with the Senate thereon, was, by unanimous consent, laid on the table.

Thereupon, the SPEAKER pro tempore, Mrs. KENNELLY, by unanimous consent, announced the appointment of Messrs. BRYANT, GLICKMAN, FRANK, FISH and GEKAS, as managers on the part of the House at said conference.

Ordered, That the Clerk notify the Senate thereof.

¶30.7 POINT OF PERSONAL PRIVILEGE

Mr. LEACH rose to a question of personal privilege.

The SPEAKER pro tempore, Mrs. KENNELLY, pursuant to clause 1 of rule IX, recognized Mr. LEACH for one hour.

Mr. LEACH made the following statement:

''Madam Speaker, I rise to a point of personal privilege of the House.

''In rising to this point of privilege, I wish to express concern about the breakdown of comity that has occurred on a personal and procedural level in the House Banking Committee.

''On a personal level, unfortunate adjectives have been used; on a procedural level, unprecedented tactics have been employed.

''I don't wish to dwell on the personal, except to stress my high regard for the chairman of the Banking Committee and to suggest that, as the theologian Reinhold Niebuhr once observed, the temper and integrity of the political debate is more important in our kind of democracy than the outcome of any issue.

''Motivational aspersions are no substitute for full disclosure; indignation no substitute for pursuit of truth.

''Members of the majority may be speaking the truth when they indicate they have no evidence of a link between the failure of an Arkansas S&L and Whitewater and that they know of no improprieties at issue. But it should be understood that not speaking an untruth is not the same as describing a truthful situation, particularly if there has been no serious effort to pursue the truth.

''Constitutionally it is the duty of Congress to oversee breaches of law or public ethics in the executive branch. During the 12 years of the so-called divided Government of the Reagan/Bush era, the legislative branch took its constitutionally mandated oversight function seriously, as witnessed by the expansion in the size of its staff and the number of investigations undertaken.

''Now both the executive and the legislative branches of Government are controlled by the same political party. The oversight mandate thus falls disproportionately upon the ranking members of the respective committees for those areas of the executive branch over which they have jurisdiction. Not to assume leadership in performing the oversight function with regard to the way in which the financial institutions of this country are managed and regulated would be to violate my oath to 'support and defend the Constitution of the United States * * * and * * * well and faithfully discharge the duties of the office.'

''If the majority party refuses to uphold its responsibilities because of political embarrassment to its party's top elected official, the minority party is left with the choice either of joining in a complicity of silence or pursuing investigations that run the danger of being partisan.

''In this context, I would simply emphasize that I raised the Whitewater issue with great reluctance, realizing the import as well as the power of the Presidency. I fully understand the political and personal liabilities involved. Nonetheless, I feel it would be inconsistent, indeed, hypocritical, to my own values, if I refused to pursue a line of inquiry potentially embarrassing to the President of a country which from its inception was intended to be hallmarked by law and its applicability to all citizens. It is, after all, the establishment of a government of laws, not men, that defines the uniqueness of the American experiment with democracy.

''Procedurally, it should be noted that the minority is currently engaged in one of the most profound checks and balances philosophical engagements with the executive branch in the modern history of the Congress. This engagement carries far greater implications than any judgment relating to a particular embarrassment of a particular public official at a particular time because at issue is precedent: whether in future circumstances the oversight capacities of Congress can be thwarted if the majority party of Congress is the same as that in control of the executive branch and chooses to refrain from its oversight obligations in order not to embarrass its party's standings.

''It is possible that the constitutional precedent for our checks and balances system surrounding the refusal of the administration to cooperate with an oversight probe of the executive branch which the majority party does not sanction may have more long-term negative consequences than any episodic embarrassment that might relate to this or any President's past. What is at issue is the definition of Congress as it applies to the constitutionally granted oversight responsibilities of the legislature. In our checks and balances system, Congress was given oversight responsibilities, but this administration is suggesting in response to minority requests for documentation from executive agencies that only chairmen speak for Congress. The minority in Congress, by this logic, has no power to advance or fulfill its constitutional rights if the majority does not concur in request for information. If such precedent is allowed to stand, Congress's oversight capacities will for all practical purposes be hamstrung whenever the executive and legislative branches of Government are controlled by the same party. Would our Founding Fathers have had this in mind?

''In this connection, on December 9, 1993, as ranking member of the Banking Committee, I wrote Federal regulatory agencies to request certain documents of an oversight interest [example, Tab A]. In a followup letter I pointed out, as the courts have noted, 'The Congress rarely acts as a body. Its manifold duties in the legislative, investigative, and oversight fields are almost invariably carried out through committees, committee chairmen, individual members, and staff personnel.' *Murphy* v. *Department of Army,* 613 F.2d 1151, 1156 (1979). In addition, the court stated:

> The Senate and the House are so organized that certain legislative and quasi-legislative activities may be accomplished only through committee action. In other respects, however, the legislature acts through its individual Members. All Members have a constitutionally recognized status entitling them to share in general congressional powers and responsibilities, many of them requiring access to executive information. It would be an inappropriate intrusion into the legislative sphere for the courts to decide without congressional direction that, for example, only the chairman of a committee shall be regarded as the official voice of the Congress for purposes of receiving such information, as distinguished from its ranking minority member, or other committee members, or other members of Congress. Each of them participates in the law-making process; each has a voice and a vote in that process; and each is entitled to request such information from the executive agencies as will enable him to carry out the responsibilities of a legislator.

''Agency heads responded that a ranking member only has the authority of an individual Member of Congress and, therefore, may only obtain information that would be available to the public pursuant to the Freedom of Information Act. In addition, the Office of Thrift Supervision asserted that it differs 'with the view that Rules X and XI of the House of Representatives grant to a ranking minority member—or any individual member—the same authority to request information that a committee chairman possesses.' In short, the agencies contend that only chairmen, not ranking members, speak for Congress.

''Subsequently, on March 8, 1994, I wrote requesting information for the Banking Committee's upcoming RTC oversight hearing [Tab B]. Agency heads again responded by holding to the position that only the chairman of a committee would be permitted access to agency documents.

''In this dispute about who is entitled to speak for Congress in the context of Congress' right and obligation under Article I of the Constitution to conduct oversight of the executive branch, the chairman of the Banking Committee, in what may have been an effort to bolster the executive's position, wrote agency heads on March 10, 1994, to suggest that they deny my document request and wrote separately on March 14, 1994, to state that they need not answer questions concerning Madison Guaranty Savings and Loan at the scheduled hearings [Tabs C and D]. The chairman's letter contained an implicit and unprecedented philosophical assertion that not only does a chairman

have the exclusive right to obtain oversight documents from the executive branch, but the right to deny such documentation to other Members and the right even to deny inquiries about issues clearly germane to the subject of hearings.

''So that there is no misunderstanding, the RTC oversight hearing was scheduled under requirement of law, section 21A(k)(6) of the Federal Home Loan Bank Act (12 U.S.C. §1441a(k)(6)), and there is no provision in that law for exceptions to congressional oversight that relate to a single State and its institutions. The U.S. Congress wrote a law applicable to all 50 States, not 49, and the oversight of our laws applies throughout this country. Just as in America no individual is above the law, no State is beyond its reach. Just as no individual is entitled to violate the law out of ignorance of it, no person, even the chairman of a congressional committee, is entitled after the fact to be sole interpreter of a law's meaning or serve as a censor to another Member's inquiries. Indeed, no Member of Congress has the right or power to deny relevant information to another Member.

''In addition to the Federal Home Loan Bank Act, the committee's role in oversight is buttressed by the House rules as modified under the Legislative Reorganization Act of 1970. I refer to paragraph 2 of House Rule X providing for the committee's 'General Oversight Responsibilities' which states:

(b)(1) Each standing committee . . . shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the congress and whether such programs should be continued, curtailed, or eliminated.

''Separate procedural rules may apply to an investigative hearing, but such rules do not apply in this case. The statutorily mandated RTC hearing is an oversight hearing in accordance with rule X. Any reliance on investigative hearing procedures to deny information to committee members is misplaced. Any information requests or questions by Members related in any manner to RTC operations are authorized under the committee's oversight authority. It is also expected that in answering questions witnesses have the obligation either to assert appropriate privileges or fully respond with answers to the questions (See, 2 U.S.C. §192, *Sinclair* v. *United States,* 279 U.S. 263 (1929)) and such answers shall be truthful. (See, 18 U.S.C. §1001, *U.S.* v. *Poindexter,* 951 F.2d 369 (D.C. Cir. 1991)).

''Moreover, the precedent of the Banking Committee is clear with respect to the relevance of specific questions on specific institutions. On numerous occasions at past RTC oversight hearings, questions related to individual institutions have been asked by committee members, including the chairman, and answered by witnesses. In fact, the committee's invitation letter of March 3, 1994, to Treasury Secretary Bentsen for purposes of the RTC oversight hearing, seeks testimony and documents related to a specific institution, Homefed Savings. Of relevance also is the following statement last week of the chairman of the Senate Banking Committee:

So we have had now over the years since 1989, a very long series of regular oversight hearings where we call in the officials responsible for implementing that law to find out exactly how it is working and if there is a need to change any particular part of it. Is it working the way it was designed to work? Have we corrected all the abuses? We were so concerned about that issue that, in fact, we built into that 1989 law a requirement that there has to be a hearing here in Congress every 6 months on how that cleanup effort is doing and how that law is being implemented. Within the text of that part of the law we went so far as to say that any institutions that failed in that time period, in the mid-1980's, that if any Senator on the committee wanted to come in and ask questions about that particular institution, that they had a right in law to do so. We did not foresee the Madison case at that time, but it applies precisely to the Madison case and every other case out of that time period. (CONG. REC. S3153, March 17, 1994).

''To the degree the chairman's letters are open to an interpretation that would imply the possibility that they have been requested by the administration to bolster its efforts to deny information to the Congress and thereby the public, at issue would be a collusive effort by the majority party in the Congress to aid and abet the executive branch in its concerted effort to deny disclosure of information related to legitimate congressional oversight.

''In this regard, a letter recently copied to Representative WILLIAM CLINGER, ranking member of the Government Operations Committee, evidences a comparable approach in another committee of Congress [Tab E].

''It is the minority's position that executive branch witnesses must address their obligations to respond to legitimate oversight requests and legitimate inquiries on the subject of hearings as required by the law and the Constitution, not in conjunction with any arbitrary desire of a chairman to deny discussion on a subject the executive branch would rather not forthcomingly address. The minority party, has a baseline assumption that officials of the U.S. Government will comply with the law and, when appearing before a committee of Congress, abide by the Code of Government Ethics for Federal employees to 'Uphold the Constitution, laws, and regulations of the United States and all governments therein and never be party to their evasion.' [Public Law No. 96–303, July 3, 1980, 94 Stat. 855].

''The constitutionally-derived obligation of oversight cannot be short-circuited at the whim of the congressional majority. It is just as much the duty of the minority party, as the majority. Indeed, in real life circumstance as evidenced in this particular incident, oversight may in practice imply a greater obligation on the party out of power than the party in control of the executive branch.

''Hodding Carter, the distinguished journalist from Mississippi, recently noted that southerners of virtually all philosophical stripes recognized a little or a lot of truth in certain northern concerns about discrimination that existed in the South in the heyday of civil rights activism. But with understandable resentment all felt that northerners had a duty to look a little more assiduously in their own backyards. In this probe of Whitewater, I believe an outsider might conclude that the single party concentration of political power in Arkansas may be in need of review that the shadow of Lyndon Johnson and Huey Long may have been cast to greatly on a former governorship. But as a northerner, I am obligated to note that my primary responsibility is my backyard, in this case the body to which I am elected to serve. While I believe it would be unfair to suggest that one of America's great political parties is more honest than the other, I believe the concerted effort to avoid accountability and full disclosure in the Whitewater incident, and the unfortunate institutional precedents in process of being established, reflect attitudes more associated with single party governance of closed than open societies. Competition is the American way. When single party dominance is long and deep, arrogance associated with power creeps incontestably into the system. Whitewater, in the end, may tell more about Congress than the executive branch.

