation stem from the CIA having discovered Foster's activities by tapping into the computers of Mossad, Israel's secret intelligence service? Did the CIA subsequently hack into the computers of certain Swiss banks where Foster allegedly stashed the millions Israel paid him for the information?

These are the disturbing questions that journalist James Norman raised last month in *Media Bypass*. Critics charge that neither the CIA nor the National Security Agency (NSA) are technologically adept enough to pull off such a Herculean operation, especially for so long a time. Moreover, critics find it preposterous that the computer systems into which U.S. spy agencies allegedly penetrated lacked the necessary sophisticated security measures to prevent or alert to such breaches.

Regardless of such arguments, though, there's one thing that the criticism cannot dispel: Brainstorming by the National Security Council (NSC) in the early Reagan years did result in the creation of a computer-spying operation in which financial institutions, foreign intelligence agencies and the computer infrastructures of terrorist operations were targeted for covert penetration.

The initiative was a full-court press authorized by President Reagan to gain surreptitious and undetected access to the computers of banks, foreign spy agencies and governments worldwide using bugged hardware and software typically sold through unsuspected front companies operated by either the CIA or the NSA.

The hackers, technicians and analysts who reportedly tracked the money flows from various Israeli government accounts to Foster do exist. They were once cumulatively known as "Division D." They are cyber - blackbag job specialists who, among other things, arrange for monitoring of intelligence targets through bugged software and hardware that these targets unknowingly buy from carefully concealed CIA front companies, and through subsidiaries of easily recognized but unsuspected defense contractors.

The hackers, technicians and analysts who reportedly tracked the money flows from various Israeli government accounts to Foster do exist. They were once cumulatively known as "Division D." They are cyber blackbag job specialists who, among other things, arrange for monitoring of intelligence targets through bugged software and hardware that these targets unknowingly buy from carefully concealed CIA front companies, and through subsidiaries of easily recognized but unsuspected defense contractors.

For example, in the case of the infamous Middle East terrorist group, the Abu Nidal Organization (ANO), a handful of CIA proprietary companies became exclusive suppliers to the ANO for sophisticated computer and communications gear — all bugged, of course.

Meanwhile, in concert with NSA communications-intercept technicians, "Division D" agents conduct break-ins to install eavesdropping devices that Bob Woodward described in his book, "Veil," as being "far ahead of the movies and the spy novels." Indeed, they include highly classified, miniaturized devices manufactured by the NSA, known as "Van Eck" receivers.

These tiny bugs capture the electromagnetic signals emitted by computer keyboards, monitors and printers, then relay them to a nearby receiver in a parked vehicle, or amplified for pickup by an NSA satellite that broadcasts the data to a waiting NSA facility. The FBI alluded to using these devices to monitor CIA spy Aldrich Ames in court documents.

Other eavesdropping tools include specially constructed microchips that can store and "burst-transmit" data to a waiting NSA satellite dedicated to receiving the chips' high-frequency transmissions.

All of this spookery is the prodigy of the massive financial and economic intelligence-collection effort pushed by Reagan CIA Director Bill Casey. Casey was quick to see the need for a clandestine electronic financial intelligence-collection and analysis capability. By 1981 when Reagan was elected president, the world was afloat in a sea of dirty, untraceable money that had corrupted, and was continuing to corrupt, entire governments. What was needed was a way to identify the lifeblood, the money, of the enemies of democracy — be they spies, Communist despots, terrorists, narco-traffickers, arms dealers or big time white-collar criminal gangs.

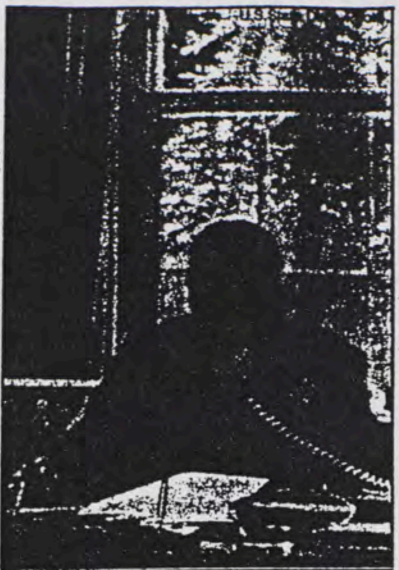
The NSA was keenly aware of the need for such intelligence and was already actively engaged in developing technologies that could fill the void, according to an NSA officer who retired in 1981. Casey was appalled to find that the best financial intelligence was, for the most part, manually obtained in traditional HUMINT (human intelligence) fashion by placing CIA agents, or paying informants like bookkeepers and auditors, inside seamy banks like BCCI, a top CIA intelligence target.

At BCCI, Casey found tidbits on the financial affairs of the KGB, the PLO and Abu Nidal, all of whom were BCCI clients, that were written down and hand-delivered to CIA case officers or sent by courier to CIA headquarters in Langley, Virg., in the form of copied and stolen records. It was a process repeated at other banks frequented by assorted global bad guys the CIA was interested in.

The Reagan newcomers were shocked at the depth of the technological void of this intelligence abyss, and within a few years of their arrival the application of computer technology to the financial world was made a top priority.

Dr. Norman "Norm" Bailey, an economist and senior policy planning director of the NSC's National Security Planning Group — where the issues, objectives and technical requirements of the computerized overhaul of intelligence collection were hashed out — laid the groundwork for the cyber-intelligence apparatus of the 1980s and 1990s. Bailey's team at the NSC realized that the enemies of democracy could be dealt with only by bringing cutting-edge computer technologies to bear against them.

In Bailey's own words in testimony before the Senate Judiciary Committee in August, 1989: "We initiated a program at the planning office at the NSC to address certain security problems such as illegal technology transfer, funding of guerrilla and terrorist activities, aspects of the debt crisis and the evasion of government-decreed boycotts and embargoes by means of an innovative program which eventually came to be known by the nickname, 'follow the money.' This program was designed to



In 1981, the incoming Reagan administration launched a concentrated effort to penetrate bank computers containing information on assorted global bad guys.

(apply computerized signals interception with artificial intelligence to analyze) financial flows originating in or resulting from these activities."

What Bailey proposed was an entirely new clandestine intelligence-collection mission. The most sensitive of its operations was also the most ambitious, since its objective was to try to electronically isolate and monitor the estimated $300 billion earned from criminal enterprises each year, which is injected directly into the digital maelstrom of the tens of billions, sometimes trillions, of dollars in financial transactions that take place each day.

Casey's plan to tap this electronic money flow called for using "black ops" money to penetrate the international banking community's communications systems, which was easily enough done by the NSA when it came to the world's three principal electronic funds-transfer systems: Fedwire (operated by the Federal Reserve and linking 11,000 depository institutions), CHIPS (Clearinghouse Interbank Payments System, operated by the New York Clearing House Association) and SWIFT (Brussels-based Society for Worldwide Interbank Financial Telecommunications, which connects more than 3,000 banks).

Constrained by the secrecy oath he took, Bailey would concede only that within a few years after the operation was conceptualized by the NSC, the NSA had begun to vacuum up mountains of data by listening in on bank-wire traffic. To get at more intimate banking records, however, the operation involved getting bugged data-management software installed at targeted banks. Software believed to have been used for this purpose was developed by Inslaw, a small Washington-based company.

The problem is that the government stole the software, called PROMIS, from Inslaw. Two federal courts and the House Judiciary Committee concluded that the Justice Department — for whom Inslaw developed the software — hijacked it. The judiciary committee went a step further to say evidence indicated the software was embedded with a trap door that allowed the CIA and NSA entry into any computer running it.

Bailey didn't confirm this, but he acknowledged with a particularly knowing smile in an interview at his Washington office that if such software existed which had an exploitable intelligence capability, there were people who wouldn't have thought twice about stealing it for that purpose.

The operation to penetrate banks' and foreign governments' computers with bugged hardware and software endures as one of Casey's major accomplishments. According to knowledgeable sources, the CIA continues to secure the cooperation of companies manufacturing banking software in monitoring the computers of banks in which this software is installed.

Hillary Clinton's relationship with Vince Foster may well have some bearing on the "Fostergate" case, according to the special prosecutor's office.

Kenneth Starr

Whitewater special prosecutor Kenneth Starr has received more than 100 crates of files on these matters. The degree to which he will act on the information remains to be seen.

The program is one of the successes Casey most liked to brag about while he was alive. He used to gloat around senior CIA officers about having secured a steady flow of data from the real, secret sets of books kept by many large foreign banks that showed hidden investing by the Soviet Union. He was proud of the fact that the penetration of banks had allowed the CIA to virtually bring the Abu Nidal Organization to its knees.

By 1986, the CIA, through the installation of bugged software at BCCI and other banks, was getting the most intimate financial details of terrorist groups like Abu Nidal.

The CIA was able to determine that Nidal, using the pseudonym Shakir Farhan, was depositing millions of dollars of operating capital into the London BCCI branch, and that he frequently used an intermediary based in London to make these deposits. The software enabled the CIA to identify ANO agents throughout Europe.

That an operation to electronically spy on financial institutions for at least two of the purposes Bailey outlined — the debt crisis in Latin America in the early 1980s, and the effect of U.S. economic embargoes, such as the one against the regime of Panamanian strongman Manuel Noriega — is evidenced by a variety of sources, several of whom are high-level officials of the Justice Department, and by classified information leaked to *Media Bypass*.

To monitor the debt crisis in Latin America, which in the 1980s was a significant national security concern, five past and present officials of the Department of Justice (three of whom are now senior executives there) separately say Reagan administration Justice officials cooperated with the CIA in getting PROMIS installed at the World Bank. They say the CIA wanted an "early warning" to the failure of Latin American banks, whose teetering defaults to the West and especially to the United States in the early 1980s was a documented and serious economic and national security policy problem.

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"It is totally accurate" that PROMIS was provided to the World Bank for intelligence purposes and that it "went to a cross-section of (other) financial institutions ...it was made available for these other purposes after it was fraudulently misappropriated — after that, all else became possible," said the highest-ranking Justice official.

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A former computer systems specialist who worked for a company in the early 1980s that was contracted to maintain and service computers at the World Bank's computer center says that in June 1983, a Digital Equipment Corp. VAX 32-bit computer "suddenly showed up" with "this PROMIS software on it...it was referred to openly as PROMIS." The source says PROMIS was somehow being used to manage international message traffic, and that the World Bank was still using PROMIS when he left in 1986.

Several top World Bank computer systems specialists and managers confirmed that the bank acquired 32-bit VAXs made by Digital in the early 1980s. They also confirmed that two of them were used in the "cable room" for international message traffic. Another was used for "financial forecasting."

When questioned about its use of PROMIS by Inslaw attorney Elliot Richardson, World Bank officials said they conducted a thorough investigation and could find no records of the bank having ever used or purchased software known by name PROMIS. Justice also said it could find no evidence that officials there had ever provided the bank with any version of PROMIS in Justice's possession.

Nevertheless, whether it was derived using PROMIS or software like it, classified information made available to *Media Bypass* clearly shows World Bank transactions with foreign governments, details of international banking transactions and foreign governments' financial affairs have been of keen interest to policy makers, and that such information is being collected using highly classified sources and methods.

Classified reports particularly show policy-makers' ability to task intelligence agencies to specifically collect economic intelligence for purposes of analyzing foreign governments' evasions of U.S. boycotts and embargoes, like the intelligence that was collected to identify how Manuel Noreiga was weathering the economic sanctions imposed against his regime in 1988. It showed Noreiga was surviving on illicit moneys.

Scores of intelligence sources say U.S. intelligence agencies have the capability to plug or hack their way into computers that they want to get into, such as Jim Norman reported was done with Mossad's computers. But was that the case, as Norman quoted sources as saying, in the matter of what the CIA allegedly dug up on Foster?

On that count, the jury is still out.

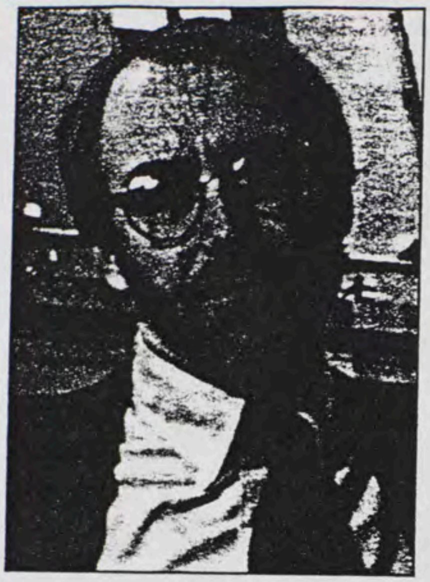
U.S.State Dept. Photo

The operation to penetrate banks' and foreign governments' with bugge hardware and software endures as one of Casey's major accomplishments.

An award-winning investigative journalist, Anthony L. Kimery is a correspondent for the Paris-based Intelligence Newsletter ***and until recently was Washington Editor for*** Financial Planning and Traders ***magazines. His work has appeared in*** The Washington Post ***and numerous other publications.***

ARTICLE #3 OF 5

BY JAMES R. NORMAN



Ye Shall Know the Truth

...and the Truth Shall Get You Fired

Forbes magazine has a saying: "No guts, no story." And it was that spirit of aggressive journalism that drew me to become a senior editor at Forbes in 1990 after returning from a year working in New Zealand. Prior to that I'd put in almost 20 years writing for newspapers, and then *Business Week* magazine.

For the most part, *Forbes* lives up to that motto, under the sometimes brilliant and ever-curmudgeonly direction of Editor James Michaels, now in his 70s. But make no mistake about it: Even the gutsiest of the major media shy away from some stories that are just too explosive, too close to home or put too many advertising dollars at risk.

"Fostergate," published two months ago in *Media Bypass*, was one of those stories. Indeed, it is proving to be the "third rail" of investigative journalism: You touch it, you die.

The essence of the story is obviously explosive:

• Vincent W. Foster, former White House Deputy Counsel, was under investigation for espionage at the time of his supposed "suicide" on July 20, 1993.

• Foster had been under investigation for selling sensitive code materials to the State of Israel. Included in the booty, I've now learned, may have been even the top-level codes by which the president identifies himself to the Pentagon when ordering military action, including the use of nuclear weapons.

Specifically, Foster is suspected of selling the operating code of a sophisticated new computer, developed by Dallas-based "black" operations contractor E-Systems, just before he died. One month later, the CIA learned it was in the hands of the Israelis, according to two separate intelligence sources.

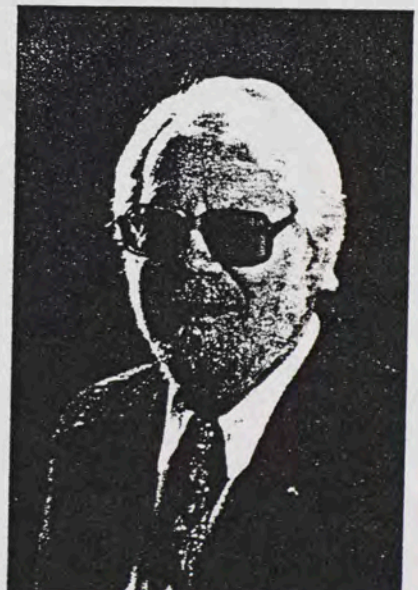
• Foster had a Swiss bank account. Actually, he had several. Foster also was making curious, periodic one-day forays to Geneva. Just before he died, his coded account for the Israeli money had \$2.73 million in it.

• Foster was probably not the only beneficiary of those funds. Also under suspicion for espionage was the president's wife, Hillary Rodham Clinton, who may have been providing Foster with the sensitive binders from the super-secret National Security Agency that Foster's executive assistant testified he had.

• Foster, for many years, had been a behind-the-scenes handler on behalf of Arkansas billionaire Jackson Stephens for a Little Rock bank data-processing company called Systematics (now Alltel Information Services). Systematics was not only "laundering" covert money for the intelligence community, but was also deeply involved in a massive bank-spying effort by our government dubbed, "Follow the money." That bank-surveillance program, considered by former CIA Director William Casey to be the crowning achievement of his long career, has given us mountains of data on world money flows.

• Foster was not the only high-level U.S. official with a Swiss account. Several hundred other accounts have been identified by an NSA-CIA computer "swat" team called the Fifth Column, armed with one or more Cray supercomputers.

• In an amazing case of vigilante justice, a couple of these veteran computer spies, apparently equipped with their own Cray, tooling around the country somewhere in the back of a semi-trailer truck.



Before retiring last January, Charles S. Hayes was one of the CIA's most dangerous, unpredictable and effective contract operatives. In his characteristically cryptic way, Hayes has helped weave an incredible tale of international intrigue involving bank spying and account manipulation that continues to pan out.

have been brazenly wire-transferring money from these Swiss accounts to an escrow fund at the U.S. Treasury, earmarked for use by the CIA when that agency, as well, cleans up its own corruption problems. The take so far: upwards of $2 billion including, of course, Foster's Swiss money.

Indeed, it was the loss of that money that tipped Foster that someone was on to him. Did anyone in the government authorize this? No. But if these "victims" want the money back, all they have to do is step forward — and reveal where the money came from, and why they haven't paid taxes on it. Needless to say, no takers. Not one.

How do I know all this? Months of research to successfully corroborate — from multiple independent and credible intelligence sources, and even some hard documentation — the amazing revelations of a foul-mouthed Kentucky salvage dealer, "quaint" motel operator and trucking company owner named Charles S. Hayes.

But don't let that fool you. The white-haired, chain-smoking good ol' boy is not your average entrepreneur. Until he retired last January, he was one of the CIA's most dangerous, unpredictable — and most effective — contract operatives.

Together with a partner who shares his code name of Running Fox, Hayes started out flying guns to Fidel Castro before the overthrow of Batista in the 1950s, then for six years he lived in Brazil. Legend has it he may have served with Division D, an elite CIA squad charged with breaking into computer facilities, including those of foreign intelligence agencies, either physically or digitally. That's dangerous work, and Hayes is no stranger to violence.

He also hates reporters, which is why most who try to talk to him get short shrift and come away convinced he's nothing but a blowhard. Luckily, I caught him on a good day and we have gotten along well. It has been a frustrating effort: trying to confirm the seemingly outlandish tales he tells, usually wrapped in parables and rhetorical questions, while refusing to provide any documents or proof.

But there were little things he'd say that convinced me he has an uncanny awareness of things inside the government, inside major banks, and even inside *Forbes*. He could not be ignored. Bit by bit, he has proven to be eerily accurate in his revelations.

Hayes is an infuriating character to deal with, and full of contradictions. He can cuss a blue streak and rambles on with bawdy tales for hours, but prays out loud before every meal. While on the phone to some U.S. senator or congressman, or he'll be standing in his underwear cooking chicken and dumplings. He says he's worth a couple of million dollars, is licensed to practice law in The Hague, and dates a Revlon model.

I believe him. Especially now.

Why believe Chuck Hayes? Besides all the corroboration I — and *Media Bypass* — have gotten about his identity and his CIA reputation, I witnessed an event on Aug. 28 that finally put my nagging doubts to rest.

It happened in a crammed little probate courtroom in Pittsburgh, where Hayes, on behalf of a forlorn woman named Mary Meadows Allen, has taken on giant Mellon Bank in a landmark legal battle over what could be billions of dollars in unsettled estate funds. Funds which, by the way, appear to have gone into secret, encrypted accounts at Mellon for who knows what use. The money allegedly is tied to the holdings of two brothers, James and William R. Medders (sometimes spelled Meadors or Meadows) who died about 50 years ago with no direct heirs and no wills. They are said to have owned one-eighth of the old Gulf Oil, and much, much more.

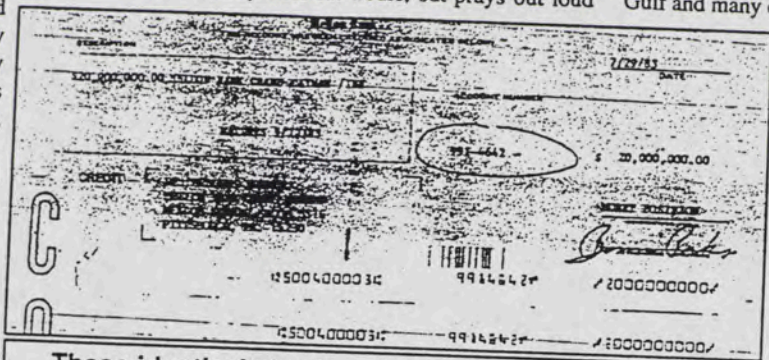
Mellon, which effectively controlled Gulf and many other large companies, naturally vehemently denies any such accounts exist, and has dismissed these claims for years — quite successfully. Recently, though, a strong case for the existence of this mysterious multi-billion-dollar "Medders" or "Meadors" or "Meadows" oil estate has emerged in the form of a set of five photocopied checks and wire transfers showing Medders account money moving to or from Mellon, sometimes through its Cayman Islands branch.

These documents are utterly damning evidence — if they are real. Mellon insists they are fakes and can find no record of the transactions. And Ann Helmon, the leader of one large faction of Medders claimants who obtained the copies, had to admit in court she couldn't prove their validity or even their origin. Part of the problem: The account numbers on the copies Helmon obtained, from an unknown intermediary named "Frank," were obliterated.

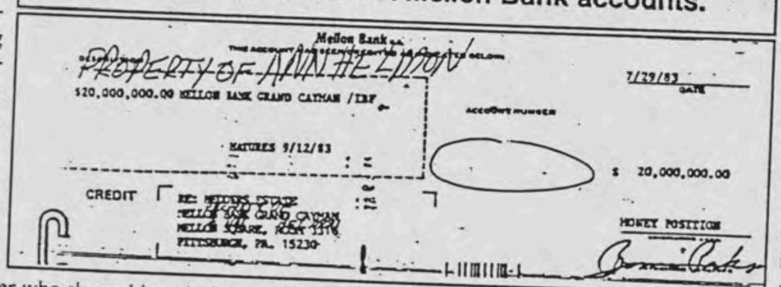
Enter Charles Hayes.

At this Aug. 28 hearing before Allegheny County Orphans Court Judge Robert E. Kelly, Mellon had to "show cause" why it has not provided an accounting for this estate. This was a result of a "pro se" petition filed by Mary Meadows Allen, a would-be heir, with Hayes as her "investigator" and adviser.

Copies of these five checks and wire transfers were submitted as evidence at the hearing. But Judge Kelly quickly noted a big difference between the much-maligned Ann Helmon check copies and the ones Mary Meadows Allen presented. There were account numbers on these new



These identical checks, one with account numbers obliterated and the other with the numbers intact, may bolster claims that Mellon Bank fraudulently misdirected billions of dollars rightfully owed the descendants of James and William Medders. They also lend credence to the claim that computer hackers gained access to secret Mellon Bank accounts.



The Medders family (circa 1913) is seen here gathered for a picnic at Cumberland Falls, Whitley County, Ky. The Medders brothers — James, seen at left raising a bottle to his lips, and to his left brother William, holding a bottle in one hand and a morsel in another — died about 50 years ago, but not before amassing billions of dollars through part ownership of the old Gulf Oil and much more. The brothers had no direct heirs and no wills, and their fortune purportedly went into secret, encrypted accounts at Mellon Bank, which effectively controlled Gulf and many other large corporations. Mellon denies that any such accounts ever existed, but five photocopied checks, produced during an ongoing court battle over the Medders money, may prove that an accomplished computer hacker accessed records showing secret accounts.

copies, and there were none of the other markings Ann Helmon had put on her copies to identify them as hers.

What does this mean? One thing: somebody accessed Mellon's computer system and copied the original check and wire-transfer records — including the account numbers. And if whoever did this could retrieve those five transaction documents, then who knows what else they found inside Mellon's computers?

"Gosh, maybe somebody found a spreadsheet" of secret accounts, chortled Hayes in the foyer after the hearing, noting that he still has time to file more pleadings. If these documents are valid, Mellon would be guilty of violating a raft of federal banking regulations. Among them: failing to file currency transaction reports required by the IRS and Comptroller of the Currency to police money laundering. Mellon could also be vulnerable to perjury and racketeering charges with triple damages.

Maybe Chuck Hayes wasn't kidding when he stated his settlement terms on this case: "Pay the electric bill and turn over the keys" to the bank.

This all adds immense credibility to Hayes' utterly astounding tales of Swiss bank spying and account manipulation. Further proof: Giant Citibank revealed in late August that a Russian hacker armed with no more than a personal computer had penetrated its accounts and withdrawn $10 million, most of which luckily was retrieved.

These feats turn out to be kids' stuff compared to the government's "infowar" capabilities, touted in a recent *Time* cover story.

There's more. In late August, I received information from a good source that on July 16, 1993, four days before Vince Foster died, a wire transfer of more than $286,000 was made from an account at Mellon bank to Foster's wife Lisa, apparently involving Foster's sister Sheila Anthony, then a "congressional liaison" official at the Justice Department and a newly-minted assistant attorney general.

That payment smells suspiciously like hush money, perhaps from a government or other slush fund at Mellon, at a time when it was clear Foster would have to be a fall guy to prevent the looming espionage scandal from engulfing the first lady and thus the presidency of the United States. Lisa Foster's high-powered Washington attorney, James Hamilton, adamantly denies that any such payment was made. Mellon Bank has refused to comment about the affairs of its customers. So far, no documentation has emerged.

But given what I saw in Judge Kelly's courtroom, somebody with sufficient skill and computing power could clearly be in a position to know exactly that kind of wire-transfer information, if it is true. Does Hayes have the evidence? When will it come out? All he'll say is: "The fat lady's getting ready to sing."

So what does all this have to do with me and *Forbes*?

Well for openers, Hayes told me that Mellon Bank interests had just recently made a major campaign pledge to the would-be quest for the Republican presidential nomination by *Forbes* controlling stockholder and editor-in-chief Malcolm S. "Steve" Forbes, Jr. So when I sent letters to Mellon's public-relations department asking for comment on the Medders checks and then the Lisa Foster wire transfer, *Forbes* got some very testy phone calls from Pittsburgh, according to one of my bosses.

That was small potatoes, however, compared to the furor this Fostergate story was causing inside the magazine.

For one thing, I stumbled onto the fact that another senior editor at *Forbes*, Dana Wechsler Linden, has for many years been a director of Boston Systematics, a curious computer company said to be loosely affiliated with the Systematics in Arkansas and run by her father, former CIA operative Harry Wechsler. She claims to have known nothing of any bank-spying activities at Boston Systematics. The main operations of Boston Systematics are carried on by two Israeli subsidiaries run by her cousins, Joav and Oded Leventer.

According to sources connected to Inslaw Inc., whose enhanced PROMIS tracking software has allegedly been heavily used in the bank-surveillance effort, Boston Systematics and Harry Wechsler had close ties to Israeli intelligence and to the late British publisher Robert Maxwell. Dana Wechsler Linden is married to a top computer officer at Goldman, Sachs & Co., the same brokerage house that has agreed to pay more than $250 million to settle claims that it helped Maxwell loot half a billion dollars from his company's pension accounts.