''In this context, the minority raised concerns about the manner in which the RTC oversight hearing scheduled this week might have been conducted. Nevertheless, the minority was disappointed the hearing was abruptly postponed.

''Postponement of the hearing by the majority raises, above anything else, the issue of compliance with the law. Compliance with the law is not a matter of convenience or discretion. The majority party has no prerogative to avoid capriciously its legal obligations.

''Hearings mandated by statute were to have occurred by December 3, 1993. It is a statutory obligation of the majority in the legislative branch to conduct on a timely basis RTC oversight; it is the statutory obligation of the executive to cooperate with Congress and comply with its legal responsibilities.

''The negotiations this week between leaders of the House which led to the passage of a bipartisan resolution expressing the sense of the House as to the need to hold bipartisan hearings are promising. The subsequent statements by the Speaker that these discussions were of the 'possibility of hearings, not a concession that hearings are not necessarily going to take

place,' is disappointing. The majority that an obligation to ensure the decision to postpone indefinitely RTC hearings does not amount to yet another example of Congress not applying the law to itself.

"With regard to a possible hearing, let me stress the minority has offered to cooperate fully with the special counsel. We have transferred substantial information to his office. We have given him our proposed witness list and offered to support a delay in the day of hearings provided under House rules to the minority to allow him a chance to depose witnesses first. For his part, the special counsel, in a meeting on March 17, 1994, with the minority, said that he would not impede in any manner executive branch testimony and that he would not stand in the way of an RTC oversight hearing. Mr. Fiske also stated that he did not object to the disclosure of copies of documents to Congress, other than White House documents. The existence of a special counsel appointed in the Madison case cannot be used as a rationale to avoid providing RTC oversight information to Congress.

"Congress and prosecuting attorneys have differentiated roles, but they are by no means incompatible. In fact, they are generally complementary. Indeed, in the Banking Committee hearings over the past decade on institutions such as Lincoln—Charles Keating, and Silverado—Neil Bush, the Justice Department had tandem investigations underway. Hearings almost always reveal knowledge and perspective that is helpful to prosecutors. It was, after all, Senator Ervin's committee that revealed the existence of the Watergate tapes and it was the recent Senate hearing that revealed improper contacts between executive branch agencies and the White House. The major recent exception where a prosecutor was undercut by Congress involved excessive zeal to embarrass Presidents Reagan and Bush that caused a committee to offer immunity to certain witnesses in the Iran Contra people. But the more general proposition is that constraining a congressional inquiry has the effect of reducing knowledge, thus reducing prosecutorial discretion.

"Mr. Speaker, in a country in which process is our most important product, it is the belief of this Member that the precedents established in this investigation are more important than the investigation itself. Nevertheless, I come to the floor this afternoon to present to the attention of the House and the American people some findings, with supporting documentation, the Minority has uncovered in its ongoing investigation of the Whitewater/Madison affair.

"Accordingly, I would like to review in both a perspective and information dispensing sense the Madison/Whitewater issue and divide the remainder of my discussion in two categories: what happened and how the administration has responded.

"On the landscape of political scandals Whitewater may be a bump, but it speaks mountains about me-generation public ethics as well as single party control of certain States and the U.S. Congress.

"In a nutshell, Whitewater is about the arrogance of power—Machiavellian machinations of single-party Government. It all began in the late 1970's when a budding S&L owner named James McDougal formed a 50–50 real estate venture with a young politician, the then Attorney General of Arkansas, Bill Clinton. In this venture called Whitewater, the S&L owner and S&L affiliated entities provided virtually all, perhaps, all, the money; the Governor-in-the-making provided his name.

"Over the years, the company received infusions of cash from the S&L as well as from a small business investment corporation which diverted, allegedly at the Governor's request, federally-guaranteed funds from a program designed for socially and economically disadvantaged people to the Governor's partners and thence, in part, to Whitewater.

"Some of these funds were used to pay off personal and campaign liabilities of the Governor; some to purchase a tract of land from a company to which the State had just given a significant tax break. Whitewater records have apparently been largely lost. A review of the numerous land transactions, however, raises questions of what happened to the money that came into the company and a review of the President's tax records raises questions about tax deductions that were taken and income that may not have been declared.

"Under the governorship of Bill Clinton, Jim McDougal was named a Gubernatorial aide to serve principally liaison to the Economic Development, Commerce, and Highway and Transportation Departments; the first lady of Arkansas was hired to represent the S&L before State regulators; the president of the S&L was placed on the State S&L commission; an attorney who represented the S&L was named the State S&L regulator; the S&L received rent from State agencies; Whitewater had roads constructed using a State agency program and State funds; and the S&L was allowed to operate, despite being insolvent for an extended period, providing millions in loans and investment dollars to insiders and the Arkansas political establishment.

"Under the governorship of Bill Clinton, the S&L was allowed to grow 25-fold until Federal regulators forced its closing, at which time taxpayers picked up the tab for losses that amounted to approximately 50 percent of the institutions's deposit base.

"Under the governorship of Bill Clinton, the total number of State-chartered savings associations declined dramatically. Over the period December 1979 to December 1992, the number of stock State-chartered thrifts in Arkansas declined from the 33, with assets of $961,002,000 to 3, with assets of $146,072,000. Viewed another way, the amount of assets available to support home mortgage lending for the people of Arkansas declined.

"The story of Whitewater is thus part and parcel the story of the greatest domestic policy mistake of the century—the quarter-trillion dollar S&L debacle. It is the story of a company which in one sense was a simple real estate development venture, but in another was a vehicle used to spirit federally insured deposits from an S&L and compromise a significant political figure.

"In the largest series of bank robberies in history, which precipitated an industry bail out larger than the taxpayers provided Lockheed, Chrysler, and New York City times a factor of 10, it is fair to ask: 'What happened? Who is responsible.'

"An answer to these inquiries requires an understanding that those accountable are not only a few negligent and corrupt S&L owners, but attorneys, accountants, State and Federal legislators, regulator and assorted public officials. As wide ranging as the responsibility is, however, it is a mistake to be so glassy eyed as not seek lessons for the future through a demand for individual accountability for breaches of law and ethics in the past.

"Macroeconomics aside, public responsibility for the S&L debacle is of a tripod nature, involving: First, the conflict-ridden role of Congress in passing loose laws; second, the ideological mistake of the Reagan administration in urging deregulation in an industry which requires responsible standards; and third, the culpability of a small number of State governments, such as in California, Texas, Louisiana, and Arkansas, which failed to rein in high flying State-chartered, State-regulated institutions, which because of the Federal nature of deposit insurance, precipitated a massive transfer of wealth from States with responsible governments to those without.

"In Arkansas it is impressive how the Federal Government was obligated to close more than 80 percent of State-chartered S&L's in the 1980's and how large taxpayer losses were in relation to the State's S&L deposit base. The failure of the Clinton administration in Little Rock to fulfill its responsibility to police State financial institutions had the effect of increasing tax burdens on citizens of Arkansas as well as other States.

"While taxpayers at the national level were forced to pick up the tab for the mistakes of politicians in whose elections they could not vote, citizens in States like Arkansas were doubly shortchanged. Not only did they have to share in eventual bail out costs, but when their home-based financial institutions frittered away the hard earned deposit savings of the their State to insiders, fewer resources were made available to potential homeowners and minority entrepreneurs.

''What the Keating-5 scandal was all about was the attempt of an S&L owner to compromise through political contributions significant political players, in this case five Senators, to influence regulators to keep an insolvent, corruptly run, institution from being closed. What makes Governor Clinton's involvement with a company which helped breach the vaults of an Arkansas S&L philosophically at least equal to, but in reality more troubling than the Keating model is that not only did the institution's management organize conflict-ridden fund-raising endeavors for the key politician in the State, but through Whitewater it put the Governor in a compromising personal finance position as well.

''What is extraordinary is the hypocrisy of the circumstance. The following 1991 announcement statement of Governor Clinton speaks for itself:

For 12 years of this Reagan-Bush era, the Republicans have let S&L crooks and self-serving CEO's try to build an economy out of paper and perks instead of people and products. They stack the deck in favor of their friends at the top and tell everybody else to wait for whatever trickles down.

''Despite the rhetoric it is remarkable how time after time in the 1980's, alleged defenders of the little guy in American politics found themselves advancing the interests of a small number of owners of financial institutions which were run as private piggy banks for insiders. The intertwining of greed and ambition turned democratic values upside down.

''In our kind of democracy ends simply don't justify means. Just as a conservative, who may despise government, has no ethical right not to pay taxes, a liberal has no ethical basis to put the public's money in his own or his campaign's pocket just because he may have the arrogance to believe he is advancing a political creed that is in the public's interest.

''Why does all this matter?

''Here, it would perhaps be appropriate to paraphrase the great Illinois Senator, Ev Dirksen: a few thousand here and a few thousand there and pretty soon it adds up to a real scandal. Put another way, an ethical lapse here and an ethical lapse there and pretty soon it adds up to a character deficit.

''I have never known anyone in public life better able to put embarrassing episodes behind him than Bill Clinton. Accordingly, I couldn't have been more surprised by the discombobulation of the administration at the minority's restrained request last November for hearings and full disclosure.

''As in most serious public scandals, coverups can prove as troubling as acts at their source.

''Much press attention has centered in recent weeks on the revelations of improper contact between employees of independent Federal agencies and the White House. The question of whether a heads up was appropriate is of significance. More so, is whether the line between a heads up and coverup was crossed.

''By background, for several years a group of criminal investigators for the RTC in Kansas City reviewed the failure of Madison Guaranty Savings & Loan in Little Rock and came to the conclusion criminal referrals were appropriate. In the last week of September 1993, they sent copies of their referrals to Washington. Within a few days of receipt of the referrals from the Kansas City office, RTC Washington officials visited the White House. Within a few weeks, in an unprecedented change of procedure, Washington demanded to review all Madison referrals. Within a few months, a senior Kansas City criminal investigator was removed from the case. Within a few more months, officials from RTC Washington visited Kansas City to pass on the determined message that senior RTC officials in Washington wanted it understood that they wished to claim Whitewater was not responsible for any losses at Madison.

''Courageously, Kansas City investigators refused to allow Washington RTC objections to change the content of the referrals they sent in the second week of October 1993, to the Justice Department.

''Courageously, Kansas City investigators refused to back the Washington position that Madison's losses were unrelated to Whitewater and pointed out to their superiors that in one intensely reviewed 6-month period alone approximately $70,000 was transferred from Madison and Madison affiliated companies to Whitewater.

''Courageously, Kansas City investigators have sought whistleblower protection rather than comply with the Washington RTC gag order that no one form Kansas City could speak with Special Counsel Fiske without clearance through and accompaniment of Washington RTC officials.

''The briefing of the White House by high ranking Department of Treasury and RTC employees must be understood in the context of the development and transmittal to the Justice Department of these referrals and in the context of the possibility Kansas City was in the process of developing further referrals.

''There are many elements of the Whitewater affair that are a bit esoteric. But the revelations that U.S. Government officials briefed key White House aides on potential legal actions which independent regulatory agencies might be obligated to take implicating but not charging the President and First Lady subvert one of the fundamental premises of American democracy—that this is a country of laws and not men.