What happened when this was disclosed to the management at *Forbes*? Nothing. Nor was there apparently any action taken when I disclosed to my bosses, including Steve Forbes, in April that I had come across suspicions that one of the high-level government figures with one of those Swiss bank accounts was none other than Caspar Weinberger, former secretary of defense.

After leaving government, Weinberger became publisher of *Forbes*, and is close to Steve Forbes as chairman of *Forbes*, Inc., publisher emeritus and a regular columnist for the magazine. After *Forbes* decided to kill the Fostergate story last April — even though it had been fact-checked and reviewed for libel considerations — I was privately told by a top official at the magazine that "Cap" had much to do with the story being shelved.

Officially, *Forbes* Editor Jim Michaels has said he alone decided not to run Fostergate because of concerns about the credibility of some of my sources. Most notably, one Charles Hayes. I was doubtful too, early on. But as Hayes' claims gained more and more corroboration, that excuse was no longer valid. Still, *Forbes* unexplainably would not touch what is arguably one of the most important stories of the past 20 years. Something was amiss.

On Wednesday, Aug. 16, I gave to Jim Michaels (who himself is said to have worked with the pre-CIA Office of Strategic Services and still has ties to the NSA) an updated memo noting the increasing corroboration for Fostergate, including an update on the Weinberger Swiss account story. Not only have five separate sources now reported hearing of such accounts, I had actually obtained what turned out to be an encrypted account number at Union Bank of Switzerland. It had come from records in the car of former CIA drug- and gun-runner Barry Seal.

Within days, the encrypted 10-letter code had been posted on an Internet news group called "Alt.Current-Events. Clinton. Whitewater" by a former Wharton business school professor and computer whiz named J. Orlin Grabbe, who is also author of the current standard text on international financial markets. Grabbe, who apparently has his own intelligence sources, is intimately familiar with U.S. bank-spying efforts: His own former computer software firm was approached by the CIA to be used as a front for sneaking spies into major banks and brokerage-house computer rooms. Grabbe is rightly suspicious of the encroaching Surveillance State.

The idea behind posting that account number on the Internet, apparently, was to spook the owner of that Swiss account into moving the money in a way that would lead to yet another stash of illicit funds. When that didn't happen, someone apparently went ahead and raided that account for $2.3 million. The money was pulled back to that Treasury escrow account and someone had left a note in Weinberger's Bar Harbor, Maine, drop box stating simply the decrypted account number and a brief message: "You have been had."

That's the same message a grinning Hayes claims showed up on Mellon Bank's computer screens a few months back after somebody accessed the bank's

Page 69: Q. What documents do you believe Mr. Foster kept in Mr. Nussbaum's safe?
THE WITNESS: There were two 1-inch ring binders that were from the National Security Agency.

Depo of:DEBORAH L. GORHAM (In Re: Whitewater) June 23, 1995 Cr6176

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ACE-FEDERAL REPORTERS, INC.

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Deborah L. Gorham, former executive assistant to the late Deputy White House Counsel Vincent Foster, said in closed-door testimony last June before the Senate Banking Committee that Foster stashed super-secret, "eyes only" National Security Agency documents in the safe of former White House Counsel Bernard Nussbaum, who may have surreptitiously removed them following Foster's death. Their contents remain a mystery, but the author theorizes that the documents may have included evidence of Foster's involvement in espionage.

computer database and apparently downloaded reams of documents. Is this all bravado? I don't think so, having witnessed the submission of those documents in Judge Kelly's court.

Two hours after delivering my Weinberger memo Aug. 16, Jim Michaels called me to his office. "You've obviously got a bee in your bonnet about this story," Michaels said. "But I've got a magazine to put out." He didn't want me working on this story, even though since April I had been pursuing it on my own time while delivering my usual quota of stories to *Forbes*. He gave me an either/or choice: resign and take two weeks severance pay for each year worked, or go on indefinite unpaid leave.

I had been fired.

Though *Forbes* later issued a press statement saying I had resigned of my own "free will," it was what a lawyer would call constructive termination. Why? I believe it was for getting too close to the skeletons in Cap Weinberger's closet — an allegation that *Forbes* has never denied, but merely ignored. I had touched the third rail. Zap.

Alas, "No guts, no story."

Editor's note: James Norman isn't the only prominent, well-respected journalist to drink from the bitter cup of alleged corporate censorship. Count veteran Washington reporter Sarah McClendon, who also is probing various aspects of the increasingly tangled Foster story, among those scaling formidable walls in order to bring the truth before the American public. See page 36 for her views on the harassment of journalists, some of whom already have given up and others who refuse to be bludgeoned into silence.

Caspar Weinberger, former secretary of defense and current chairman of *Forbes*, Inc., is alleged to have had a secret Swiss bank account that was looted by vigilante computer hackers.

photo courtesy Defense Department

NATIONAL RESEARCH SERVICE, INC.

A Professional Information Research Firm

May 8, 1995

MEMORANDUM FOR AMBROSE EVANS-PRITCHARD

SUBJECT: American Express Charges - Vincent Foster

The following charges were made to the personal American Express Account of Vincent Foster. This does not represent a full accounting of all charges made to this account, but rather the most significant charges, in my view, that were made from approximately July 1991 through July 1993.

$1,490	11/18/92	12/07/92AA/SWISSAIR/LIT/CDG/GVA 12/09/92SWISSAIR/AA/GVA/CDG/LIT
$1,260	10/16/91	11/01/91AA/SWISSAIR/LIT/CDG/GVA 11/03/91SWISSAIR/AA/GVA/CDG/LIT
$720	07/01/93	AA/LIT/DCA/DCA/LIT x 2
$4?3	07/28/93	AA/LIT/DCA x 1
$360	06/12/93	AA/LIT/DCA x 1
$12	06/16/93	BOB OWENS, INC, MANASSAS, VA
$15	06/17/93	BOB OWENS, INC, MANASSAS, VA
$570	06/15/93	AA/DCA/LIT/LIT/DCA
$1,138	07/01/93	WHT HSE TVL OFC, WASH.DC

Investigative reporter Ambrose Evans-Pritchard obtained this list that purports to detail numerous trips Foster made to Switzerland from 1991 to 1993. The mysterious jaunts were charged to Foster's personal credit card.

OFF THE RECORD

MILBANK, TWEED, HADLEY & McCLOY

INTERNATIONAL SQUARE BUILDING

WASHINGTON, D.C.

NEW YORK

LOS ANGELES

LONDON

MOSCOW

TOKYO

HONG KONG

SINGAPORE

JAKARTA

ELLIOT L. RICHARDSON

February 7, 1995

The Honorable Kenneth W. Starr
Independent Counsel
Office of the Independent Counsel
Suite 490 North
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Judge Starr:

Public revelations to date in the Independent Counsel's investigation indicate that the so-called Whitewater Affair is a banking industry scandal with as yet unexplained links to the Rose Law Firm of Little Rock and to two of its former partners, Webster Hubbell, who served as Associate Attorney General, and Vincent Foster, who served as Deputy White House Counsel, in the Clinton Administration.

Such are the apparent implications of guilty pleas thus far obtained in the investigation from individuals described as "cooperating witnesses," including pleas by two persons associated with Arkansas banking and financial services institutions, David Hale and Robert Palmer, and pleas by Hubbell for billing and expense frauds while a partner at the Rose Law Firm. It is also the apparent implication of the continuing investigation into the unexplained sudden depression and death of Vincent Foster.

One common thread linking the Rose Law Firm, Hubbell and Foster with the banking industry is Little Rock-based Systematics, a $700 million-a-year Rose Law Firm client in which Hubbell and Foster each had financial interests. Systematics is one of the leading vendors in the United States and, reportedly, in some 40 foreign countries, of computer software and services for the banking industry.

Former Attorney General Elliott L. Richardson currently represents INSLAW Inc., which claims the Reagan Justice Department stole its PROMIS software. The software was later adapted by Arkansas-based Systematics, Inc. for installation in bank computers to allow undetectable monitoring of international monetary transactions. In this "off-the-record" letter to Whitewater Independent Counsel Kenneth Starr, Richardson claims that Systematics was acting at the behest of the NSA and Israeli intelligence. Vince Foster allegedly was a behind-the-scenes handler for Systematics.

MURDER IN THE FIRST DEGREE

An Interim Report on the Death of Commerce
Secretary Ron Brown and 34 Other United States Citizens

Concluding Report Date Contingent Upon
Hearings in House Committee on National Security
and Senate Committee on Governmental Affairs
(Permanent Subcommittee on Investigations)

Top Secret U.S. Government Classified Information Leaked 5/14/96 by Military Informant *Eye Three*

Private Report

MURDER IN THE FIRST DEGREE

PART I:
An Interim Report on the Death of Commerce Secretary Ron Brown, et al.

PART II:
A Summary of the 56 Clinton Dead: The Unknown and Deadly Side of the Whitewater Scandal

We gratefully acknowledge the contributions of the two dozen brave and concerned citizens, officials, and military personnel who have risked disclosure and the abrupt end of their careers—if not their lives—by assisting us with timely and accurate information included in this report. For the information on the circumstances surrounding the death of Ron Brown, we are especially indebted to I-3, our third major informant within U.S. military ranks in the past year. "Eye Three," as he is nicknamed, is a highly-placed military source.

Cilipi Airport, Dubrovnik, Croatia, 2:10 P.M., April 3, 1996:

Captain Amir Schic lands a twin-engine corporate jet carrying the Croatian Prime Minister and the American Ambassador.

It is one of five planes to land routinely on Runway 12 in the hour preceding the scheduled 3:00 arrival of IFOR-21, the Boeing T-43A carrying Ron Brown and his upbeat entourage of American industrial deal-makers.

Cilipi Airport, 2:15 P.M.:

Businessmen begin to straggle into the lobby, a few carrying umbrellas to ward off the very light to moderate rain.

They're early because they're anxious to greet the 35 Americans who at this moment are taking off from Tuzla, Bosnia, 130 miles to the northeast.

Outside, a perfect breeze blows at 14 mph from east to west, perfect because at 120° from north, it is only one degree off from being an exact headwind for the landing pattern of IFOR-21.

Contrary to some U.S. news reports, it is not a dark and stormy night. It is the middle of the afternoon.

The Radio Shack of Cilipi Airport, about 2:30 P.M.:

Maintenance Chief Niko Jerkuic, 46, nervously fiddles with the dials on his NDR (Nondirectional Radio) beacon, the only instrument he has that can guide approaching planes.

In a couple of hours, he will be a rich man, the two American operatives told him, if he can quietly send IFOR-21 into Sveti Ivan (St. John's Hill), one of the highest mountains in the area at 2400 feet.

Jerkuic will simply shut his beacon down —at the same moment that a decoy beacon is turned on by an American operative sitting near the base of Sveti Ivan. This is an old trick dating back to pirate days.

He inspects his terrain map again and again. If he miscalculates ... well, the Americans did not look like men who would forgive someone who botches a serious assignment like this one.

All Jerkuic knows is that there is someone on the plane who is very dangerous to the American President, and it is his job to make sure the plane never lands.

With a shaky hand, he picks up a scrambled walkie-talkie and rechecks with the American agent who is sitting in a jeep at Sveti Ivan with another NDR in a suitcase beside him.

Jerkuic glances out at some broken clouds scudding by 400 feet above. They will have no effect. He will have to depend on the main cloud cover at 2,000 feet. Sveti Ivan rises almost 400 feet into this overcast. Jerkuic calculates that the new signal will alter the plane's course by a full ten degrees and send it far off course to the north into the mountain. His timing will have to be perfect.

Money or no money, he begins to wonder if he's doing the right thing.

Cilipi Airport, 2:48 P.M.:

Captain Schic climbs to the control tower to give IFOR-21 a friendly radio greeting and reassurance that all is well.

He describes the Cilipi weather: Visibility eight kilometers (5 miles), winds still at 14 mph, all flights arriving normally.

Flying at about 10,000 feet and 40+ miles away, Co-captains Ashley J. Davis, 35, and Tim Shafer, 33, thank Schic for his words of welcome.

These conditions are later described by *Newsweek* and others as "the worst storm in ten years" with "visibility just 100 yards." (Their portrayal of the weather is flatly denied by *Aviation Week* and *Space Technology*.)

In the clouds over the Adriatic Sea, 2:50 P.M.:

IFOR-21 reports in to Cilipi routinely. It is the last time their voice is heard.

Split, Croatia, 2:52 P.M.:

The main regional radar station loses IFOR-21 from its screen.

Cilipi Airport, 2:52 P.M.:

Jerkuic stops monitoring the control tower to detect any other planes in the landing pattern. There are none, so he calls the American at Sveti Ivan again. They count down: *5, 4, 3, 2, 1*. Simultaneously, Jerkuic shuts down and the American powers up.

Kolocep Island, 2:54 P.M.:

IFOR-21 is on course as it passes over Cilipi's first beacon, 11.9 miles from the airport. It then locks onto the second and final beam that is being transmitted from Sveti Ivan. This changes the plane's actual direction from 119° to 109°, heading straight into Sveti Ivan. But the Cilipi control tower doesn't know the plane is now off course. It has no radar.

Aboard an AWACS plane, 2:56 P.M.:

The U.S. Air Force plane keeping track of air traffic in the Bosnian conflict area loses track of IFOR-21 just after it passes over Dubrovnik. (Being the military version of a Boeing 737-200, IFOR-21 is not easily lost.) Because it is less than a mile off course at this point, no one on the AWACS notes any problem.

Srebreno, Croatia, 2:57 P.M.:

Villagers hear a plane roaring past unusually low and close.

Plat, Croatia, 2:57 P.M.:

Villagers Ana and Miho Duplica rush outside and see IFOR-21 looming "like a ghost out of the clouds."

Velji Do, Croatia, 2:58 P.M.:

Everyone in this tiny collection of stone huts at the base of Sveti Ivan hears a plane go directly overhead in the clouds, then rev its engines mightily for one instant.

Aboard the plane, the klaxon of its ground-proximity warning device suddenly blares, jolting Captain Davis. He immediately jerks the plane upward and to the left.

The two to three seconds of warning are far too little. The plane's left wingtip touches ground, spinning it directly into the rocky hillside, making an earth-shaking explosion.

There is the crackling hiss of a huge fireball as the plane and its large load of gas burn. Then a dead silence in the mist.

The tail section remains quite intact, but the rest of IFOR-21 is all over the hill, making later identification of many of the passengers impossible. The nose of the fuselage is just a blackish smudge in the ground.

All 35 people are dead except for stewardess Shelly Kelly, who, riding in the tail, sustains only minor cuts and bruises.

Cilipi, 3:18 P.M.:

U.S. authorities are notified that IFOR-21 is down, location completely unknown. However, they are to suffer 11½ hours of confusion before arriving at the scene.

Republic of South Africa, approximately 4:00 P.M.:

News reports say an attempt has been made on the life of Ron Brown's law partner, Tommy Boggs, by unknown assailants in a staged car accident in Capetown. Later, Boggs refuses to discuss it.

Cilipi, later that afternoon:

Niko Jerkuic goes home to collect his reward, but the reward is not waiting for him. It comes three days later: a bullet through the chest, administered just shortly before he is scheduled to be grilled by the U.S. Air Force accident investigation team.

The hit squad wraps his hand around the gun and departs. The Americans do not want a live witness who could spill the beans later.

Like many of the Whitewater dead, Jerkuic is immediately labeled a suicide, even though there's no evidence—and a *chest* wound is a rather rare cause—especially with a large caliber pistol (unusual in Europe).

The quick official reason given for bachelor Jerkuic's death is despondence over romantic troubles with his girlfriend. At this point, however, we have not been able to find any verification for this. Instead, what we have found is neighbors and friends who all agree that Jerkuic was *not* depressed. Like many of his friends who had survived the years of the Bosnian war, he was excited that life was finally getting better.

Crash site, 7:20 P.M.:

Four hours and 20 minutes after the crash, the first Croatian Special Forces search party arrives on the scene and finds only Ms. Kelly surviving. They call for a helicopter to evacuate her to the hospital.

When it arrives, she is able to get aboard without assistance from the medics.

But Kelly never completes the short hop. She dies enroute. According to multiple reports given to journalist/editor Joe L. Jordan, an autopsy later reveals a neat three-inch incision over her main femoral artery. It also shows that the incision came at least three hours after all her other cuts and bruises.

This datum, of course, creates in one's mind a horrifying scene in the back of the chopper, as one Special Forces operative holds down the struggling woman and muffles her screams while another slices her leg.

Further necropsies will probably not happen. At this writing, Clinton has ordered the cremation of all victims. It's hard to perform autopsies on ashes.

All this cries, of course, for an explanation of why anyone would be so eager to kill Ron Brown that they would take 34 innocent Americans along with him. I will address this issue in a moment. But first let me describe the current state of thinking on the cause of the crash.

Confusion or Coverup?

Ever since the crash, most reporters and officials have refused to even consider the possibility of foul play.

Some of them have merely followed orders. But most of them have instinctively fled from the highly disturbing possibility that Ron Brown was assassinated by people close to his own President.

So confronted with the total impossibility of two experienced pilots following an NDR beam to a crash site 1.6 miles off course, they all shrug their shoulders in bewilderment. None of their theories have come even close to explaining how a beacon that is accurate to within two feet at the landing point could lead the plane so far astray. But they have tried:

• The Air Force's official explanation is that the pilots set the compass on the IFOR-21 10° off course. That is impossible. Pilots routinely set their compasses right before takeoff. If they set the compass off 10°, they would not have been on course when they passed the first beacon, 11.8 miles from the airport. Instead they would have been miles and miles off course at this point. To make this explanation even more absurd, the plane was flying on the NDR signal, not the compass.

• One desperate explanation was a nasty crosswind that "blew" the plane sideways. Not credible: This would require a wind 90° off from the actual wind.

• Most of the press and officialdom have blamed poor visibility to some extent. To do this, they have to take the ferocity of the rainstorm later that afternoon and evening and move it back in time to the crash hour. But records show the weather from 2:54 P.M. to 2:58 P.M. was well within the normal limits for landing. And NDR beacons never get blown off course.

In any case, pilots more than a few miles from an airport normally rely on a beam rather than visual sighting anyway.

• Pilot fatigue and strain? Not likely on a 45-minute flight.

• Equipment malfunction on a rickety old plane? IFOR-21 was the number two plane in the White House fleet: in essence, Air Force Two. It had carried Hillary and Chelsea Clinton and Defense Secretary William Perry just the week before. Everything about the flight was checked out and rehearsed a week in advance.

• Lightning or other troubles causing the pilots to lose track of the beam? No, they were both drilled in the standard procedure for Cilipi: If you lose the beam or miss the airport, you immediately veer TO THE RIGHT AND UP to make sure you avoid Sveti Ivan. Indisputably, the pilots thought they were following the beacon, or they would have executed the standard right turn within seconds. Plus, their landing gear was locked down, showing that they expected to land at any moment.

In sum, none of the "official" explanations to date have held any water. And all of them ignore the glaring fact that IFOR-21 did not simply stray off the path at the last moment; by all accounts, it went straight as an arrow to its doom the moment it left the Kolocep Island beacon and picked up the Cilipi beacon. *The problem had to be the Cilipi beacon, which was shut down at the airport while a substitute transmitter at Sveti Ivan was turned on.*

And Even Worse...

Could the problem have been that technician Niko Jerkuic had let his equipment become run-down? No, thousands of landings had taken place while his equipment was running, some just minutes before the crash. To transmit an NDR beacon that's ten degrees off, it takes more than an accident.

Obviously, this explanation could do double duty by aiding the suicide theory. In this scenario, Jerkuic simply felt so bad about his shoddy work that he shot himself. Unfortunately for the theory, you can't just accidentally bump a knob and make the whole apparatus line planes up with Sveti Ivan. It takes a sustained effort by a qualified engineer. Plus, other planes had landed just before IFOR-21. So Jerkuic had to shut off his beacon *at the last minute*.

The question arises: Could not the whole issue be resolved by a quick review of the tapes at the control tower? They probably could—*if the tapes had not suddenly disappeared.*

And couldn't the air traffic controller shed some light on things? Certainly. But now he, too, has "committed suicide"—which, by the way, is a rare event for such a cause in Croatian culture.

I repeat: No official anywhere is facing these facts. As a result, their "explanations" are laced with words like *mysterious* and *unknown* and *inexplicably.*

The First Time in History: Air Force Kills Investigation

The chief investigator for Pratt & Whitney happened to be at the Paris Air Show on April 3.

Because Pratt & Whitney *always* sends an investigator when a plane powered by their engines has a mishap, the man called his boss in America, and said, in effect, "We've just had a crash in Croatia. I think I'd better get down there." The response was, "Go pack."

But as the investigator was packing at his hotel, the boss called back. "Don't go," he said to the astonished employee. "There's not going to be a safety investigation."

Sure enough, the Air Force had, *for the first time in its history,* canceled the safety investigation of a crash on friendly soil. There would only be a quick token legal investigation designed to enable a committee to blame the pilots or some remote general and go home.

At this time it's an open question whether the black boxes will play a role. Within hours of the crash, the Croatian Ministry of Transport announced that they had the black boxes. One and a half days after the crash, Croatian TV (plus Russian and French TV) announced that the FDR (flight data recorder) and the CVR (cockpit voice recorder) were safely in the hands of U.S. Marines. They said that soon "the cause of the crash will be assessed to find out what happened."

The U.S. European command in Stuttgart, Germany, also stated that a black box was aboard.

Later, the Pentagon brass stoutly disputed all this, stating that there *were* no black boxes aboard. They claimed the actual recovered boxes were designed to hold soda pop and toilet paper. (The Croats, who feel they can tell a reel of tape from a roll of toilet paper, are keeping mum.) Also, black boxes are usually painted bright orange, and they can't be opened with a thumb—or hardly at all.

It is difficult to imagine that America's #2 VIP plane had no black box. And a veteran Air Force mechanic who claims to have worked on just about every T-43A in the USAF tells us he never saw one *without* a black box.

Why would anyone want to Murder Ron Brown?

By all accounts, Ron Brown was a charming fellow who worked very hard and very effectively to promote U.S. business.

Why, then, would anyone want to kill him? And who would have the resources to do it by bringing down a large White House airplane?

The answer, in brief, is that Ron Brown was going to prison—no ifs, ands, or buts about it.

Also, Bill Clinton's presidency was surely going down with him. And *that* the President would not allow.

To anyone who has followed the story closely, this conclusion is obvious. Brown was up to his neck in numerous major scandals: Whitewater, the Denver airport mess, Mena, the Keating Five, Lillian Madsen and her Haitian prostitutes, etc., etc. Small wonder that 22 congressmen wrote Clinton in February of 1995, demanding that he fire Brown.

At the time of his murder, Brown was under investigation by:

- a special prosecutor in the Justice Dept.
- the FDIC
- the Congressional Reform and Oversight Committee
- the FBI
- the Energy Dept.
- the Senate Judiciary Committee
- and even his own Commerce Dept. Inspector General.

But in case you missed the piecemeal accounts in the papers, here is an extremely condensed summary of 11 of Brown's woes (which were shortly going to become Clinton's woes, as I'll show below):

1. How did North Vietnam recently get us to drop our trade embargo against them so suddenly? Easy. As a Vietnamese businessman and official later revealed to the press, the Communist government paid Brown $700,000 to do it. The money went into a Singapore bank account, the embargo fell, and Clinton squashed a feeble FBI attempt to investigate. He and Brown also neutralized a federal grand jury probe later.

Oscar Performance:

Leaving a memorial service where he spoke movingly of Ron Brown, Clinton was walking along with a group of officials, talking and laughing. But in mid-laugh, he looked up and spotted a group of reporters (left).

Within one stride, he instantly changed his demeanor from a jovial grin to a weeping grimace. In another fraction of a second, he brought up his hand to wipe away an imaginary tear (right).

The breathtakingly fast switch in emotions would put to shame any method actor who ever lived. The tear was pounced upon by commentators from Rush Limbaugh to Paul Harvey to NBC's Bob Faw ("The gestures, the words do seem genuine. Sometimes they aren't.") to Newsweek's Howard Fineman ("I've decided Bill Clinton is at his most genuine when he's the most phony....We know he doesn't mean what he says....It was classic Clinton to wipe away the phony tear.")

The critical question we are left with is this: Do these photos show a man who was genuinely sorry to see Ron Brown dead?

2. Brown sold plane seats on other trade trips besides the one to Bosnia/Croatia. Companies making big contributions to the Democratic Party or the Clinton Victory Fund could buy access and get tax breaks or regulatory favors.

3. The 1/23/95 *U.S. News & World Report* broke the news that Brown had bought a $360,000 townhouse for his girlfriend, Lillian Madsen, a prominent political player and whorehouse madam from Haiti.

4. Brown used to receive $12,500 a month as the P.R. flack for Baby Doc Duvalier, the much-loathed dictator of Haiti. Brown also managed Baby Doc's $50 million investment fund, most or all of which is now in Vietnam firms.

5. Brown was a key board member of Chemfix, a Louisiana "waste management" corporation that landed a $210 million contract with New York City in 1990 with Brown's help despite the fact that Chemfix had two contracts with other municipalities canceled because of the company's inability to perform. Brown got company stock at 24% of market value (making him millions) and New York mayor David Dinkins got to host the Democratic Convention. A typical Ron Brown win-win deal.

6. Brown founded Capital/Pebsco, which—fresh out of the box—got a contract with D.C. mayor Marion Barry to handle the city's pension funds. Not a bad start for a new company with no investing experience. Brown earned huge fees.

7. In a deal that left CIA people livid, Brown okayed the sale of a new U.S. gas turbine engine to China for use in its cruise missiles. McDonnell Douglas developed the turbine as a military engine, but by arbitrarily reclassifying it as "civilian," Brown enabled China to build a fleet of missiles—which they can point at America (whom else?), powered by our own engines. As part of the lucrative deal, McDonnell Douglas agreed to set up an airplane manufacturing plant using cheap slave labor in China.

8. Brown irked Congress and most of Europe by acting as point man for Clinton to bring Iranian Muslims and their weaponry into the Bosnia war. That broke the U.S.-endorsed arms embargo.

The money for the arms was most likely from Commerce and Agriculture, slush fund money channeled to U.S. manufacturers, thence to U.S.-friendly nations and firms overseas, thence to Iran. The arms included:

- helicopter gunships
- stinger missiles
- land mines
- anti-aircraft guns
- anti-tank weapons
- grenade launchers

...and other quality weaponry, most of which will remain on the European scene for decades to come, keeping the area destabilized.

As one leading munitions dealer put it: "Iran/Contra was slingshots and cap guns compared to the quantities and size of arms given the Croatian Serbs."

That is why the Croatians were enthusiastically hosting Brown's planeload of executives. They felt gratitude for the free arms as well as a desire to do deals.