''In America no individual, whatever his or her rank, is privileged in the eyes of the law. No public official has the right to influence possible legal actions against him or herself. For this reason agencies of the Government as well as the White House have precise rules that govern their employees.

''The following standards—31 CFR §0.735–30—apply to the Department of Treasury:

An employee should avoid any action . . . which might result in, or create the appearance of . . .

(2) Giving preferential treatment to any person; . . .

(4) Losing complete independence or impartiality;

(5) Making a Government decision outside official channels; or

(6) Affecting adversely the confidence of the public in the integrity of the Government.

''Similarly, the following standards contained in 12 CFR §1605.7 apply to RTC employees:

No employees shall engage in any action, which might result in, or create the appearance of . . .

(b) giving preferential treatment to any person; . . .

(d) losing complete independence or impartiality;

(e) making an RTC decision outside official channels; or,

(f) adversely affecting the public's confidence in the integrity of the RTC.

''Likewise, the following standards apply to the White House—3 CFR §100.735–4:

In all circumstances employees shall conduct themselves so as to exemplify the highest standards of integrity. An employee shall avoid any action, whether or not specifically prohibited by this subpart, which might result in, or create the appearance of:

(1) Using public office for private gain;

(2) Giving preferential treatment to any person; . . .

(4) Losing complete independence or impartiality;

(5) Making a Government decision outside official channels; or

(6) Affecting adversely the confidence of the public in the integrity of the Government.

''Perhaps laws have not been broken, but seldom have the public and private ethics of professionals in the White House and executive departments and branch agencies been so thoroughly devalued.

''The point of all this is that there is a disjunction in this administration between public policy and private ethics. Americans abhor privilege; hypocrisy gnaws at the American soul; it leaves a dispiriting residue of resentment.

''What is also extraordinary is the absence of simple truth.

''Administration claim: Whitewater caused no losses to Madison.

''Fact: As reflected in the minority-developed charts and evidenced by supporting documentation, Madison and affiliated companies transferred significant resources to Whitewater. In addition to being a modest-sized real estate company, with a cash flow derived from land sales, Whitewater appears to be one of a dozen so companies with direct or indirect access to Madison and its taxpayer guaranteed deposits.

''Administration claim: The Clintons lost money in Whitewater.

''Fact: To have lost in Whitewater implies that the Clintons invested sums which were unrecovered. Their Whitewater partner, James McDougal,

claims at most the Clintons over the years put in $13,500 in Whitewater. The minority has provided evidence that one land transaction alone returned more than this amount to the Clintons and published reports indicate tax deductions of some value were taken. The Lyons report, as well as a review of land sales, indicates substantial sums were taken out of Whitewater over the years. It is not clear how disbursements were arranged. What is clear is that infusions of capital from land sales, from Madison-affiliated entities and possibly from others appear to have covered loans the company and the Clintons took out. The company may have had a negative value when the Clintons sold their half interest in 1992, but that neither means the Clintons themselves lost money, nor that questions ought not be asked about how direct or contingent liabilities may have been disposed of as late as 1992.

''Administration claim: The President and his staff would fully cooperate with Congress.

''Fact: The executive branch is actively working to prevent full disclosure of documents and committee access to witnesses.

''Administration claim: It has done nothing wrong in relation to the RTC investigation into the failure of Madison and is fully cooperating with Special Counsel Fiske's probe.

''Fact: Officials of an independent regulatory agency—the RTC—immediately notified the White House of the probe of Madison by its Kansas City office and attempted to put in place procedural techniques to undercut the traditional independence of its regional offices.

''Fact: In January 1994, RTC Washington met with Kansas City staff. After the meeting the Kansas City office filed a formal complaint with Washington RTC.

''Fact: On February 2, 1994, the day Roger Altman briefed the White House on Madison Guaranty, RTC senior attorney, April Breslaw visited the Kansas City office and said that Washington would like to say that Whitewater caused no losses to Madison. Kansas City employees protested that this was not the case.

''Fact: On September 29, 1993, before the new criminal referrals were sent to the Justice Department, Treasury General Counsel Jean Hanson briefed White House Counsel on them. Nine days after the meeting, the referrals were sent to the Justice Department. On October 14, Jean Hanson with Secretary Bentsen's press secretary and chief of staff met with Presidential advisors ostensibly to discuss press inquiries related to Madison Guaranty.

''Fact: On February 2, right after the appointment of Special Counsel Robert Fiske, Roger Altman gave the White House a heads-up briefing on Madison. At the Senate oversight board hearing, Roger Altman revealed his February 2 meeting, but no others. Several days later, the September and October White House briefings were revealed. On March 9, the Washington Post reported that there were numerous other contacts between the Treasury and the White House on Madison. After subpoenas are issued it is revealed that there are over 3,500 pages of documentation surrounding these contacts which the White House terms as inconsequential.

''Fact: After the appointment of Special Counsel Fiske, Washington RTC officials imposed censorship guidelines on Kansas City RTC employees. No discussion with Fiske could be made without going through Washington. No meetings between Kansas City office and Fiske could take place without accompaniment of Washington officials. No materials could be forwarded without going through Washington. All information concerning attorney-client privilege was to be redacted, with Washington RTC determining the scope.

''Administration claim: No fundraising improprieties occurred.

''Fact: On April 4, 1985, Jim McDougal hosted a fundraiser for Governor Clinton. The Clinton's repeatedly asked McDougal to host the fundraiser to pay off the $50,000 personal loan that Clinton had taken out in the final weeks of his 1984 campaign. The question at issue is whether some of the money appears to have been diverted from Madison Guaranty, which would then, with the failure of Madison, imply deferred Federal financing of a gubernatorial election. For example, one cashier's check for $3,000 was made in the name of Charles Peacock III, then a 24-year-old college student who disclaims any knowledge of having made a contribution. Mr. Peacock's father was a major Madison borrower and served at one time on Madison's board. Other checks that the RTC is reviewing include a $3,000 check from the late Dean Landrum, an employee of Charles Peacock, and one from Susan McDougal. In the former Governor's defense, candidates are not always in a position to verify their campaign contributions.

''Mr. Speaker, the President's former partner, Jim McDougal, in a number of occasions has contested the assertion that no resources were taken from Madison Guaranty and its related entities and given to Whitewater. In an AP story on February 4, 1994, and on the 'David Brinkley Show' on March 13, 1994, he specifically raised concerns that Madison Marketing was not owned by Madison Guaranty, but was instead a sole proprietorship owned by his former wife. He has cited documents filed with the Arkansas secretary of state's office to buttress his claim.

''Mr. McDougal apparently believes there are subtleties about the nature of Madison Marketing that need clarification. Mr. McDougal gives great credence to the circumstance that at some point Madison Marketing may have been operating as an intended proprietorship of his wife, but, whether this is true, this appears to be a distinction without a difference, form over substance. The overwhelming perspective as contained in the 1986 Federal Home Loan Bank Board Report of Examination is that all Madison Marketing resources were derived from Madison Guaranty or its subsidiaries. Any money transferred to Whitewater from Madison Marketing would thus have had as its source the S&L. The 1986 FHLBB exam, upon which the earlier staff memo on this subject was based, states:

A. Objectionable Conflicts of Interest: Conflicts of interest involving James McDougal, Susan McDougal, and William Henley have been detrimental to the safety and soundness of the Institution. These individuals are in control of the Institution (Madison Guaranty) through their stock ownership. James McDougal owns 63.5 percent of the outstanding Madison shares. His wife, Susan McDougal, owns 12.6 percent, and her brother, William Henley owns 8.5 percent. In addition to his ownership control, Mr. McDougal, as President of the Institution's subsidiary (Madison Financial), has complete control of the land development projects discussed in comment.

B. This control enabled Mr. McDougal to structure the development and financing of the projects so that substantial cash payments could be diverted to himself, Susan McDougal, William Henley and others. These payments have directly benefited these individuals, but Madison Guaranty has received little or nothing in return. Though they have been structured to avoid specific Insurance Regulations, these payments are contrary to the general policy of the FHLBB concerning conflicts of interest as stated in Insurance Regulation 571.9 and FHLBB Memorandum R–19a.

Many of these payments have been funneled through business entities which are owned or controlled by the McDougals, employees, relatives of employees, or close friends of the McDougals and Henley.

Madison Marketing: Madison Marketing is paid for doing all the general advertising for Madison Guaranty and most of the advertising for Madison Financial's land development projects. All of Madison Marketing's business is derived from Madison Guaranty or its subsidiaries. Since 1983 these payments total $1,532,000.

Given the evidence of Madison Marketing's invoices, it is questionable how much of these advertising services are actually performed by the firm. The actual work of advertising, such as the design and production of commercials and providing air time or newspaper space, appears to be performed by others. Madison Marketing apparently just pays the bills of other providers and adds a 15 percent fee of its own. Examiners estimated this fee to be approximately $200,000 since 1983. It would appear that Madison Guaranty could have an employee perform similar work for much less money.

Mr. Latham stated that Madison Marketing made no payments to any stockholders. This statement is false. As a part of a test for such payments, the examiners discovered two remittances from Madison Marketing to Susan McDougal which total $50,000. This was a test, and there may be additional payments.

''Mr. McDougal apparently believes Madison Marketing should be understood simply as a sole proprietorship of his wife with no ties to the S&L. This view is in discordance with that of the U.S. Government, as indicated by the FHLBB report cited above; it is also in discordance with a contemporaneous view of the legal situation as defined

and described by Mr. McDougal in a July 1, 1986, memorandum from him to Madison guaranty's president, Mr. John Latham. In this memorandum, which is a copy of an original Madison document in the possession of the RTC and the minority of the House Banking Committee, Mr. McDougal asserts:

In late January 1985, Mrs. McDougal permitted Madison Marketing to become a subsidiary of Madison Financial Corporation.

''In addition, Mr. Jeff Gerth of the New York Times has reported on March 8, 1992, an earlier instance in which Madison Marketing transferred resources to Whitewater. Mr. Gerth reported:

Whitewater's check ledger shows that Whitewater's account at Madison was overdrawn in 1984, when the corporation was making payments on the Clinton's loan. Money was deposited to make up the shortage from Madison Marketing, an affiliate of the savings and loan that derived its revenues from the institution, records also show.

''In addition, David Hale and his attorney Randy Coleman have asserted in recent days that it was proceeds of an $825,000 Madison loan that was used to leverage SBA funds and to make the $300,000 loan to Susan McDougal, of which $110,000 was deposited to Whitewater.

''This evidentiary material coupled with the April 17, 1985, minutes of Madison Financial's board authorizing a transfer of $30,000 from Madison Financial to Whitewater, the memo of L. Jean Lewis of the Kansas City RTC office showing over a 6-month period reviewed that approximately $70,000 was transferred from Madison or affiliated entities to Whitewater, plus other more confidential RTC material in our possession indicates there is every credible reason to believe that Madison Guaranty through affiliated entities did transfer money to Whitewater.

''Furthermore, records filed with the Arkansas Secretary of State's office show that Mr. McDougal, as president of Madison Financial Corp.—a subsidiary of Madison Guaranty—on July 26, 1986, filed an application for registration of fictitious name. The application was for Madison Financial to do business as Madison Marketing. This document does not represent incorporation papers. This application appears to be in response to the 1986 Federal Home Loan Bank exam which noted that with regard to Madison Marketing and Madison Real Estate, Madison Financial had not registered as a ''doing business as'' in the county records.