9. Brown was the partner of a Democratic fund-raiser named Nolanda Hill, who paid him $500,000 for his 50% interest in First International, Inc., a company that never made any profits. Most glaringly, Brown never invested a cent in First Int'l.

First Int'l owned Corridor Broadcasting, which had defaulted on massive government loans of $40 million. The loans were passed to the FDIC, which was unsuccessful in collecting anything from Hill, even though at that time the firm was making large contributions to the Democratic Party *and* paying hundreds of thousands to Brown through shell corporations.

These payments to Brown (three checks for $45,000 each) were the core of evidence gathered by Rep. William F. Clinger, Jr., that forced Reno to hire Daniel Pearson as special investigator of Brown's crimes. They were cashier's checks, all cut on the same day in 1993 with sequential numbers even though the money supposedly came from three contributors acting independently.

Brown never disclosed or paid any taxes on these amounts.

10. By personally delivering a warning letter signed by Clinton, Brown was able to force a bargain deal with the Saudis for $6 billion in American military aircraft and hardware. The *quid pro quo*: To get the planes, the Saudis also had to accept a fat $4 billion phone contract with AT&T. Also part of the deal: AT&T had a side agreement with Brown's First International (see above). And the Democratic National Committee and the Clinton campaign fund were beneficiaries. This is how big business is done in Clinton's America.

11. The last nail in Brown's coffin was pounded in four days before the crash. FBI and IRS agents subpoenaed as many as 20 witnesses for a serious new grand jury probe of Brown in Washington. It seems that an Oklahoma gas company called Dynamic Energy Resources gave Brown's son Michael $500,000 in stock, a $160,000 cash payment, and exclusive country club memberships. Former Dynamic president Stewart Price told a Tulsa grand jury that the money was to be routed to Ron Brown, who was expected to "fix" a big lawsuit for Dynamic.

There is little chance you heard about this death-knell, grand jury case. It was reported on radio station KTOK in Oklahoma on March 28 and on the front page of the *Washington Times* March 29. But then a lock was put on the story; the AP and New York Times wire services blocked any further release of the information.

Final proof: the 2/8/96 *Washington Post* reported that Brown had retained top legal gun Reid Weingarten, a former high official in the Justice Department, as his criminal attorney. You don't pay his prices ($750 an hour) unless you know a criminal indictment is coming and you're probably going to jail.

Janet Reno appointed Daniel Pearson as Brown's special prosecutor. When she gave him blanket permission to investigate *anything*, Brown angrily demanded that Clinton force her to withdraw Pearson. But Reno couldn't do that; she had been backed into a corner by Rep. Clinger, who is chairman of the House Government Reform and Oversight Committee. Clinger had copies of Brown's First International checks, among other incriminating documents.

When Clinton said he couldn't comply, Brown went ballistic. His fatal mistake—according to Brown confidants who requested anonymity—was telling Clinton that he wasn't going to take the rap. He wasn't going to let his wife and son take the rap, either. (Both had received hundreds of thousands of dollars in under-the-table payments themselves.) He was going to finger Bill and Hillary instead. That would have sunk the re-election campaign on the spot.

Dead Man Walking

From that point on, Brown was dead.

Like Vincent Foster before him, he knew too much. More than any man in Washington, he knew where all the money went for the payoffs, bribes, scams, money laundering, cover-ups, participation fees, hush money, and side deals—all the way from one-man operations to vast multinational trade treaty fixes.

The phony suicide fakeout used on Foster could not be repeated, of course. But an airplane "whack," in the jargon of the intelligence community, is always viewed as an accident. So agents were sent—not directly by Clinton, but through a White House staffer—to a standing network of high-level killers, sometimes called the "Octopus." (See item on Danny Casolaro in Part II).

If the frequently-stormy weather at Cilipi had not co-operated, there would always be another trip—somewhere, somehow—and soon.

Conclusion to Part I

If the preceding data were widely known, America would realize that Bill Clinton is by far the most dangerous man ever to live in the White House.

His complex personality certainly has a genial side. But a clear overall picture of this man must include the brutal nature of the hit team that carries out his muttered wishes and looks after his political fortunes.

This is not simply the rag-tag "Arkansas mafia" that followed Clinton to Washington. It is a small but extremely well-organized network of pro-establishment heavy hitters and their ground-level operatives. With changes of faces from time to time, they have been on the scene since the 1970s.

Although the phrase "New World Order" would certainly describe the political alignment of most of these individuals, that is a simplistic way to describe such a dangerous circle. It would be clearer just to call them a diverse band of high-level thugs who, in a certain sense are not outlaws. **They are the muscle squad of the establishment.**

Their identity and methods will be much clearer to you after you read Part II of this report, which is considerably more hair-raising than Part I.

If you are a member of Congress, I urge you to assign your most trusted staff member to investigate these crimes, starting with a conversation with Daniel Pearson, who is still willing to share his information.

Part II

A Summary of the 56 Clinton Dead: The Unknown and Deadly Side of the Whitewater Scandal

Despite all you have read about the so-called Whitewater affair, you have never seen the whole story, or anything close to it. Here, for the first time, you will see the full horror gathered together thread by thread.

Here is what President Clinton hopes you will never learn about "Whitewater." It is not just a flap over improper loans on a piece of property. It is a 13-year crime spree in which Clinton was guilty of:

Drug Running, Massive Bank Fraud, Extortion, Non-Stop Adultery, Attacks, Threats, Beatings, Coverups, Break-Ins, Bribery, Thefts, Conflicts of Interest, Arson. Money Laundering, Official Lies, Insider Trading, Rape, Election Fraud, Obstruction of Justice, Campaign Fraud, Federal Witness Tampering, Destruction of Subpoenaed Documents, Contempt of Congress, and Being Accessory to 56 or so Murders...

Ron Brown and his innocent friends are only the latest in a 13-year-long string of Clinton deaths.

In Arkansas and across the U.S.A., there are 56 dead people who knew too much about Whitewater or Troopergate or Cattlegate or some other Clinton scandal.

In some ways, I know more than they did. I spent 20 years in Arkansas, and I personally knew Clinton, Governor Tucker, Vince Foster, Jim McDougal, David Hale, Don Tyson, Jim Blair, and dozens more of that crowd.

Some of the dead probably died by accident. But it's silly to pretend they all did. For example:

Victim No. 1. On September 26, 1993, Luther "Jerry" Parks enjoyed a nice dinner at a Mexican restaurant in Little Rock.

On the way home, his car was forced to a stop, and he was mowed down by unfriendlies with nine-millimeter semiautomatic pistols.

The coroner pulled nine bullets from Jerry's body. I believe we can safely rule out suicide on this one. And it doesn't sound like your standard drive-by shooting, either. In fact, witnesses claim the hit man was a former state trooper who was very close to Bill Clinton.

Jerry was the owner of American Contract Services, which supplied the guards for Clinton's presidential campaign and transition headquarters. (Clinton still owed him $81,000.) So he knew a lot about Clinton's comings and goings.

As a matter of fact, Jerry had quietly been compiling a major study of Clinton's sexual affairs for about six years. Not quietly enough, though. Shortly before his demise, his home was broken into and the study's backup files—filled with photos and names—were stolen, according to his widow, Jane ... after the security alarm was skillfully cut. Nothing else was taken.

His big mistake: "He threatened Clinton," Jane said, "saying he'd go public if he didn't get his $81,000." And then came the end. The *London Sunday Telegraph* quoted Jerry's son Gary, 23, stating the obvious: "...they had my father killed to save Bill Clinton's political career."

After a long investigation, Little Rock police detective Sergeant Clyde Steelman gave his character endorsement: "The Parks family aren't lying to you."

But unless you live in Arkansas, you probably never heard about Jerry Parks. If you lived in London (or Nairobi or Hong Kong) you would know more. Whitewater and other Clinton scandals are a *far* bigger story overseas. Many foreign observers feel the Whitewater coverup is the biggest one in the world in fifty or sixty years.

Like the Watergate coverup 22 years ago, it won't work. Jerry Parks made copies of his Clinton sex files, and Mrs. Parks recently told me that one set was passed on to a federal law enforcement agency. There it awaits only the right moment to be brought into the spotlight.

Just as in Watergate, when the scandal breaks, the facts will surface—and stock investments will nosedive.

Victim No. 2. You must understand the central fact about the Whitewater Development Corporation: It was *not* the main crime.

Whitewater was only a pretext set up by Jim McDougal and the Clintons to milk millions of dollars from the SBA, banks, Arkansas Development Finance Authority, and Madison Guaranty Savings & Loan (which was later bailed out by us taxpayers to the tune of $65 million).

The Resolution Trust Corporation people eventually figured out that their investigation of Madison wasn't getting anywhere because it was based in Kansas City, where Clinton's people stymied it. So Jon Parnell Walker, a Senior Investigation Specialist in the RTC's Washington office, began a campaign to get the case moved to DC.

Soon after, Jon was looking over a possible new apartment in Lincoln Towers in Arlington, Virginia, when reportedly he suddenly decided to climb over the balcony railing and jump.

Jon's friends, family, and co-workers all agree on one fact: This man was *not* depressed. Maybe he was just impulsive.

Victim No. 3. You may remember the name Danny Ferguson. He is the Arkansas patrolman who once said he brought Paula Jones to Bill Clinton's hotel room.

Kathy, 38, his wife at the time, blabbed a lot about such things. She often told friends and co-workers about how Bill had gotten Danny to bring women to him and stand watch while they had sex.

(Altogether, Bill had hundreds of women brought to him, sometimes several a day. Young, pretty women pulled over for speeding or whatever would be offered a choice between a jail sentence or a trip to go see Bill.)

Part of Danny's job was to make sure that each woman was ready and willing when Bill met her. Kathy told people that Bill was *really* mad when Paula Jones wouldn't "put out." Bill hates to be refused.

On May 10, Kathy was found dead with a pistol by her <u>right</u> hand. A suicide, the police said. Only three problems with this:

a. Women rarely use guns to kill themselves.

b. I can't find anyone who *ever* heard of a nurse shooting herself. (Why should they? They know all the right dosages for pills, and they have access to them.)

c. I've talked to three of the six nurses who worked most closely with Kathy at Baptist Memorial in Little Rock. They gave me, in no uncertain terms, a loud message to convey to you: "NO WAY did Kathy Ferguson kill herself." They are irate.

Besides, they and two other hospital personnel carefully viewed her body at the funeral home. Clearly, they agree, the small bullet entry hole, which they found stuffed with cotton, was behind her <u>left</u> ear, execution style. (The autopsy falsely claimed it was in her right temple; but *that* hole was quite large, which is typical of exit wounds.)

They also mention it was a standing joke among her friends that the right-handed Kathy was such a total klutz with her left hand that she admitted she couldn't even apply makeup with it.

Footnote to story: About three weeks later, Danny reversed his story, saying he didn't lead Paula to Clinton's room after all.

Second footnote: Bill Shelton, Kathy's new boyfriend (since her separation from Danny), was loudly critical of the suicide story and complained to many people about it. Bill was found dead on June 9. They're calling this a suicide, too. But he also was found with a bullet entry hole *behind* his ear.

Ever hear of anyone who killed himself that way?

Victim No. 4. Vincent Foster, who was Clinton's counsel for Whitewater, was the highest government official to meet an untimely death since the Kennedys.

He *could* have killed himself on July 20, 1993, as Clinton's first "independent" counsel claimed. But it's rather doubtful. The story line concocted by the counsel has about 20 major holes in it. A few examples:

• Vince went out and hired two lawyers on July 19. As Clinton's man in charge of covering up Whitewater, he had failed badly and could see everything was about to unravel (which it began to do in Arkansas the very next day). Question: Why pay for a lawyer to launch a defense and then shoot yourself a day later? The independent counsel ignored this.

• After a somewhat hurried lunch in his office July 20, Vince grabbed his jacket and left the White House with the words, "I'll be back." And then we are supposed to believe, apparently, that he picked up a White House beeper, drove to his Georgetown townhouse, got a gun, drove to a lonely park in Arlington, walked 200 yards to a steep slope, went down into some thick bushes, sat down, shot himself and *then* threw his glasses 13 feet away through heavy brush, and wound up lying down supine and perfectly straight, legs together, with arms straight down at his side, the gun *still* in his hand, and trickles of blood running from his mouth in several directions, including uphill. What's wrong with this picture?

• Where's the bullet? None was ever found even after a massive search and excavation. Could it be that the police and FBI looked in the wrong place? Sgt. George Gonzalez (the first paramedic on the scene) and his boss both insisted they found Foster 200 feet from the official spot. If they're right, then why was the body moved?

• Where are Vince's fingerprints on the gun? All the prints are someone else's!

• Where are the skull fragments? None were ever found. Normally, a .38 will blow out a 4" to 5" hole, with blood and brains everywhere. Because of the mess and the noise, most sophisticated hit men today repack their cartridges with a half charge. This explains the tiny, one-inch hole in the back of Vince's head. The counsel skipped this, too.

• How could the soles of Foster's shoes have remained absolutely clean? That time of year, the soil in Fort Marcy Park, where his body was dumped, is the stickiest, gummiest you've ever seen. Ten steps, and your soles are covered with dirt sparkling with flecks of mica.

• Who is the mystery blonde whose hairs were found on Vince? And why did the counsel not mention that carpet fibers and semen were found on his shorts? In this age of detective movies, how could anyone think such clues unworthy of mention in a serious report?

• The "suicide note" now has proven to be bogus! In a painstaking, three-month study by *Strategic Investment*, a panel of the three most respected forensic handwriting experts in the world unanimously determined the note to be a forgery.