''The effect of this statement with its supporting documentation is to evidence that:

''First, Whitewater may have begun as a legitimate real estate venture but it came to be used to skim, directly or indirectly, federally insured deposits from an S&L and a Small Business Investment Corporation. When each failed, the U.S. taxpayer became obligated to pick up the tab;

''Second, the family of the former Governor of Arkansas received value from Whitewater in excess of resources invested;

''Third, taxpayer guaranteed funds were in all likelihood used to benefit the campaign of a former Governor;

''Fourth, the independence of the U.S. Government's regulatory system has been flagrantly violated in an effort to protect a single American citizen; and

''Fifth, Congress and the Executive are employing closed society techniques to resist full disclosure of an embarrassing circumstance, with unfortunate precedent setting ramifications.

''Last month a BBC reporter asked me if we Americans weren't making too much of this scandal. He raised a fair question. Compared with petty potentates around the world, who routinely walk off with millions and in some cases billions, conflicts of interest in American politics are of petty variety. In this case, however, we have a situation where a multithousand-dollar conflicts of interest led to a multimillion-dollar hit on the taxpayer. That is the meaning to the failure of Madison Guaranty. That is also the meaning of the Small Business Investment Corporation called Capitol.

''It is simply not appropriate to shrug it off and say that this is the way things are done in small States. They aren't in Nebraska, South Dakota, or Iowa. It is simply not appropriate to say it isn't a Federal issue. It is. The U.S. taxpayer has lost millions; homeowners in Arkansas have lost institutions that were established to serve their needs; minorities throughout the country cannot lightly shrug off yet another instance in which a program designed to give them a crack at the American dream was redirected to serve the investment ego a State political establishment.

''It is suggested by the majority that we have better things to do around here. There again is some truth to this. The minority also wants to get on with the business of health care, welfare reform, crime legislation. Indeed, we pledge to be constructive and are not blocking any congressional consideration of these issues. But, in a larger sense, it should be understood that these—we have better things to do—laments suggest that ethics, governmental integrity, and the possible misuse of the public's money should be secondary considerations—something to worry about only when we have time. In a democratic system, built and maintained on the confidence of the people, placing such considerations last on the list of priorities is a highly dubious game. Nothing works over the long haul if the public loses confidence in its governmental institutions and the people who operate those institutions. The task of keeping the people's confidence may not be pretty or pleasant, but it is a first priority in our system—not a last priority as all too many are suggesting today.

''Whitewater is less about the issues of the day than it is the ethics of our time. It is a central issue not because it is big, but precisely because it is small.

''The way we in America keep our scandals from becoming too big is by holding people accountable when the amounts of money at issue are relatively small. It is the principles at issue, not the dollar amounts that matter.

''In conclusion, let me stress that the most difficult issue to deal with is the question of proportionality. When the minority made its restrained request for hearings last November, I suggested that while there was fire with the smoke, Whitewater appeared to be more a camp than forest fire. I now believe the fire has spread to the grass and is heading to the trees but that it is still not too late to put it out with full disclosure and full accountability. In this regard, I suggested in a December, Washington Post editorial that when breaches of law or public ethics occur, options often exist as to whether civil or criminal remedies are appropriate. I presumptuously concluded then and maintain now that there is no reason not to proceed with civil accountability in a civil way. The last thing this country needs is a year long trial or travail for the President of the United States. It would divide the country and be unfair to the public as well as the President.

''Accordingly, I have pledged to the President's counsel as well as to the special counsel that I will do my best to put the issue behind once disclosure is provided. Accountability is in order; a constitutional crisis is not. The Presidency should neither be jeopardized nor debilitated. Rather than high crimes and misdemeanors, the issue today relates to high improprieties and breaches of the public trust.''.

ADDITIONAL SUPPORTING DOCUMENTATION

STATEMENT OF THE HONORABLE JAMES A. LEACH

1. Notes of Conversation between L. Jean Lewis and April Breslaw, February 2, 1994. ''(T)he 'head people', would like to be able to say that Whitewater did not cause a loss to Madison, but the problem is that so far no one has been able to say that to them.'' Describes losses to Madison caused by Whitewater.

2. Board of Directors Minutes, Madison Financial Corporation, April 17, 1985. ''RESOLVED, that the Corporation pre-pay to Jim McDougal $30,000.00 of his annual bonus in recognition of the profits of the prior year and that said bonus is to be paid directly to Whitewater Development.''

3. Application for Registration of Fictitious Name, Applicant—Madison Financial, Fictitious Name—''Madison Marketing'' (July 25, 1986).

4. Chronology of Criminal Investigation.

5. Letter of September 1, 1992 from L. Richard Iorio (RTC–KC) to Steve Irons (FBI) transmitting criminal referral.

6. Letter of September 1, 1992 from L. Richard Iorio (RTC–KC) to Charles A. Banks (DOJ) transmitting criminal referral.

7. RTC Internal Memorandum, May 3, 1993. Background remarks and conversation with AUSA Bob Roddey's office re: Madison Guaranty Savings referral.

8. RTC Internal Memorandum, May 19, 1993. Additional conversation with Office of Legal Counsel for U.S. Attorney's, U.S. Jus-

tice Department, Washington, D.C. No record of Madison criminal referral at Washington DOJ.

9. RTC–KC E-Mail, May 19, 1993. Madison matter forwarded to Donna Henneman in ''Legal Counsel.'' Referral submitted to that office ''because of the political ramifications and political motivations.''

10. RTC–KC E-Mail, May 26, 1993. Follow-up call from Donna Henneman (DOJ). RTC advised by an FBI agent in Little Rock that it was a ''very solid case of check kiting, and was highly prosecutable.'' Henneman was growing increasingly frustrated by the situation, because she had seen the information, knew that it had come in, and couldn't understand why she was having such a hard time tracking where the referral and exhibits had gone.

11. RTC-KC E-Mail, June 8, 1993. Conversation with Donna Henneman (DOJ). Madison Referral has reappeared on her desk. Criminal Division has sent memo to Doug Frazier (in Depty Atty General Heyman's office) advising him that there was ''no identifiable basis for recusal of the U.S. Attorney in the Eastern District of Arkansas.'' Referral sent to Frazier for review and final decision.

12. RTC-KC E-Mail, June 23, 1993. Conversation with Donna Henneman (DOJ). Package returned from Frazier. Frazier appointed U.S. Attorney in Florida.

13. RTC-KC E-Mail, June 23, 1993. Further Conversation with Donna Henneman (DOJ). Spoke with Doug Frazier. Decision made to return the referral back to the Arkansas U.S. Attorney. No basis for recusal.

14. RTC-KC E-Mail, June 29, 1993. Source indicates Madison referral has been returned to Little Rock. Acting U.S. Attorney will not act on referral. It is being held until U.S. Attorney designee Paula Casey takes office.

15. RTC-KC E-Mail, September 23, 1993. Conversation with Donna Henneman (DOJ). Washington DOJ would like to be copied on all future transmittal letters concerning Madison referrals with an additional one paragraph summary of the content of the referrals with the transmittal letters, so that Henneman will be aware of those with ''sensitivity issues.''

16. RTC-KC E-Mail, September 29, 1993. Conversation with Donna Henneman (DOJ). DOJ would like copies of all future Madison referrals sent to Washington in addition to sending to U.S. Attorney in Little Rock. Henneman will confirm this in writing.

17. RTC-KC E-Mail, September 29, 1993. Conversation with Donna Henneman (DOJ). Washington DOJ withdrawing request for referrals to be sent directly to Washington, but would still like copies of transmittal letters with addendum summary paragraph.

18. RTC-KC E-Mail, October 26, 1993. Conversation with FDIC-Memphis concerning Exam Reports.

19. RTC-KC E-Mail, October 27, 1993. Conversation with Donna Henneman (DOJ). Inquiry on whether declination letter had arrived from Little Rock U.S. Attorney.

20. Letter of October 27, 1993 from Paula J. Casey (U.S. Attorney) to L. Jean Lewis (RTC). Declination letter on the Madison referral.

21. Letter of November 1, 1993 from L. Jean Lewis (RTC) to Paula J. Casey (U.S. Attorney). Confirmation of declination letter and the stipulation from October 27th letter that the matter was concluded prior to the beginning of Paula Casey's tenure and that the RTC had never been advised of such result. Chronology of correspondence between RTC and DOJ.

22. RTC–KC E–Mail, November 10, 1993. Notice of new RTC lead investigator on Madison. L. Jean Lewis removed as lead investigator. ''The Powers That Be have decided that I'm better off out of the line of fire . . .''

23. RTC–KC E–Mail, November 15, 1993. Transmittal of white paper outlining chronology of events related to 1992 Madison referral. Challenges news article indicating that decision to decline Madison referral had been prior to Paula Casey's appointment.

24. RTC–KC E–Mail, November 15, 1993. Discussion of meeting with Donald MacKay. ''He's coming here to evaluate us, our work, and to try and decide just how good this case is, and how he can best deal with a very sensitive political situation.''

25. Letter of December 21, 1993 from Michael Caron (RTC) to Bill Houston (FDIC-Memphis). Seeking information on banks involved in loan swapping.

26. RTC–KC E–Mail with attachment, January 6, 1994. Discussion of contact with reporter.

27. RTC Memorandum of January 14, 1994 from Jack Ryan to RTC Vice Presidents and Assistant Vice Presidents. Requirement that the collection and distribution of all information and material responsive to requests concerning Madison be coordinated through RTC-Washington.

28. RTC–KC E–Mail, January 25, 1994. Establishment of Madison review team.

29. RTC–KC E–Mail, February 7, 1994. Conversation with Little Rock U.S. Attorney's office. ''(H)e'd spoken to Jeff Gerrish recently, and that Gerrish was 'absolutely astounded' that nothing more was ever done criminally with Madison, beyond the Castle Grande transaction.

30. RTC–KC E–Mail, January 5, 1994. RTC Washington review of Madison investigators. Response memo from supervisor stating, ''FYI. This is way out of line. I have already contacted WDC and filed a formal complaint.''

31. Letter of October 10, 1983 from C.J. Giroir, Jr. (Rose) to James B. McDougal. Pursuant to discussion with Hillary Clinton enclosing a billing for Madison Bank & Trust dated December 23, 1981.

32. Memorandum to Governor Bill Clinton from Jim McDougal, February 7, 1985. ''Kathy called yesterday to ask for my recommendations for two people to fill the vacancies on the State Savings and Loan Board. * * * Bill, we are down to only about 15 State-chartered savings and loan institutions and I am about the only one around who has any interest in this board.''

33. Letter of December 12, 1984 from James B. McDougal (Whitewater Development Co.) to Ron Proctor (Citizens Bank). ''I have been unsuccessful in trying to meet with Bill and Hillary to sign the vote renewal. I have forwarded to them by messenger this morning the note and an envelope with which to forward it to you. Each month we will deposit into our account at Flippin an amount sufficient to cover the monthly payment.''

34. Memorandum to John Latham from Jim Mcdougal, April 18, 1985. ''I want this preferred stock matter cleared up immediately as I need to go to Washington to sell stock.''

35. Memorandum to John Lathan from Jim McDougal, February 19, 1985. ''Proceed with your idea on the subordinated notes. We need to make a decision on Madison Bank & Trust.''

36. Memorandum to John from Jim, January 7, 1985. ''You, Greg, and I need to discuss Securities License. First South has one on by its Service Corporation.''

37. Memorandum to John Lathan from Jim McDougal, July 11, 1985. ''I need to know everything you have pending before the Securities Commission as I intend to get with Hillary Clinton within the next few days.''

NOTES FROM THE CONVERSATION BETWEEN RTC SENIOR CRIMINAL INVESTIGATOR L. JEAN LEWIS AND FDIC ATTORNEY APRIL BRESLAW ON FEBRUARY 2, 1994, FROM APPROXIMATELY 3:50 P.M. UNTIL 4:35 P.M.

April stated that ''the people at the top'' keep getting asked about Whitewater, which seems to have become a catch all phrase for Madison and it's related investigations. She said that eventually ''this group'' is going to have to make a statement about whether or not Whitewater caused a loss to Madison, but the fact that Whitewater had no loan at Madison provided less potential for a loss. April stated very clearly that Ryan and Kulka (?), the ''head people'', would like to be able to say that Whitewater did not cause a loss to Madison, but the problem is that so far no one has been able to say that to them. She felt like they wanted to be able to provide an ''honest answer'', but that there were certain answers that they would be ''happier about, because it would get them off the hook.''

April felt that it would have been difficult to determine exactly what happened with the Whitewater account, because so many checks had gone in and out of the account, and made a reference to the end resulting netting itself out. She asked about Greg Young's work papers on the Maple Creek Farms reserve for development analysis, and how it didn't seem to have any apparent tie to Whitewater. I concurred that it didn't have any legitimately defined tie, which is precisely why it was included in the referral.

She inquired about the $30,000 check to Jim McDougal from Whitewater in 5/85, and about the disposition of the funds. I explained the transaction as I know it: the $30,000 had been converted to a MGS&L cashier's check, which was subsequently endorsed by ?????? and deposited to Riggs National Bank. I explained that when the check was force paid, the Whitewater account was overdrawn by over $28,000 which was then subsequently covered by the payment of a $30,000 bonus from MFC to Jim McDougal, deposited directly to Whitewater on McDougal's orders.

She asked how we could get to a clear cut answer as to whether or not Whitewater caused a loss to Madison. I stated that, as far as I am concerned, there is a clear cut loss. I also stated that any attempt to extract Whitewater as one entity from the rest of the McDougal controlled entities involved in the alleged check kite will distort the entire picture. I further pointed out that I would produce the answers that were available, but that I would not facilitate providing ''the people at the top'' with the ''politically correct answers just to get them off the hook''.

She asked questions about the specifics of the checks going through the Whitewater account. I stated that it appeared that the majority of the checks written out of the Whitewater account during the window time frame were going to other financial institutions to make loan payments. I also said that the referral focused only on a short time frame, but that if that same research were conducted for a two year period, it was my belief that the losses to Madison from the Whitewater account alone would easily exceed $100,000, given that $80,000 had gone out of the account during the six month window time frame. I further added that the end loss result from the entire scam, using all 12 companies/entities, would be hundreds of thousands of dollars in what were essentially unauthorized loans.

I stated that if she wanted me to tell her, unequivocally, that Whitewater didn't cause a loss, I could not do that. I could only reiterate the allegations contained in the referral, which are based on fact, and that it is my opinion and belief that Whitewater did,

in fact, cause a loss to Madison because of the amount of the unauthorized loans that McDougal made, through the check kite, to entities in which he was a primary party and beneficiary. I also pointed out that this ultimately benefited his business partners—the same business partners that knew they had real estate ventures that were not cash flowing, but that also knew their mortgages and/or notes were somehow being paid. I pointed out that these business partners are intelligent individuals, the majority of them being attorneys, who must have concluded that McDougal was making the payments for their benefit. I posed the question to her, if you know that your mortgages are being paid, but you aren't putting money into the venture, and you also know the venture isn't cash flowing, wouldn't you question the source of the funds being used to your benefit? Would you just assume that your partner was making these multi-thousand dollar payments out of the goodness of his heart? Wouldn't you wonder even more if you knew that your business partner's main source of income, and S&L, was in serious financial difficulty, which by 1985 was fairly common knowledge?

We discussed the initiation of the MGSL investigation, and how evidence of the check kite came to light. I explained that after reviewing a series of checks, all of which noted ''loan'' in the memo field, I discerned a pattern that looked like a check kite, and proceeded to trace funds through the various accounts, which is a standard investigations procedures. The end result was the referral alleging a massive check kite. I also advised April that I had been told by both the U.S. Attorney's office (Mac Dodson), and the FBI (Steve Irons) that this was a highly prosecutable case of check kiting. I also told her that I disputed the declination of that referral on the basis of ''insufficient information''. She commented that ''that's what Grand Juries are for'', and I pointed out that it generally seemed to be the policy of the U.S. Attorney to agree to open a case before they would start Grand Jury proceedings. I also noted that I found the treatment of that particular referral by the Justice Department to be highly unusual. This concluded our discussion.

MINUTES OF MEETING MADISON FINANCIAL CORP.

The Board of Directors of Madison Financial Corporation met on April 17, 1985, at 1:00 p.m. at the offices of Madison Financial Corporation at 16th and Main Streets, Little Rock, Arkansas. All directors were present. The minutes of the previous meeting were read and approved as recorded.

The first order of business, introduced by John Latham, was the matter of authorizing prepayment of Jim McDougal's bonus. After a full discussion, the following resolution was unanimously adopted, with Jim McDougal abstaining from the voting:

''Resolved, that the Corporation pre-pay to Jim McDougal $30,000.00 of his annual bonus in recognition of the profits of the prior year, and that said bonus is to be paid directly to Whitewater Development.''

There being no further business, the meeting was adjourned.

JAMES B. MCDOUGAL,
Chairman.

STATE OF ARKANSAS

OFFICE OF THE SECRETARY OF STATE,

Application for Registration of Fictitious Name

To: W. J. ''BILL'' MCCUEN,
Secretary of State
State Capitol, Little Rock, AK.

Pursuant to the provisions of Section 95 of the Arkansas Business Corporation Act, (Act 576 of 1965), the undersigned corporation hereby applies for the registration of the use of a fictitious name and submits herewith the following statement:

1. The fictitious name under which the business is being, or will be conducted by this corporation is: Madison Marketing.

2. The character of the business being or, to be conducted, under such fictitious name is: Advertising and public relations.

3. (a) The corporate name of the applicant is: Madison Financial Corp.

(b) the State of incorporation is: Arkansas.

(c) The location (giving city and street address) of the registered office of the applicant corporation in Arkansas is: 2124 First Commercial Building, Little Rock, AR.

4. The applicant states that if it is a foreign corporation that it is admitted to and authorized to do business in the State of Arkansas.

5. The filing fee in the amount of $10.00 is enclosed.

Name of Applicant Corporation: Madison Financial Corporation.

Signature: James B. McDougal, President.

Address: P.O. Box 1583, Little Rock, AR.

CRIMINAL INVESTIGATIVE CHRONOLOGY OF EVENTS

MARCH 9 TO 23, 1992

Madison Guaranty Savings & Loan (''MGSL'') and it's alleged ties to Whitewater Development Corporation (''Whitewater'') and Bill & Hillary Clinton were reported in a 3/8/92 New York Times article by Jeff Gerth. MGSL owner and board chairman, James B. McDougal, had been previously tried and acquitted on bank fraud charges in 6/90.

Inquiries regarding these ties emanated from both RTC Investigations in Washington, D.C., and the former Director of the Tulsa Consolidated Office. The Washington inquiry went through the Kansas City Regional Investigations Office to the Tulsa Consolidated Investigations office, who was responsible for investigating failed Arkansas thrifts. The question was raised as to whether Whitewater's relationship with MGSL had been reviewed, and were there any resulting losses or potential criminal activity documented. As a result of this inquiry, the Tulsa office criminal investigator assigned to the Arkansas thrifts was asked to work with the civil investigator in reviewing the completed investigative findings to date. Over a two week period, the criminal investigator reviewed all thrift records obtained from the institution at the time of conservatorship which were stored in the Tulsa office. These records included the available Board Minutes, committee and subsidiary minutes, Fidelity Bond policies, FHLB exams from prior years, outside audits, legal correspondence files and various limited loan files. No mention was found of any Whitewater relationship with MGSL.

MARCH 25 TO APRIL 15, 1992

During this time frame, Tulsa Investigations learned that a former MGSL employee, subsequently (and still) an attorney in the employment of a Little Rock law firm handling extensive litigation in Arkansas for the TRC, had allegedly fabricated at least two years of minutes for an MGSL subsidiary, Madison Financial Corporation (''MFC''). The criminal investigator was asked to review daily records created by the former employee, who was at that time the executive assistant to former MGSL president, John Latham. Latham pled guilty to one charge of bank fraud in 1989. Copies of the former employee's records had been shipped to Tulsa, where it would be determined if further investigation was appropriate. An affirmative decision was reached during the first week of 4/92. While this review was being conducted, the civil investigator was reviewing additional Madison records stored in Little Rock under the control of the post-receivership assuming bank, Central Bank & Trust(''CB&T''). These records, which had never been inventoried by either MGSL or CB&T, were stored in a downtown Little Rock warehouse, and included, but were not limited to, former officer correspondence, legal files, subsidiary land development and investment files, microfilm, demand deposit (checking) account records/binders, cancelled checks, etc.

Based on the findings of these concurrent criminal and civil investigative reviews, the decision was made that both investigators should travel to Little Rock for a more extensive review of the warehoused documents. At this point, the criminal investigation, which had been previously scheduled for late 1992, was rescheduled to 4/92.

APRIL 20 TO 24, 1992

The investigators conducted an extensive review of the warehoused records, and the criminal investigator talked with the FBI and U.S. Attorney's office regarding the 1990 trial of former MGSL owner James B. McDougal. The criminal investigator learned that the FBI was previously aware of the fabricated subsidiary minutes and had taken no criminal action. Tulsa Investigations management was advised accordingly and that aspect of the review was suspended.

The warehoused records revealed additional Whitewater checking account statements, raising further questions about the payee's on some of Whitewater's checks. A number of documents belonging to the former Chief Financial Officer of MGSL/MFC were located. Among these documents were several accountant/ledger worksheets on numerous MFC subsidiary land ''developments'', all of which were heavily subsidized by MGSL. Included in one of the development worksheets marked ''Maple Creek Farms'' was an item denoting a $30,000 charge to Whitewater for the cost of an engineering survey; this was the first indication of a relationship between MGSL and/or MFC and Whitewater beyond the existence of the Whitewater checking account. Original microfilm, along with pertinent original documents from the warehouse, were sent back to Tulsa for further investigation. Research was conducted on twelve McDougal and/or McDougal business partner controlled accounts, including Whitewater. Check copies were produced for a two year period between 6/84 and 6/86; a standard investigative procedure when tracing the flow of funds.

MAY 1 TO JULY 15, 1992

During the first week of 5/92, all Tulsa Consolidated Office employees were advised that the Tulsa office would be permanently closing at the end of 7/92. All Tulsa Investigations records were shipped to the Kansas City Office, thus putting the Madison investigation on hold. The copy process on the McDougal and/or McDougal business partner controlled accounts was suspended as well, due to equipment and records relocation.

AUGUST 1 TO SEPTEMBER 2, 1992

The criminal investigator transferred to the Kansas City office at the end of 7/92, resuming the analysis of Madison documents and checks. A criminal referral (#C0004) was subsequently generated alleging a $1.5 million check kiting scheme between the McDougal and/or McDougal business partners controlled entities, including Whitewater. This referral was submitted to the FBI and U.S. Attorney, Eastern District of Arkansas on 9/2/92.

SEPTEMBER 3 TO DECEMBER 15, 1992

Having submitted the initial referral on MGSL, the criminal investigator redirected priorities to the ongoing investigations of three other failed thrifts, which were intensifying. First Federal Savings, Paragould,

Arkansas, which was reaching suspect plea negotiations, First America Savings, Ft. Smith, Arkansas, which had been referred from jurisdiction in the Western District of Arkansas to the Dallas Fraud Task Force, and Cimmaron Federal Savings, Muskogee, Oklahoma, for which investigations had received an allegation of potential fraud from the managing agent. Throughout these investigations, the criminal investigator continued to request and monitor a response on MSGL referral #C0004.