The bright yellow note, torn into 27 pieces (without leaving one single fingerprint—try that!), suddenly appeared in Vince's briefcase after an absence of six days. During that time, the police and FBI had inspected the briefcase and found it to be empty.

• Today, thanks to the drug trade, hit men have polished the "staged suicide" to an exact science. If any sign of a struggle remains, the killer has failed his task. The trick is to persuade the victim he'll be OK if he cooperates—and then shoot suddenly. In the vile jargon of the professional assassins I've had the misfortune of meeting, "Ya gotta butter up a turkey before ya roast 'im." To my utter amazement, neither the independent counsel nor the Senate investigators knew anything about how hit men work today.

• Seven top U.S. forensic experts have gone on record as saying that the pattern of powder burns on Foster's index fingers is "not consistent with suicide."

• I could go on and on and on. The counsel quoted reports—even an anonymous one—from visitors to the park that day. But some witnesses also saw "a menacing-looking Hispanic man" by a white van with its big door open near Vince's car just before the body was found. The counsel left that out.

• Instead of allowing Vince's office to be sealed after his death, top Clinton staffers Bernie Nussbaum, Patsy Thomasson, and Maggie Williams frantically rifled it for "national security matters" (read: incriminating Whitewater documents) and carted them off to Hillary's closet upstairs. In a stunning show of chutzpah, they even made the park police and FBI agents sit in the hallway for two hours while they did it. And Nussbaum later claimed it was only ten minutes! (An FBI agent disclosed to me that a file was opened for *obstruction of justice*, but Bill had it closed.)

Why would anybody want a nice, gentle fellow like Vince Foster killed and his body dumped in a park? For some excellent reasons, which I detail in my book, *The Presidential Mess: An Emergency Guidebook for Investors*. Believe me, it's a stunning story, and I'd like to give you a complimentary copy.

But the #1 reason is that Vince knew far too much and he had to go because he was about to crack—and that would have ended the Clinton presidency right there and then.

Suppose, however, it *was* suicide. Suppose Whitewater was becoming such a horror that suicide seemed better than facing the music. What then?

Then the only logical explanation is scenario #2, which *still* puts Clinton in a very bad light:

• Vince's Whitewater coverup was coming apart. Facts were popping up in the press and people were talking. For instance, Clinton's partner in Whitewater, Jim McDougal, had gone to Little Rock attorney and 1990 Republican gubernatorial candidate Sheffield Nelson and made a taped statement which I have heard, saying:

> I could sink it [the coverup] quicker than they could lie about it if I could get in a position so I wouldn't have my head beaten off. And Bill knows that.

• So sensitive was Vince to criticism that he was still bothered about the heat he was getting for his role in Travelgate. In fact, the independent counsel stated that those close to Vince thought that "the single greatest source of his distress was the criticism he ... received following the firing of seven employees from the White House Travel Office." Little did they know the whole story. Vince had to keep Whitewater details bottled up inside—even at home.

• On the day Vince shot himself, he received a shocking phone call from an attorney at Arkansas' Rose Law Firm saying that FBI Director William Sessions was about to subpoena the documents of Judge David Hale. Hale was a Clinton appointee who charged that Clinton forced him to give fraudulent SBA loans of millions of dollars to Clinton's friends.

In the Senate hearings, Clinton's people denied such a call took place, but I know for a definite fact it did. And I'm backed up by the Rose phone billings and Vince's phone log. Also, Sen. Christopher Bond (R.-Mo.) later confirmed that the call was from "an old friend" at Rose.

• About this time, Clinton fired his FBI Director—a step so desperate that no President had ever taken it.

• Vince realized that the genie was out of the bottle. He had confided to his brother-in-law, former congressman Beryl Anthony, that he was very worried that Congress itself was about to launch a criminal probe into his affairs. (In this scenario, the "suicide note" was actually the "opening argument for his defense" before Congress—a defense which Vince told his wife he wrote on July 11.)

• He was sure that in such a probe, the easy-going David Hale would spill the beans and drag in Gov. Tucker, Steve Smith, Madison Marketing, Castle Grande, Whitewater, Vince himself—and, inevitably, Bill Clinton. He mentally added up the fines and prison terms he would face for concealing Bill's crimes—many of which he had taken a supporting role in. The totals were horrendous. And the thought of being a central figure in America's first presidential impeachment was too much for his quiet mind to bear. He told his wife and sister that he was thinking of resigning. (But he still couldn't let on about the Whitewater crisis.)

> *NOTE: In recent days, you've seen Foster's fears come true with the conviction of Tucker and the McDougals. Now, Clinton is in the extremely awkward position of claiming, "Well, my partners in Whitewater Development are all convicted felons, but I'm pure as the driven snow."*
>
> *WHITEWATER CAN NO LONGER BE CALLED A REPUBLICAN VENDETTA; IT'S A FACT OF HISTORY, AS I'VE KNOWN SINCE 1983.*
>
> *In addition, Hillary has been proven to have done the billing on Campobello (see below) and written lots of checks for other Whitewater ventures, which makes her guilty of perjury because she denied any involvement.*
>
> *And from my own data, I'm convinced that they also have her on bank fraud, campaign fraud, mail fraud, and wire fraud.*

• Vince was cracking up. Everyone around him agreed he looked and sounded terrible. The Desyrel prescribed by his doctor didn't help. So when the call came about Hale's subpoena, he had to go home and think things over. But there, alas, he could think of no way out. So he put two bullets in his revolver, drove across the Potomac to the first quiet spot he found, hid himself in some bushes where he could pray in solitude, and pulled the trigger.

There. That sums up the most probable *suicide* scenario. Unfortunately for Clinton, it's very nearly as damning as the murder scenario.

Today everyone—from Vince's family to the press to the White House—professes to be baffled by his death. "How on earth," they wonder, "could such a typical Washington flap as Travelgate cause Vince to be so depressed?"

Under either scenario, the plain answer is: It didn't. The thousand Whitewater crimes did.

Victims No. 5 & 6. Then you have the small-plane crashes, which are fairly easy events to stage. Hit men commonly use any of five quick, simple techniques.

One method was used on the first two victims, C. Victor Raiser II, the former finance co-chairman of Clinton's presidential campaign, and his son, Montgomery. Their plane crashed in good weather near Anchorage, Alaska, on July 30, 1992. I respected Raiser as a man of integrity, but he was caught up in a lot of the shenanigans of the campaign—though he didn't like them. Eventually, he soured on Clinton and thus became a potential major leak and a big threat to Bill's presidency.

Victim No. 7. Herschel Friday was another member of Raiser's committee and a heck of a nice guy. His plane dropped out of sight and exploded as he approached his own private landing strip in Arkansas in a light drizzle on March 1, 1994. Herschel was a top-notch pilot and his strip is better than those in most cities.

Victim No. 8. Just two days later, Dr. Ronald Rogers, a very vocal dentist from Royal, Arkansas, was on his way to reveal some dirt on Clinton to Ambrose Evans-Pritchard, a reporter from the *London Sunday Telegraph*, when his twin-engine Cessna crashed with a full tank of gas in clear weather south of Lawton, Oklahoma. His pilot had just radioed that he was having trouble and needed to refuel in Lawton. (I'm 98% sure of the technique that killed both Rogers and Friday; it drops your fuel gauge to "empty," then cuts off your fuel when you tilt forward to land—and leaves no trace of a clue for investigators.)

There have been six other air crash deaths of former Clinton intimates and advisors, but I believe they were true accidents. In fact, in the course of about 50 radio/TV interviews, I've talked with a number of people who blame every accident since the Titanic on Clinton. This foolishness distresses me greatly because

ValuJet Tie-In?

Chuck Hays was supposed to be on the ValuJet that crashed in May. Hays is a long-time CIA contract operative. He is the one who broke the news that Vince Foster had received $2.73 million from Switzerland just before his death. It was put into a U.S. slush fund bank account that he controlled, but it was designated as a "U.S. Treasury Escrow Account." After his death, the number of the account was found in his wallet.

Similar accounts with similar-sized transfers from Switzerland were found to have been given to Pat Schroeder and other Congressmen. When the news threatened to break, all quickly announced their retirements, shocking their supporters. (Patsy even had her bumper stickers ready to hand out.)

Hays' findings were written up in *Media Bypass* by Jim Norman, former senior editor at *Forbes*. (*Forbes* refused to publish the article because one of the recipients of the huge accounts was Caspar Weinberger, now chairman of *Forbes*.)

Hays's name was on the ValuJet manifest, but he was unable to catch the flight. Color him lucky.

it discredits the actual known murders. Yes, there are likely hundreds of deaths among people connected in some remote way to Clinton's scandals, but the probable murders are pretty much limited to those you see in this special report—and even some of these could be accidents.

Victim No. 9. But Barry Seal's death was no accident. His story is so exciting that Hollywood made it into a movie (*Double-Crossed*), starring Dennis Hopper and Adrienne Barbeau.

Barry made about $50 million as a pilot and plane supplier in Clinton's incredibly elaborate and successful drug-running operation out of Mena, Arkansas.

Iran-Contra was conceived as a simple scheme to use the Ayatollah's money to send guns to the Contra freedom fighters. But from that humble, Ollie North beginning, it blossomed into the great Arkansas dream. Virtually every load of Chinese AK-47s (plus light machine guns, grenades, and other small ordnance) taken from Mena to Nicaragua was matched by a return load of dope and cash flown in from Colombia via Panama or the Cayman Islands on "black flights" that Customs officials and air traffic controllers were instructed to ignore.

According to an exhaustive, top-selling new book entitled *Compromised*, by Terry Reed and John Cummings (which I found highly accurate), pilots were bringing back and air-dropping over $9 million a week in cash, which was properly laundered and then went into Arkansas industries owned by friends of Gov. Clinton. (*Not* into Clinton's pockets—he didn't usually do that kind of thing except to pay off campaign debts and favors.) And in case you're wondering why Bill needed his land scams when he had all that drug money available, the answer is, the drug operations came later.

Incidentally, the money was laundered through such sterling banks as BCCI. Remember them? I discussed BCCI's involvement extensively with its Panamanian president.

Five or six of the CIA subcontractor pilots running the gun-drug loop under Barry Seal have said that Nella (near Mena) was chosen as the base for training Contra soldiers mainly because its terrain and foliage were so similar to Nicaragua. Many local residents still recall camouflaged Latinos holding maneuvers in the countryside—but they all agree it's not healthy to talk about it too much.

Iran-Contra was an impressive operation on both ends. I still remember standing on the deck of a flat-deck, flat-bottom supply boat used to run guns upriver to the Contras in Nicaragua. It was loaded to the gunwhales with Russian-made rifles, machine guns, rocket-propelled grenades, etc., in Chinese-marked boxes. The captain and his partner, a German arms dealer, invited me to sample the merchandise, so I pried the lids off a couple of wooden cases, took out some AK-47s, and sprayed a few clips around the woods. (Very nice guns, but I wasn't in the market.)

In case this begins to sound like a far-right hallucination, you should know that some liberal groups (ever opposed to CIA tricks) concur. For instance, *The Wall Street Journal* said on June 29:

> There is even one public plea that Special Counsel Robert Fiske should investigate possible links between Mena and the savings-and-loan association involved in Whitewater. The plea was sounded by the Arkansas Committee, a left-leaning group of former University of Arkansas students who have carefully tracked the Mena affair for years.

I wish them luck. And good health. The Arkansas Attorney General, the IRS, and the state police have been met for fifteen years with "a wall of obfuscation and obstruction" erected by the Clinton circle of power—which is <u>everywhere</u> in Arkansas. According to *Penthouse*, which is not exactly noted for being a far-right magazine:

> He [Clinton] controlled virtually all the 2,000 handpicked appointees to an array of boards and

> commissions that effectively rule the state.... Anyone seeking to do business with the state—and that included just about everybody running a business—learned to expect direct solicitations by Clinton's campaign finance people.

Polk County Prosecutor Charles Black, to his credit, once even sat down with Clinton himself and pleaded for a state investigation of Mena!

Bill said that "he would get a man on it and get back to me," Black recalls. That was in 1988. Black is still sitting by his phone. (I'm sure Bill got a kick out of that interview. I recall him grinning as he made some comment about "dumb Arkies" one afternoon at the brokerage I owned in Harrison—one of a dozen or so occasions when we spent time together.)

But at the risk of sounding as bad as Bill, I must remind you that, after all, this is Arkansas ... where:

• One governor before Clinton had every concrete-and-steel bridge in the state insured for fire (yes, fire). Guess who owned the insurance company.

• Another governor, being indicted for fraud, simply canned the judge and replaced him with the town drunk, who then dismissed the grand jury.

So just think of Bill as a traditional, Arkansas kind of politician.

But I digress. Barry Seal was eventually arrested by the Federal Drug Enforcement Administration. To get off the hook, he turned state's evidence and fingered several big drug dealers. He even managed to take clandestine photographs of major Colombian and Panamanian figures, one of which President Reagan showed proudly in a nationwide TV speech.

But in the end, the DEA betrayed the flamboyant Barry by allowing him to be sentenced to a halfway house, where a few days later he was a sitting duck for three Colombian avengers with Uzi and MAC-10 submachine guns with silencers. The ending wasn't pretty, but it made a hard-hitting movie.

Why did the DEA dump Barry? Perhaps because, as Clinton observed to Terry Reed, "Seal just got too damn big for his britches and that scum basically deserved to die, in my opinion..."