DECEMBER 15, 1992, TO MARCH 14, 1993

The U.S. Attorney's office did not offer any standard response to the MGSL referral, advising either that a case would be opened or that prosecution would be declined, for three months. In response to numerous calls from the criminal investigator during that time, the Little Rock FBI Special Agent in Charge sent a letter of acknowledgement to the RTC stating that both the FBI and U.S. Attorney had received the referral and exhibits. The investigator continued to work on the aforementioned institutions while continuing to monitor a potential response on the MGSL referral.

MARCH 15 TO MAY 4, 1993

The criminal investigator initiated a preliminary review of criminal activity at Savers Savings, Little Rock, Arkansas, out of which a former borrower had been convicted and sentenced in conjunction with a failed Texas S&L. This review involved extensive interviews with the borrower, and a review of his personal and corporate records prior to his sentencing and incarceration in late 4/93. The investigator continued to make verbal requests for a written response from the FBI or U.S. Attorney on MGSL referral C0004.

MAY 4 TO 25, 1993

On 5/4/93, the criminal investigator sent a letter to the U.S. Attorney inquiring about the status of the referral. The response from the U.S. Attorney referred the investigator to the U.S. Justice Department in Washington D.C. The criminal investigator initiated a series of calls to DOJ/Washington to ascertain the status of the referral. Simultaneously, the criminal investigator, criminal investigations department head and the field investigations officer determined that the most expedient way to complete the investigation of previously defined criminal allegations at MGSL was to supplement the investigative manpower.

MAY 31 TO JUNE 4, 1993

Three additional criminal investigators were assigned the task of reviewing loan transactions, checking accounts and subsidiary lending transactions to ascertain the level of criminal activity at both MGSL and MFC. The lead investigator, along with another task assigned investigator, returned to the Little Rock warehouse for further document review. The investigators additionally travelled to four other counties to review land records pertaining to property sales, loan and mortgages reflected in the County Clerk's offices. Those findings were shared with the other assigned investigators.

JUNE 5 TO OCTOBER 8, 1993

The four investigators reviewed and analyzed all available MGSL transactional information for the ensuing 120 days. As a result, nine additional criminal referrals involving multiple MGSL and MFC transactions were generated and submitted to the U.S. Attorney and FBI on 10/8/93.

OCTOBER 17, 1993

The lead criminal investigator received a letter from the new U.S. Attorney for the Eastern District of Arkansas, Paula J. Casey. The letter stated that referral #C0004, submitted 9/2/92, had been declined due to ''insufficient information''.

NOVEMBER 1, 1993 TO JANUARY 24, 1994

RTC Criminal investigations continues to support the investigative efforts of the FBI and U.S. Attorney by providing MGSL and MFC documents warehoused in Kansas City, and offering assistance with ongoing subpoena compliance.

The responsibility for investigation of all failed Arkansas thrifts was assumed by the Tulsa RTC Office of Investigations during the first quarter of 1991. Responsibility was assumed from the Eagan/Minneapolis RTC Office of Investigations; the lead Eagan investigator for Madison Guaranty Savings, Little Rock, Arkansas at that time was Mike Hammerly.

When the Tulsa office assumed this responsibility, Madison Guaranty was assigned to civil Investigator Wyatt Adams. Shortly after the reassignment of the Arkansas thrifts, several members of the Tulsa Office of Investigations made a sweep through the failed Arkansas shops and appropriated all the records deemed necessary for the effective completion of both civil and criminal investigations.

In mid summer 1991, Investigator Wyatt Adams traveled to Little Rock to review Madison Guaranty records held by the acquiring entity, Central Bank and Trust, in an old, non-climate controlled building downtown on the river, which had been converted to a ''records storage'' facility. According to Adams, when he arrived there were extensive records in poor condition, haphazardly heaped into the storage space on the second floor, which was poorly lit and protected by a chain link fence and a padlock. Boxes were on their sides with records dumped out, DDA binders were poorly stacked in one corner, and multiple boxes had been shoved into shelving, with no identifiable inventory. It should be noted that these records were already in the warehouse at the time of the Investigations team Spring 1991 ''sweep'' through the Arkansas thrifts, and that the former Managing Agent concurs that, to his knowledge, there was no inventory of these records.

In July 1991, the criminal investigation of Madison Guaranty was assigned to Investigator Jean Lewis. A follow-up criminal investigation was tentatively slated to begin during the third quarter of 1992, due to the fact that former thrift owner James B. McDougal had previously been tried on Bank Fraud charges stemming from Madison Guaranty, and was acquitted in 1990. The follow-up investigation was intended to ensure that any remaining potential criminal matters had been properly reviewed and addressed.

In March 1992, Senior Investigator Specialist Jon Walker contacted the Kansas City regional RTC office regarding an article that has appeared in the New York Times stating possible ties between Whitewater Development, Madison Guaranty Savings and Loan, and Bill & Hillary Clinton. Personnel in the KC regional office then contacted the Tulsa office with a request that this issue be reviewed to determine if Investigations was aware of, had reviewed and/or appropriately addressed matters pertaining to the possible relationship between Whitewater Development and Madison Guaranty.

After a review of all available Tulsa Investigations inventory documents, Investigators Adams and Lewis were detailed to the warehouse in Little Rock to review the remaining Madison records and ensure that nothing had been overlooked with regard to any potential action on this matter. Investigator Lewis noted, with concurrence from Adams, that upon arrival that the records were in very poor condition, appeared to have been dumped and/or crammed into the warehouse space, and that there was no available inventory provided by Central Bank & Trust personnel which could identify the nature of these records. Investigator Adams noted that this was the same condition in which he'd found the records in 1991. Boxes had to be rearranged in order to establish work space and room for a table and two chairs.

During the review of these records, neither Investigator Adams or Lewis located any loan files and loan records relating specifically to Whitewater Development or the Clintons. Investigator Adams then went through a number of Demand Deposit Account binders, to ascertain if Whitewater had maintained a checking account at Madison Guaranty. He located an account and statements for 1984, 1985 and 1986. Investigator Lewis reviewed multiple boxes of records, and recovered several documents from former thrift officer files that warranted further review. Among those documents was a ledger sheet marked ''Reserve for Development—Maple Creek Farms'' from the records of former Madison CFO Greg Young. On that ledger sheet was noted a $30,000 development reserve cost for an engineering survey charged to Whitewater Development. There was also a limited amount of microfilm located at the warehouse, which was appropriated under the terms of the P&A Agreement and returned to Tulsa along with several DDA binders, with permission from Central Bank & Trust. A signed receipt containing an itemized list of the documents taken by Investigators Adams and Lewis was left with * * * of CB&T.

Prior to departing Little Rock, Investigators Adams and Lewis reviewed the Madison daily work film held by Central Bank & Trust to research the flow of funds through the Whitewater account as pulled from the monthly statements, which is a standard operating procedure for Investigations. Several checks payable to the Bank of Cherry Valley which identified loan numbers, were identified and copied from the daily work. Also copied were numerous checks payable to entities entitled Pembroke Manor, Rolling Manor, Madison Marketing and others, all of which were signed by James or Susan McDougal, payable to Whitewater Development and contained the notation ''loan'' in the memo filed on the check. Accounts were located and reviewed for these other identified entities; similar checks containing the ''loan'' notation were found to have been paid between the entities. At that time, both investigators concurred that additional research would be appropriate, and requested all available film relating to Madison Guaranty and returned it to Tulsa, leaving a receipt for the film, binders and original documents pulled from former office files with CB&T employee Bonnie Crocheron. Copies of the entity statements and checks were pulled and/or duplicated from film for the years 1984, 1985 and 1986. * * *

After the original film was duplicated, the duplicates were returned to Central Bank & Trust for their retention, and the original film was retained in Tulsa by an RTC research contractor. The criminal investigation of Madison then continued, as the civil claims had previously been closed out by PLS.

In conjunction with the ongoing Madison investigation, Kansas City Investigators Jean Lewis and Randy Knight traveled to Little Rock in 5/93 to revisit the Madison records held in the downtown warehouse. Upon arrival Investigator Lewis immediately noted the condition of the records was significantly more organized than it had been during the previous visit, and it was evident that a number of boxes had been cleared out.

During this visit to the warehouse, Investigator Lewis learned from the storage facility attendant that the law firm of Mitchell,

Selig, Jackson, Tucker & White, former general counsel to Madison Guaranty Savings, also stored records at the warehouse.

A number of the remaining boxes were reviewed, and the keys returned to * * * at Central Bank & Trust. At that time, Investigator Lewis noted to * * * that the warehouse seemed to lack a number of boxes that had previously been there, and * * * advised that some of the records had been retrieved and were being held in a back room at the bank (CB&T). When asked why this had not been disclosed when the keys had been picked up rather than returned, Ms. Crocheron's response was ''you didn't ask.''

It should be noted that, according to the US Attorney's staff in Little Rock, * * * to Madison and was summoned before the Grand Jury for testimony. The outcome of that investigation has never been disclosed to this office.

In conjunction with the ongoing FBI investigation of the RTC's referrals, Investigations advised the FBI that additional original Madison Guaranty microfilm, along with the records at the warehouse, were under the control of Central Bank & Trust. It is the understanding of Kansas City Office of Investigations that the aforementioned records have now been subpoenaed by the U.S. Attorney's office and are now under the control of the Little Rock FBI. The original Madison film held by Investigators has also been turned over to the FBI along with other records subject to Grand Jury Subpoena.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, September 1, 1992.

Ms. STEVE IRONS,
Supervisory Special Agent, White Collar Crime Unit, Federal Bureau of Investigation, Two Financial Centre, Suite 200, Little Rock, AR.

Re: No. 7236 Madison Guaranty Savings & Loan, Little Rock, Arkansas—In Receivership (11/29/90), Criminal Referral Number C0004.

DEAR SIR: Certain matters have come to our attention which may constitute criminal offenses under Federal law. Enclosed is a report of an Apparent Criminal Irregularity.

Information in this referral may have been derived from financial records of customers of federally insured financial institutions. I hereby certify that (A) there is reason to believe that these records may be relevant to a violation of Federal criminal law, and (B) the records were obtained in the exercise of the RTC's supervisory or regulatory functions.

Due to the extensive nature of the exhibits relating to this referral, they are being submitted to the U.S. Attorney's office under separate cover at a later date.

Please direct any inquiries to the Investigator identified on the referral form, or to Lee O. Ausen, Department Head/Criminal Investigations, Kansas City Consolidated Office.

Sincerely,

L. RICHARD IORIO,
Field Investigation Officer.

Enclosure.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, September 1, 1992.

Hon. CHARLES A. BANKS,
U.S. Attorney, Eastern District of Arkansas, U.S. Post Office and Courts Building, Little Rock, AR.

Re: No. 7236 Madison Guaranty Savings & Loan, Little Rock, Arkansas—In Receivership (11/29/90), Criminal referral Number C0004.

DEAR SIR: Certain matters have come to our attention which may constitute criminal offenses under Federal law. Enclosed is a report of an Apparent Criminal Irregularity.

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Due to the extensive nature of the exhibits relating to this referral, they are being sent to your office under separate cover.

Please direct any inquiries to the Investigator identified on the referral form, or to Lee O. Ausen, Department Head/Criminal Investigations, Kansas City Consolidated Office.

Sincerely,

L. RICHARD IORIO,
Field Investigations Officer.

Enclosure.

MEMORANDUM

To: Criminal Admin File.
From: Jean Lewis, Criminal Investigator.
Date: May 3, 1993.
Re: Background remarks and conversation with AUSA Bob Roddey's office re: Madison Guaranty Savings referral.

In March 1993, shortly after the departure of former U.S. Attorney Chuck Banks, I was advised by AUSA Bob Roddey on an unofficial basis, that Banks had forwarded the ''Madison referral'' to Justice in Washington D.C. almost immediately after receiving it last September; Roddey also added that Banks had taken this action as the referral was ''politically hot''.

I contracted Roddey's office early this afternoon to see if AUSA Floyd Mac Dodson was still with the U.S. Attorney's office, or if he had left with Chuck Banks. I was advised by Roddey's secretary, Laura, that Dodson did, in fact, leave with Chuck Banks, and she offered me their number, which I declined. I asked her what would have happened to Dodson's cases, and she offered to ''check the computer'' and call me back, if I could give her a specific case, which I did, identifying Madison Guaranty Savings criminal referral #C0004.

Approximately five minutes later, Laura called back and advised me that no record of that referral showed up in their computer system; she then advised me that in conversing with AUSA Roddey, he told her that Banks had sent it to Justice in Washington, and that ''we'd probably never hear about it again''.

A letter inquiring about the status of the referral has been prepared to send to U.S.A. Pence later today.

RICHARD IORIO
LEE AUSEN.

MEMORANDUM

To: Criminal Admin. File.
From: Jean Lewis.
Date: May 19, 1993.
Re: Additional conversation with Office of Legal Counsel for U.S. Attorney's, U.S. Justice Department, Washington, D.C.

In following up my previous discussion with the Office of Legal Counsel on May 13, I contacted Dyone Mitchell (secretary) of that office to see if she had been able to determine the status of the Madison referral, as I had not heard back from her. She consulted her notes and advised me that they ''have no record of that referral, it is not in their computer system, it has not been given to an attorney''; upon repeating this response to her, she reiterated ''no ma'am, that referral has not been submitted to this office.''

After advising Lee Ausen and Richard Iorio of this conversation, the decision was made to resubmit the referral through the U.S. Attorney's office in Little Rock, and contact Ms. Mitchell in the Office of Legal Counsel to see if that office should be copied on the referral and letter to Richard Pence, U.S. Attorney in Little Rock. I contacted Ms. Mitchell again to inquire as to whether that office should be copied on the referral. She said yes, and when I asked to whose attention it should be directed, she responded that it should be sent to Acting Assistant Attorney General Daniel Koffsky, as the Assistant Attorney General, Mr. Dellinger, has not yet been confirmed.

The letter of re-submission will be prepared this afternoon, with a copy going to Mr. Koffsky's attention.

To: L. Richard Iorio and Lee O. Ausen.
From: L. Jean Lewis.
Subject: No. 7236/Madison Guaranty Savings.
Date: Wednesday, May 19, 1993.

In following up on the suggestion that Mr. Daniel Koffsky, Acting Assistant Attorney General, be sent a copy of Madison referral No. C0004, I contacted the Office of Legal Counsel to verify the correct address. In speaking with Dyone Mitchell of that office, I reiterated the address provided by US Atty Richard Pence, which reads: Office of Legal Counsel, Executive Office for U.S. Attorneys, U.S. Justice Department, Washington, DC 20530.

The letter provided the phone number (202) 514–2041.

Ms. Mitchell advised that the Office of Legal Counsel and the Executive Office for the U.S. Attorney's were two separate sections, and that the referral may have been forwarded to the Executive Office instead of legal Counsel. She then connected me with the operator, who put me through to the Executive Office where I spoke with Stephanie Kennedy. I explained to Ms. Kennedy what I was looking for, and she said she would get back to me this afternoon.

She called me back at 3:30, and advised that she had forwarded the matter on to Donna Henneman in ''Legal Counsel'', who would check it out and call me back tomorrow. I then contacted Ms. Henneman to offer background information on what I was looking for. When I explained that it was a referral out of Madison Guaranty, forwarded to that office by Chuck Banks, she had immediate knowledge, stating ''oh, the one involving the President and his wife''. She then stated that the referral had been sent to that office (exactly which office is till unclear to me) as a special report for the attention of the Attorney General, and not as a referral for prosecution. She then stated that ''anytime a referral comes in that would make the department look bad, or has political ramifications, it goes to the Attorney General.'' She further added that the referral had been submitted to that office ''because of the political ramifications and political motivations'', and then told me that referrals were not prosecuted out of that office. She then stated that the referral had been declined. I advised her that the referral had not been declined, and read her the letter sent to this office by U.S. Attorney Richard Pence. She acknowledged that she was confused, and told me she would speak with her supervisor, Deborah Westbrook, and have her call me back tomorrow. I then asked for Ms. Henneman's title, and she informed me that she was the Ethics Program Manager. I thanked her and ended the conversation.

I'll keep you posted if and when I hear from Ms. Westbrook.

To: L. Richard Iorio and Lee O. Ausen.
From: L. Jean Lewis Investigations
Subject: No. 7236/Madison Guaranty.
Date: Wednesday, May 26, 1993.

I've just received a follow-up call from Donna Henneman at Justice in D.C. She in-

formed me that after speaking with Deputy Director/EO Wayne Rich she learned that referral #C0004 had been sent to former Special Counsel Ira Raphelson. I noted that Mr. Raphelson is now in private practice, she concurred and said that she wasn't sure where it had gone after he left, but that she was going to call the ''criminal fraud division at Justice'' and see if they are prosecuting the case or if a declination letter has been issued. I restated that, to my knowledge, the referral had not been declined, and that I had been advised by an FBI agent in Little Rock that it was a ''very solid case of check kiting, and was highly prosecutable.''

I then identified the suspects named in the referral for her reference, and she thanked me and told me she'd be back in touch as soon as she found something. She also stated that she was growing increasingly frustrated with the situation, because she had seen the information, knew that it had come in, and couldn't understand why she was having such a hard time tracking where the referral and exhibits had gone.

To date, each time she has given me a date that she would call back, she has kept her word. I'll let you know when I hear from her again.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Tuesday, June 8, 1993.

As we discussed this morning, I was going to contact Audrey Word at DOJ in Washington this afternoon; however, before I could call, Donna Henneman in the Executive Office for U.S. Attorneys called me. It seems that Madison referral #C0004 has reappeared on her desk. Audrey Word was successful in locating the referral within the Fraud section of the Criminal Division and determined that the individual assigned to the referral ''didn't want to deal with it'', so she sent the referral and all pertinent info back to Donna Henneman for further disposition.

Donna advised me that the Criminal Division (no one specifically identified) sent a memo to Doug Frazier, Associate Deputy Attorney General (in Deputy Atty General Heyman's office) advising him that there was ''no identifiable basis for recusal of the U.S. Attorney in the Eastern District of Arkansas''; this was a direct quote from the memo, as she read it. She then told me that she'd contacted Mr. Frazier who did not remember receiving the memo, and suggested that she get the memo and the referral to him for review and a final decision.

She has subsequently sent him both the referral and the memo, and said she'll keep me posted. I then advised her that during the intervening period, additional information has surfaced that would further support the allegations contained in the referral, so I would be most curious as to their decision. I then concluded the conversation by telling her ''whatever the decision is, I need something in writing so that I can close out the file with a declination, or offer support for an ongoing case.'' She agreed and said she'd stay in touch.

I'll keep you posted.

To: L. Richard Iorio Investigations.
From: J. Jean Lewis Investigations.
Date: Wednesday, June 23, 1993.

At approximately 3:00 this afternoon, I spoke with Donna Henneman in the Executive Office for U.S. Attorneys, regarding the status of the Madison referral #C0004. She advised that she had sent the ''package'' to Associate Deputy Attorney General Doug Frazier on June 8, as we had previously discussed, but that she had received the entire package back on her desk today with no further answers, as Mr. Frazier was now the new U.S. Attorney in one of the Florida districts; she had not determined whether Mr. Frazier had taken any action prior to his departure, and had spoken with her supervisor regarding her next action shortly before I contacted her. She advised that she will attempt to contact Mr. Frazier in Florida sometime tomorrow, and determine what decision, if any, had been made.

She then advised that ''this sort of thing happens all the time when we're trying to get the guys upstairs to make a decision.'' She said she'd be back in touch as soon as she had an answer from Doug Frazier, or his replacement, a Mr. Dave Margolis.

This was the 8th conversation I've had with Ms. Henneman since I first contacted her on May 19, 1993.

I'll keep you posted.

To: L. Richard Iorio Investigations.
From: J. Jean Lewis Investigations.
Date: Wednesday, June 23, 1993.

Donna Henneman (EO/US Attorneys) just called me back to let me know she'd spoke with former Associate Deputy Attorney General Doug Frazier. He advised her that he met with Tony Muscato, the Director of the Executive Office for U.S. Attorney's, and that the decision has been made to return the referral to the U.S. Attorney in the Eastern District of Little Rock, as there was ''no basis for the recusal of the U.S. Attorney'', and apparently a lack of ''conflict of interest.''

Ms. Henneman then added that she doubted whether or not the U.S. Attorney, Eastern District/Arkansas would be aware of this situation yet, but suggested that I wait a few days and then contact that office in Little Rock.

She asked to be kept posted on the outcome, and offered her continued assistance whenever and however possible.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Tuesday, June 29, 1993.

I received a call this afternoon from a highly reliable and confidential source, that the Madison referral (C0004) has been returned to the U.S. Attorney's office in Little Rock, Arkansas. My source has advised me that the acting U.S. Attorney, Richard Pence, has stated he has no intention of acting on this referral, and plans to let it sit until such time as the new U.S. Attorney designee Paula Casey, takes office on either an interim or permanent basis. It was stated that there was displeasure at the fact that the referral had been returned to the Little Rock office, and that the reason cited for its' return was that the Executive Office for U.S. Attorney's found no basis for recusal, and no conflict of interest emanating from the U.S. Attorney's office in the Eastern District. However, the acting U.S. Attorney is of the opinion that if the (strong) case against James McDougal is taken to trial, it will appear to the ''sour grapes'' due to his acquittal during his first bank fraud trial.

I was further advised that there is no definite date yet as to when Ms. Casey's confirmation will occur, and that is likely that she will assume her responsibilities on an interim basis. My source has advised that I will get a ''head's up'' call when Ms. Casey assumes her new responsibilities, but that such appointments have been delayed in the past, and may take a while.

I'll keep you advised should I hear anything further.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Thursday, September 23, 1993.

I've just had a conversation with Donna Henneman, Ethics Program Manager, Executive Office for U.S. Attorneys. I called Donna to make a final determination as to whether or not she wants formal notification of the existence of the subsequent referrals being submitted to the U.S. Attorney, Eastern District of Little Rock, on Madison.

In discussing the standard RTC procedure of the submission of referrals, she has requested that she be copied on the transmittal letters that go to the U.S. Attorney and FBI. At the time she receives the copies of those letters, she will then request the referrals and exhibits from the U.S. Attorney's office for any necessary follow up. So, at her request, I'll ask Donna Minton to cc: Ms. Henneman in her official capacity. She felt that a letter requesting copies at this point was unnecessary, and if it becomes necessary, she will go through her channels at Justice to obtain the documentation from U.S. Attorney Paula Casey. Donna has also requested that I provide a brief one paragraph summary of the content of the referrals with the transmittal letters, so that she will be aware of those with ''sensitivity issues.'' I will be glad to provide the requested summary as an addendum paragraph to the bottom of each transmittal letter.