I'm not saying Bill ran Iran-Contra. He didn't—not even the Arkansas half of it. But five men in the Mena operation (sorry, I can't reveal their names to you) have affirmed that he provided their cover as governor and "rode herd" on them through the Intelligence Division of the state police. Other high officials helped. Why? Because the Arkansas state bonds program (ADFA) received 10% of the net profits—plus the *use of* 100% of the gross in their banks as they laundered it. Quite a boost to the economy!

At least that was the deal cut with Clinton. But the Mena operations (code-named *Centaur Rose* and *Jade Bridge* by Reagan's CIA Director Wm. Casey) finally had to be yanked from Arkansas and moved to Mexico under the name *Operation Screw Worm.* Simple reason: Bill and friends just couldn't resist putting Arkansas' hand deeper into the till than they were supposed to.

In fact, eyewitness Reed details at length the tense meeting in which William P. Barr—later President Bush's Attorney General—breaks the bad news to a very angry Clinton. (Sorry, I must condense the conversation greatly. You've got to read his book!)

On a March night in 1986, they met with Reed, Oliver North, and two other CIA men in a musty, poorly-lit World War II ammunition bunker at Camp Robinson outside Little Rock.

After several sharp exchanges and traded insults, Barr said, "The deal we made was to launder our money through your bond business. What we didn't plan on was you ... shrinking our laundry...... That's why we're pulling the operation out of Arkansas. It's become a liability for us. We don't need live liabilities."

"What do ya' mean, live liabilities?" Clinton demanded.

"There's no such thing as a dead liability. It's an oxymoron, get it? Oh, or didn't you Rhodes Scholars study things like that?" Barr snapped.

"What! Are you threatenin' us? Because if ya' are..."

From that point on, Barr was able to smooth things out, and he concluded with the most eye-opening passage of the book:

> You and your state have been our greatest asset. The beauty of this, as you know, is that you're a Democrat, and with our ability to influence both parties, this country can get beyond partisan gridlock. Mr. Casey wanted me to pass on to you that unless you f— up and do something stupid, you're No. 1 on the short list for a shot at the job you've always wanted [meaning the Presidency]. That's pretty heady stuff, Bill. So why don't you help us keep a lid on this and we'll all be promoted together.
>
> You and guys like us are the fathers of the new government. Hell, we're the new covenant.

An amazing statement, wasn't it? Especially for 1986.

Victims No. 10 & 11. Kevin Ives and Don Henry, two Bryant, Arkansas, teenagers, apparently were a bit too snoopy about the air drops of dope and cash they had observed in the nearby countryside at night (part of the Mena operation).

They were found on the morning of August 23, 1987, having been run over by a train. "They fell asleep on the tracks," according to state medical examiner Fahmy Malak, a Clinton appointee who had earned the anger of the locals by pulling such stunts before.

THIS CASE FEATURED ON TELEVISION SHOW UNSOLVED MYSTERIES

THIS STORY FEATURED ON PRIMETIME / SAM DONALDSON

(Remember when Clinton's late mother, anesthesia nurse Virginia Kelley, caused the death of two patients by neglect? Malak was the one who cleared her. Malak once ruled a man with four bullets in his chest to be a suicide. He even declared that a decapitated man had died of "natural causes," a ruling Clinton defended as a mere symptom of overwork.)

Malak's opinion caused a big ruckus locally. Eventually, the boys' irate parents managed to get a second coroner's opinion, and the official causes of death were changed to being stabbed in the back and getting a crushed skull *before* the train came. At this point...

Victims No. 12 through 17. ...six local people came forward independently, each claiming to have some special knowledge about the deaths of the boys on the track.

All were slain before their testimony could do any good. Police involvement is suspected in most cases, but not all:

• Keith Coney had been slashed in the neck and was fleeing for his life when his motorcycle slammed into the back of a truck. "A traffic fatality," police said.

• Gregory Collins was found shot in the face by a shotgun.

• Keith McKaskle was brutally stabbed at home—113 times. (He knew he was doomed, and had told his friends and family goodbye.)

• The burned body of Jeff Rhodes was found in the city dump, shot in the head—and with his hands, feet, and head partly cut off.

• Richard Winters was killed by a man with a 12-gauge sawed-off shotgun.

• Jordan Ketelson died of a shotgun blast to the head and was found in the driveway of a house in Garland County. "A suicide," the sheriff said.

Do you see a pattern here?

The watchdog group Citizens for Honest Government reports that police investigator John Brown completely solved the case. He then presented the evidence to members of Congress and handed his files over to the FBI (which is run by Louis Freeh, who works for Janet Reno, who works for you-know-who). Naturally, he was removed from the case, and the FBI has sat on the evidence. Detective Brown says,

> We know who killed these kids. The whole reason this case has been slowed down, stopped wherever we're at...(is) because it tracks right back to Bill Clinton being involved in the cover-up. He took care of everyone that ever covered anything up in this case, everyone got promoted!

All in all, after ten years of Mena operations, not one arrest was ever made, an accomplishment that is possible only when someone controls the whole state like a collie controls sheep. This is especially amazing when you consider that *the Mena operation was 5,000 to 10,000 times bigger than Whitewater.*

Victim No. 18. Danny Casolaro was a reporter who was investigating the connections between Whitewater, Mena, BCCI, Iran-Contra, Reagan's "October Surprise," Park-on-Meter Co. (which made dope-storage nose cones for the airplanes at Mena), and the ADFA (Clinton's billion-dollar state bonds racket). He affectionately called this network The Octopus. On August 10, 1991, just as he was about to receive information linking Iran-Contra to the Inslaw scandal, the upbeat Danny was found with his wrists slit in the bathtub of a hotel room in West Virginia. What a coincidence. → THIS STORY STARTED MY INTEREST BACK IN 1992.

Victim No. 19. Paul Wilcher, a Washington, D.C., lawyer, was deeply investigating Mena and other scandals. He was scheduled for a meeting with Danny Casolaro's former attorney, but on June 22, 1993, was found dead in his apartment, sitting on his toilet. (The bathroom killer strikes again?)

Victim No. 20. Ed Willey, the manager of Clinton's presidential campaign finance committee who, according to a reliable source in Texas, was involved with shuffling briefcases full of cash, supposedly shot himself on November 30, 1993.

Victim No. 21. John A. Wilson, a ruggedly honest city councilman in Washington, D.C., knew a lot about Clinton's dirty tricks. According to my sources, he was preparing to come forward and start talking about them. But then on May 19, 1993, he just decided to hang himself instead.

Victims No. 22-56. This is the saddest disaster of all, not just because it's the biggest, but because the Clinton hit team sacrificed 34 innocent business leaders just to whack one victim.

There are other possible victims, like Paula Gober, Jim Wilhite, Stanley Heard, Steven Dickson, Timothy Sabel, William Barkley, Scott Reynolds, Brian Hassey, and so on. But my evidence about them isn't convincing, and I refuse to join those who call every Clinton-related death a murder.

Fun & Games with Colorful Corruption

What *is* convincing is just the sheer numbers of untimely deaths in the Clinton circle of influence—plus a long string of threats, attacks, beatings, break-ins, wiretaps, and other intimidation. For example:

• Dennis Patrick of Kentucky has survived three attempts on his life so far—and is now in the federal witness protection program. (Hang in there, Dennis—and never forget who's in charge of that program!)

He was the unwilling customer of Lasater & Company in Little Rock, where tens of millions of dollars were traded (read: laundered) in his account in 1985 and 1986. Only two problems: He never knew what these trades were ... and it wasn't his money! (Coincidentally, the trading stopped when Barry Seal was killed on February 19, 1986.)

And that's not even the scary part of the story. The fact that may make your hair stand on end is that Dan Lasater is:

- — Bill Clinton's second-best friend
- — a convicted cocaine dealer
- — a noted host of lavish cocaine parties featuring very young women
- — the employer of Bill's brother
- — and the head of Lasater & Co., which issued all $1 billion of Arkansas' state bonds in the '80s (but only if each bond beneficiary first made a huge donation to Clinton's operations or put Hillary on retainer).

It is also alleged that Lasater laundered hundreds of millions of drug dollars through that firm. But the day after Dan's release from prison only six months later, Bill pardoned him! Plus, while Dan was still in detention, he gave power of attorney to run the company to Patsy Thomasson, who was one of Bill's top administrative aides, and Bill *continued* to funnel all the state's bonds through the company—another $664 million worth!

Lasater & Company was the major source of brokered deposits in Madison Guaranty S&L.

And Patsy is now director of the White House Office of Administration. God help us all.

• According to a sophisticated journal called *Heterodoxy*, journalist L.J. Davis spent a week nosing around some sensitive areas in Arkansas last February. Then on the 14th, as he entered his Little Rock hotel room to dress for dinner, he was knocked cold. When he awoke on the entry floor four hours later, his wallet was intact, but his notebook and skull weren't. And there was no furniture within falling distance to account for the darning-egg-size lump over his left ear.

Three weeks later, he sent a draft of his story to *The New Republic* by modem. Three hours after that, his phone rang. A rich baritone voice began, "What you're doing makes Lawrence Walsh look like a rank amateur." (Walsh was Oliver North's tireless prosecutor.)

"Who *is* this?" Davis demanded.

"Seems to me, you've gotten your bell rung too many times. But did you hear what I just said?" *(click)*

Says Davis now, "I used to laugh at things like this—until I ended up on the [expletive] floor."

If all this sounds like tabloid trash to you, you're absolutely right. And there's a very good reason: The people behind these crimes *are* tabloid trash.

• Then there's the arson stuff. A nasty little blaze broke out in the Little Rock offices of Peat Marwick, way up in the fourteenth floor of Worthen Tower at midnight, January 24, 1994, just four days after the appointment of the first Whitewater investigator. It wasn't a *bad* fire, you see, just bad enough to consume the area that held their 1986 audit of Madison Guaranty. A former Peat Marwick executive tells me that the word came down from Clinton, and they were most definitely *forced* to destroy the documents.

And remember the flap about the medical records that Bill refused to release? Word is, all that cocaine finally destroyed his nasal passages. ("Allergies," Bill says.) He spent huge amounts of time flying around the country with Dan Lasater in his cocaine-laden jet and went to numerous parties thrown by Lasater and others, some of which featured "blizzards of cocaine," according to participants.

Brother Roger recently admitted doing six to eight grams a day (and being a dealer for Lasater), but Bill's usage was probably much less. Alas, we'll never know now. His doctor's office files also went up in flames. (Tsk, tsk. Those medical offices. You *know* what a firetrap they are.)

Speaking of drugs: Sally Perdue, a former Miss Arkansas and popular talk show hostess, has told the *London Sunday Telegraph* that during her 1983 affair with Gov. Clinton (verified by state trooper L.D. Brown), Bill would usually smoke (*and* inhale) two or three ready-made marijuana joints drawn from his cigarette case in a typical evening.

On one occasion he pulled out a baggie of cocaine and prepared a "line" right on her table. "He had all the equipment laid out like a real pro," she recalls. (A mid-level Democratic Party leader warned Sally, before a witness, that if she didn't keep quiet, he "couldn't guarantee what might happen" to her "pretty little legs" when she went out jogging.)

She also told her stories to Sally Jessy Raphael, but in a rare move, the producers strangely decided not to broadcast the videotaped program.

I've also talked with others who say they "got high with Bill" *many* times—including a man we call *Cowboy* who says he was Bill's personal drug supplier. (I don't doubt him.) Cowboy is now being held incommunicado in Leavenworth Prison by Janet Reno. When the time comes, they will all speak out. In fact, the main problem may be half of Arkansas trying to get their names in the headlines!

• For a change of pace, here's an incident that's non-violent—but does includes the President himself.

BILL CLINTONS BROTHER ROGER WAS CAUGHT ON A D.E.A TAPE STATING "MY BROTHER BILL HAS A NOSE LIKE A VACUUME CLEANER." ROGER WAS LATER CONVICTED ON DRUG CHARGES!

SEE ATTACHED L.J. DAVIS ARTICLE.

Little Rock attorney Cliff Jackson, an acquaintance of Bill's from his Oxford days, was approached in July, 1993, by Larry Patterson and Roger Perry, two former members of Bill's Arkansas security detail. They wanted to discuss blowing the whistle on his sex escapades. (Other troopers backed up their stories.)

As told to *New American* magazine, Jackson was discussing their stories on the phone in August with another attorney, Lynn Davis (not related to the above Davis), when...

> ...he became suspicious that the phone had been tapped. He suggested to Davis that they meet in a nearby restaurant. "The whole time we were there, this suspicious-looking guy kept his eye on us," Jackson recalls. "After we left, we were followed by this dark Suburban with darkened windows and a Texas license plate." Davis noted the vehicle's license plate number and ran a check on it; no such license number was listed.

You've heard of unlisted phone numbers? Welcome to the phantom surveillance world of unlisted license plates!

Just a few days later, the troopers received phone calls from both Clinton and Buddy Young, former head of Gov. Clinton's security detail. You can hear the borderline tone of Young's calls in this sample from his tense call to Roger Perry, as he reported it:

> I represent the President of the United States. Why do you want to destroy him over this? ... This is not a threat, but I wanted you to know that your own actions could bring about dire consequences.

Clinton's calls were no big secret, either. For instance, journalist Gwen Ifill noted in the *New York Times*,

> It turns out that some of the calls that were overworking the White House switchboard operators [in the fall of '93] were going not to Capitol Hill but to Arkansas state troopers [to discuss] potentially embarrassing charges about his marital fidelity.

The troopers related that Bill asked about the pending allegations and offered them plush jobs. I think what he wanted most was the kind of loyal silence and amnesia he gets from people like Buddy Young, whom he appointed to a $93,000-a-year FEMA job (not a bad promotion for a cop).

Indeed, there was a lot to be silent about. In addition to numerous one-night ladies, Bill had long-term affairs with six. One was a real bell-ringer: The *Los Angeles Times* sifted through thousands of pages of state phone bills and found 59 calls to her, including eleven on July 16, 1989. On one government trip, he talked to her from his hotel room from 1:23 A.M. to 2:57 A.M., then was back on the phone with her at 7:45 that morning.

Bill's fallback defense is always that, as he claimed on National Public Radio, "The only relevant questions are questions of whether I abused my office, and the answer is no."

Well. What do *you* say?

• By far the unluckiest guy in Arkansas is lawyer Gary Johnson, 53, who was peacefully living at Quapaw Towers in Little Rock when Gennifer Flowers moved in next door to him.

Now, Clinton denied on *60 Minutes* that he ever visited Gennifer. But Gary had a home security system that included a video camera pointed at his door. Unfortunately, it also covered Gennifer's door, and after awhile he had several nice visits on tape, showing Bill letting himself in with his own key.

Either Bill finally noticed the camera, or the grapevine told Bill's aides about it, because on June 26, 1992, three weeks before the Democratic nomination, Gary got a loud knock at the door. It was three husky, short-haired state trooper types, and they slugged him as they barged in, demanding the tape.

Gary promptly gave it to them, but they continued punching him, breaking both his elbows, perforating his bladder, rupturing his spleen so badly that doctors had to remove it, beating him unconscious, and leaving him to die.

Now, here's a good question for you: Do you think Bill Clinton actually picked up a phone and initiated this attack?

And here's a better question: *What difference does it make?*

For obvious reasons of liberal loyalty, no one in the major media wants to stick his neck out and be the first to do a major piece that pins all these murders and attacks on the President of the United States.

But sooner or later, the dam will break. The weight and scope of the crimes are just too massive. Even if only *half* these incidents turn out to be accidents or true suicides, Bill will find it impossible to wiggle out of being implicated in the rest. When some indicted hit man or functionary sees the evidence piling up against him, he will sing like a sparrow to save his own tail feathers.

Remember, it took a year for Watergate to become media fodder after its discovery. But when it did, the crisis of confidence in Nixon (on top of an oil crisis) rattled the stock market to its foundations, and U.S. shareholders lost almost half of their money in the biggest drop in 40 years. The U.S. then suffered the worst recession since the Great Depression.

Speaking of big money, here's...

BUDDY YOUNG WAS A FEMA SPOKESMAN DURING HURRICANE BERTHA;

How to Make $2 Million Developing a God-Forsaken Tract of Land Without Selling One Square Foot of It

When the media folk tell you about Whitewater, they leave out a few amusing details.

So in a spirit of altruistic service and public education, I'm going to let you in on the secrets of how to pull off a land scam. Pay attention, because you've never heard this before.

A. Real estate developing is more fun when you can borrow all your capital without having to pay it back ... or even sell any land. So to get started, you need two friends: one an appraiser, one a banker.

B. Next, you find some dirt-cheap dirt. Anywhere in the boondocks will do. In the Whitewater case, it was 230 acres of land along the White River for about $90,000. (Some housing tract! It was fifty miles to the nearest grocery store.)

C. Then you get your appraiser friend to do a bloated appraisal. Hey, what are friends for? Let's say he pegs it at $150,000.

D. You go to the bank and get the usual 80% loan. You now have $120,000, so you pay off the land, and you still have $30,000 in your pocket. You're on a roll.

E. You pay $5,000 to subdivide it and bulldoze in a few roads. (Or if you know the ropes, you get the state to do it, as Bill did to get a $150,000, two-mile access road.)

F. Voila! You now are the proud owner of a partly-developed luxury estate community. So you call up your appraiser friend again, and he re-evaluates it at a cool $400,000.

G. You hustle back to the bank and get a new 80% loan based on the new value. (Nothing out of line so far. An 80% loan is standard, right?)

H. You draw up plans for some fine houses (which will never be built.)

I. You get a new appraisal.

J. You get a new loan.

K. You make two or three phony homesite sales to friends. You shuffle the funds around among your shell corporations and bounce it back to your friends—plus a little extra for their help.

L. You get a new appraisal.

M. You get a new loan.

N. You do a "land flip," selling the whole thing to Company X for $800,000, which sells it to Company Y for a million, which sells it back to you for $1.25 million. (All these companies are your friends.) And yes, this kind of thing *did* happen in Whitewater and Madison. In fact, Whitewater figures David Hale and Dean Paul once flipped Castle Grande back and forth from $200,000 to $825,000 in *one day!*

O. You get a new appraisal.

P. You get a new loan.

Q. Finally, your development corporation declares bankruptcy, and the bank has to eat your loans because the money is all gone, and since the record-keeping is so poor, nobody knows where it went.

But weep not for the bankers. You pay them nicely—perhaps a third of the $2 to $3 million you skim off. Weep for the taxpayer who bails out their banks.

Which is to say, in the case of Whitewater, weep for yourself.

Does This Actually Work?

Whitewater was just the first of a series, like a pilot for a sitcom.

Using Whitewater as a prop, Bill and his partner Jim McDougal milked—by my rough estimate—several million dollars from the SBA and at least five or six banks and S&Ls, starting with the Bank of Kingston.

But their later ventures, bringing in Steve Smith and recently-convicted ex-Governor Jim Guy Tucker, did even better. Campobello started with about $150,000 in property and squeezed over $4 million in loans from banks in about two years. Castle Grande began with $75,000 worth of swamp land and cleared over $3 million. It never built anything. The only human artifacts on it today are a few old refrigerators and mattresses.

Why do I have information you haven't seen before? Because my firm had $10 million in Madison Guaranty S&L, and I was thinking of buying the Bank of Kingston.

When I saw Kingston's financial statement, however, I ran like a scalded cat.

And Madison was worse. You didn't have to be a Philadelphia CPA to spot their money laundering, dead real estate liabilities proudly listed as assets, huge amounts of 24-hour deposits from brokers, and $17 million in insider loans. It was a nightmare.

Whitewater Development Corp. had at least an appearance of sincerity. It even had TV commercials, starring Jim's striking young wife, Susan, in hot pants, riding a horse. Another one showed her behind the wheel of Bill's restored '67 Mustang. A new commercial would have to show her in prison stripes.

But after Whitewater, the deals began dropping their frills like a hooker in a hurry to get things over with. The RTC criminal referral that Bill suppressed during his presidential campaign cites such later corporations as *Tucker-Smith-McDougal*, *Smith-Tucker-McDougal*, and *Smith-McDougal*. Catchy, eh? If it were me, I would have called them *Son of Whitewater*, *Whitewatergate*, and *Whitewater & Ponzi, L.P.*

Stop Me If You've Heard This One

The biggest joke in all of Whitewater is Hillary's claim that she was just a passive investor.

The best comment I've seen on this is by Martin Gross, author of *The Great Whitewater Fiasco*, who commented on the fate of Whitewater Lot 13:

> I have a copy of the deed. She didn't pay a dollar for it. She borrowed $30,000 on it, built a model house (didn't work), she sold it for $23,000. She pocketed the down payment. The man who bought it went bankrupt. She went to bankruptcy court, rebought it for $8,000, resold it for $27,000. And they say she's passive! I say if she was any more active, she'd have been frenetic.

Short Report

On their 1979 income tax, Hillary valued Bill's used undershorts—donated to charity at the end of their action-studded tour of duty—at two dollars a pair.

Plainly, we are dealing here with a couple that gives loving attention to detail in matters of deductions.

As you may recall, however, Clinton has proclaimed over and over that he simply "forgot" to deduct the $68,900 he claims he lost on Whitewater. Commentators have been mystified by the paradox.

But it's no mystery to me. The reason is obvious: Bill didn't deduct the $68,900 because he didn't lose a dime on Whitewater, and he didn't want to do time for tax fraud. Period.

Jim McDougal put up all the money except for $500—and Bill borrowed even *that*.

But weep not for Jim. Not only was he Bill's partner in Whitewater, but he owned Madison Guaranty S&L, which was the designated milk cow that provided most of the inflated loans. Weep instead for the taxpayers—like you and me—who picked up the $66 million tab when Madison folded.

The Paperless Office Is Pioneered by the Rose Law Firm

Will Bill and Hillary go to jail for masterminding all the land deals that fall under the label *Whitewater*?

I expect they will—not because of existing documents, but because of the testimony of subpoenaed people.

The few remaining documents will play a supporting role, but frankly, friend, there aren't many left. According to grand jury testimony: On February 3, 1994, right after the appointment of the special counsel for Whitewater, the nice folks at the Rose Law Firm fired up their high-speed Ollie-o-Matic paper shredder and ordered courier Jeremy Hedges to slice 'n dice his way into the history books by destroying twelve (12) cartons full of Whitewater documents. As far as anyone knows, Rose now has no more Whitewater records than you do.

Actually, a lot of the usual documents were never created in the first place. For instance, there was no written partnership agreement (don't try this at home). No transactions were written up, even though Clinton's real estate agent says there were $300,000 in sales. No deeds were ever recorded. And if any interest was paid on bank loans, the payment checks are missing.

Plus, **after Whitewater, Bill got very smart and kept his name completely out of every subsequent deal he cut.** That's what has vitiated these tedious inquiries of Sen. D'Amato.

But the Whitewater monies, probably several million, ricocheted from shell company to shell company like the basketball in a Harlem Globetrotters warmup drill, and every dollar wound up in the proper pocket. Beneficiaries included many of the biggest names in Arkansas—like Gov. Tucker, Seth Ward, and some very powerful executives from outfits like Wal-Mart and Tyson's Chicken—Clinton campaign backers all. (Campaign records for 1982 and 1984, the two most suspicious years, have also been studiously shredded.)

And Bill, who entered public office with nothing but debts, and who never made over $35,000 a year as governor, is now worth about four to five million. A real rags-to-riches, American success story, isn't it? Kind of puts a lump in your throat.

But there's one other reason for Bill's success. In a word, Hillary. Prepare to be shocked as you learn...

Why the Feds Settled for $1 Million on $60 Million in Debts

You'll find this one hard to believe, so read carefully.

Item: When Madison Guaranty folded, it was somewhere between $47 and $68 million in the hole. The tab has settled at $65 million.

Item: One of the biggest defaults was $600,000 in loans to one of Madison's own directors, Seth Ward, who is the father-in-law of Webb Hubbell. Webb happened to be Hillary's law partner and until April was the No. 3 man at the Justice Department—and assigned to investigate Whitewater!

Item: When the RTC cleanup crew took over Madison, Hillary had been on retainer to Madison for many months.

Got it so far? OK. Now, the RTC lawsuit sought

THIS STORY HAS BE WELL DOCUMENTED IN SEVERAL PUBLICATIONS.

$60 million from Madison's debtors. But here's what happened:

1. Hillary negotiated the RTC down *from $60 million to $1 million*. What a talker!

2. Hillary then got the RTC to forgive the $600,000 debt Seth Ward owed the RTC—every penny of it—thus leaving the RTC with $400,000.

3. But wait! Hillary did these two deeds *as the counsel for the RTC*, not Madison. Incredible as it sounds to those of us who have to live in the real world, Hillary got herself hired by the RTC, and in *that* position, from the government side, she talked them down to $1 million.

4. Her fee for the RTC job was (pure coincidence) $400,000. Which left the government with $400,000 minus $400,000 ... or in technical accounting terms, zippo.

5. And who do you suppose was the mastermind who conned the RTC into hiring Madison's own Hillary to prosecute Madison? None other than the late Vince Foster! When he made his pitch to the RTC, he neglected to tell them about Hillary's retainer with Madison. In fact, he even wrote them a letter stating that the Rose Law Firm didn't represent thrifts!

Vince and Hillary were, by the way, very, uh, close. Not only were they partners at Rose, but there's no shortage of people who saw them hugging and smooching in public. Arkansas troopers say that when Bill took a trip on state business, Vince was often at the mansion gates within minutes—and would stay till the wee hours. They also spent a few weekends together at the Rose vacation cabin in the mountains. And when Hillary filed for divorce from Bill in 1986, Vince was right there at her side. (She withdrew the suit when Bill's political fortunes improved.)

178 Years in Club Fed

Nobody ever accused Bill Clinton of being stupid.

As proof, look at the Congressional hearings. What a hoot! Bill had them stacked so that fully 99% of all Whitewater crimes were off limits!

This left our dignified Congressmen sternly chasing the remaining 1% of petty misdemeanors with hardly a mention of fourteen years of felonies: shell games, killings, break-ins, coverups, threats, bribes, thefts, check kiting, payoffs, arson, money laundering, fraud, influence of testimony, tampering with witnesses, you name it. (It's all in *The Presidential Mess*.)

And Bill managed to focus 100% of the attention on Altman, Nussbaum, Cutler and others, with none of it on himself. You have to admit, that's pretty smart maneuvering.

In February, 1994, *The American Spectator* added up two pages of Bill's alleged crimes, and the total potential penalties came to $2.5 million in fines and 178 years in prison. And *they* just listed the piddly stuff, like tax fraud and soliciting bribes; they didn't even mention the heavier incidents I listed above! (They did include a short roster of Hillary's much lighter penalties, totaling only $1.2 million and 47 years.)

Is such punishment excessive? I think not. Even if you ignore the mayhem, the Clinton economic damage has been severe. Counting Clinton's Arkansas Development Finance Authority, which never awarded a bond grant without a major campaign contribution and Bill's signature, he sucked over a billion dollars from state and federal taxpayers.