She then asked me about the final disposition of MGS&L referral C0004. I told her that I had been advised that it was received back in the U.S. Attorney's office, but that I had received no formal notification that a case had been opened, nor a declination letter. I expressed my concerns that the same situation could befall the next referrals to be submitted, and she assured me that she and her supervisor, Deb Westbrook, would stay closely in touch with the situation, due its potentially political ramifications, some of which I explained for her edification.

She asked me to stay in touch as to the responses that I get from the U.S. Attorney's office, and assured me that, if necessary, the ''higher-ups'' at Justice would make sure something got done with these referrals, including the first one, which in her words ''should have been handled by now, one way or the other.''

I'll keep you posted.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Wednesday, September 29, 1993.

I've just received a call from Donna Henneman, Ethics Program Manager, Executive Office for U.S. Attorney's, Washington, D.C. She advised that she had spoken to her supervisor, Deb Westbrook, and Ms. Westbrooks supervisor, Doug Frazier, regarding whether or not the Executive Office wanted copies of the madison referrals slated for submission this week. Ms. Westbrook and Mr. Frazier have determined that the Executive office should receive copies of the referrals and exhibits. Upon receipt, they will review them and determine whether to instruct the U.S. Attorney's office to act on them accordingly, or if they should be forwarded to the Public Integrity Section of DOJ for further review. In inquired as to the nature of the Public Integrity Section and was advised that it is the section of DOJ responsible for the prosecution of public officials. Ms. Henneman also advised that they have made the decision to get the Deputy Attorney General's office involved in this situation, and bring them up to speed.

I asked her to submit this request in writing, in order to document the Investigations file and she responded that she would do so, faxing me a letter this afternoon. I've provided her with the fax number and will copy you upon receipt of her letter.

To briefly summarize the situation to date, I contacted the Executive Office for U.S. Attorney's on May 13, 1993, at the written suggestion of U.S. Attorney Richard Pence, pursuant to his letter of May 10, 1993 regarding

my written inquiry as to the final disposition of Madison referral #C0004, submitted on 9/1/92. Mr. Pence advised that the referral had been forwarded to the Executive Office by former U.S. Attorney Charles A. Banks due to what he deemed was a ''conflict of interest''. This information was relayed to Ms. Henneman during my first conversation with her. During subsequent calls I received from Ms. Henneman, she advised me as to her progress in tracking the whereabouts of referral #C0004, which she finally located and had forwarded back to her office on June 8, 1993. At that time, Ms. Henneman advised me that the decision had been made by personnel in the Criminal Division of DOJ that there was ''no identifiable basis for recusal of the U.S. Attorney in the Eastern District of Arkansas'', and that the referral would be forwarded back to the U.S. Attorney's office in Little Rock. Since that time, Ms. Henneman has contacted me to follow up on the final disposition of the referral. I have advised her that this office has not yet received notification of an opened case, or a letter declining prosecution. During these aforementioned conversations, the issue was raised as to further referrals, and whether the Executive Office should be copied on any further referrals to avoid a recurrence of circumstances. I received notification of that decision today when Ms. Henneman contacted me, as previously outlined.

Please let me know if you have any questions.

To: L. Richard Iorio Investigations.
From: L. Jean Lewis Investigations.
Date: Wednesday, September 29, 1993.

I've received a follow-up call from Donna Henneman with the Executive Office for U.S. Attorneys. She spoke with her supervisor, Deb Westbrook, regarding my request for a written follow-up to her verbal request that the Executive Office be copied on all the Madison referrals and exhibits. Ms. Westbrook has withdrawn her initial request for copies, and stated that they will go through the U.S. Attorney's office to obtain copies rather than having us copy their office directly. Ms. Henneman indicated that this route would not make the U.S. Attorney's office feel as though the Executive Office was ''going behind their back'' in requesting copies of the referrals.

She then reiterated that she would like to be copied on the transmittal letters that will be sent with the referrals to the U.S. Attorneys and the FBI, with a brief summary paragraph outlining the suspects and content of each referral. I agreed to her request, and will make arrangements to provide the requested summary on the transmittal letters.

I'll let you know if I hear from her again.

To: Lee O. Ausen.
From: L. Jean Lewis.
Subject: #7236 Madison Guaranty.
Date: Tuesday, October 26, 1993.

Just FYI...

Based on our conversation this afternoon regarding the OCC's inability to locate their past exams for UNB/Little Rock, I took a shot at a hunch, and made another call to Cristina Flechas, the attorney for the FDIC in Memphis who had previously advised me (in response to my written request of 6/23) that OCC would have been the regulatory agency for UNB during 1986.

Cristina, so I have learned, is no longer with the FDIC in Memphis. However, I spoke to her successor, Broderick Nichols, and outlined the previous request with him, asking him if he would do some additional followup just on the off chance that the FDIC might have done a concurrent exam on UNB with OCC at some point between 1983 and 1987. I then explained to him that the OCC seemed to be having some difficulty in locating their records, and advised him that I was informed by OCC that prior to 1991, UNB was actually First National Bank of Jacksonville. Well, it turns out that Broderick Nichols is from Little Rock. What a small world! And he evidently grew up knowing where Union National Plaza is and that Union National Bank was, and still is, the largest bank in Little Rock. He was somewhat concerned about the fact that OCC couldn't find their exams, and has offered his expeditious assistance in locating any concurrent exams done by FDIC. He's also offered to aid me in locating other potential leads and sources within OCC that might be able to rediscover the whereabouts of the UNB exams. He couldn't quite understand how the OCC could lose a $500 million bank. Does this sound familiar?

I'll keep you posted.

To: L. Richard Iorio.
From: L. Jean Lewis.
Subject: #7236 Madison Guaranty.
Date: Wednesday, October 27, 1993.

Just got a call from Donna Henneman, Ethics Program Manager, Executive Office for U.S. Attorneys. She asked if I'd received a declination letter on the first referral (C0004) from the U.S. Attorney in Little Rock. I told her that we had not received a declination to date. She then advised that her supervisor, Deb Westbrook, had evidently had a conversation with U.S. Attorney Paula Casey, and that Ms. Casey stated that she would be sending a declination letter to the RTC on that particular referral. No date was given, and Donna did not reference the date of the conversation between Ms. Westbrook and Ms. Casey. I asked Donna if she knew the basis for the declination, and she responded that she did not, and hadn't seen a copy of the letter either. She then suggested that if I do not receive the letter of declination within a fairly short time frame, to please let her know.

Donna also noted that Ms. Westbrook advised her that USA Casey had stated she would ''deal'' with the other referrals as well.

I'll keep you posted as to any further calls from Ms. Henneman.

UNITED STATES ATTORNEY,
EASTERN DISTRICT OF ARKANSAS,
Little Rock, AR, October 27, 1993.

Ms. L. JEAN LEWIS,
Criminal Investigator,
Resolution Trust Corporation,
Kansas City, MO.

Re #7236 Madison Guaranty Savings and Loan Criminal Referral Number C0004

DEAR MS. LEWIS: I am writing at the request of the Office of Legal Counsel, Executive Office for U.S. Attorneys of the U.S. Department of Justice to let you know the status of this referral.

As you know, this referral was reviewed by the Criminal Division of the U.S. Department of Justice at the request of the previous United States Attorney for the Eastern District of Arkansas. The matter was concluded before I began working in this office, and I was unaware that you had not been told until I was contacted by the Office of Legal Counsel. After receiving the call from Legal Counsel I reviewed the referral, and I concur with the opinion of the Department attorneys that there is insufficient information in the referral to sustain many of the allegations made by the investigators or to warrant the initiation of a criminal investigation.

Although I am declining to take further substantive action on this referral, my decision does not foreclose future prosecutions about the matters covered by the referral or related matters in the event that my office and the FBI are given access to records or information indicating that prosecutable cases can be made.

Sincerely,

PAULA J. CASEY,
United States Attorney.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, November 1, 1993.

Re #7236 Madison Guaranty Savings & Loan Criminal Referral Number C0004

Hon. PAULA J. CASEY,
U.S. Attorney, Eastern District of Arkansas, Little Rock, AR.

DEAR MS. CASEY: I have received your October 27, 1993 letter regarding the above captioned thrift and referral. On the basis of comments contained within your letter, I am interpreting that correspondence as a formal declination to prosecute referral #C0004. You stipulated in your letter that this matter was concluded prior to the beginning of your tenure as the United States Attorney for the Eastern District of Arkansas. Prior to the receipt of your letter, RTC Investigations was not advised that the matter had been formally concluded.

Between September 1, 1992 and today's date, this office has received a total of three letters with regard to the aforementioned referral, including your letter of declination. The other two letters were from FBI/SAC Don Pettus, 12/15/92, acknowledging receipt of the referral, and from Acting United States Attorney Richard Pence, 5/10/93, advising this office that he was unaware of the referral status as it had been forwarded to the Executive Office for United States Attorney's by former United States Attorney Chuck Banks.

If there were other documents produced that are relative to the conclusion of this matter, I would appreciate receiving the appropriate copies.

The RTC Kansas City Office of Investigations will continue it's policy of cooperation with both the United States Attorney's office and the FBI on all referral related and investigate matters, making all pertinent records accessible as requested.

Should you have any further questions, or if this office may be of further assistance, please do not hesitate to contact me at (816) 968–7237, or if I am unavailable, Supervisory Investigator Lee Ausen at (816) 968–7243 or Field Investigations Officer Richard Iorio at (816) 968–7212.

Very truly yours,

L. JEAN LEWIS,
Senior Criminal Investigator.

To: Jane M. Dankowski.
From: L. Jean Lewis.
Subject: Madison Guaranty.
Date: Wednesday, November 10, 1993.

Hey you! Just a heads up to let you know that Mike Caron, Senior Criminal Investigator, is now the lead investigator on Madison . . . so anymore faxes you send should come to Mike's attention, and any further communication about Madison should go to him, too. The Powers That Be have decided that I'm better off out of the line of fire (and I ain't arguing), but please let me assure you, that we are leaving you in very capable hands! Got any questions beyond that, ask Lee or Richard.

To: James R. Dudine.
From: L. Richard Iorio
Subject: Madison Guaranty.
Date: Monday, November 15, 1993.

On Thursday, November 11, 1993, there was an article that appeared in the Washington Post concerning declination of prosecution on the first Madison referral that was trans-

mitted to the Department of Justice (DOJ) on August 31, 1992.

Contained in the article was information that the referral had been reviewed by DOJ and that a decision had been made early on to decline on this referral and that when Paula Casey US Attorney, Little Rock, Arkansas, in fact issued the declination in October 1993, she was simply bringing this matter to a close.

The document attached clearly refutes this train of thought. In fact, it appears that no thorough review of the document had been conducted as late as June 23, 1993, some ten months after the referral had been initially transmitted. It was not until September 29, 1993 that this office was advised that the referral would be reviewed.

This whole issue might not be important, however, for purposes of credibility with regard to the RTC's efforts in this area, this memo and attachment are submitted for factual clarity.

RTC Criminal Referral #C0004 on Madison Guaranty Savings was completed on August 31, 1992, signed by RTC Kansas City Investigations management on September 1, 1992, and sent via certified mail on September 2, 1992, to Charles A. Banks U.S. Attorney, Eastern District of Arkansas, and SSA Steve Irons, FBI, Little Rock.

By early November 1992, no standard written response of prosecution or declination had been forthcoming from the U.S. Attorney's office. In mid-November 1992, the lead criminal investigator made the first of a number of verbal requests to both the U.S. Attorney and FBI in Little Rock for some form of written acknowledgement that the referral had been received and reviewed. A written acknowledgement dated December 15, 1992, from FBI SAC Don K. Pettus, was received by the lead criminal investigator on January 4, 1993. This acknowledgement stated that the referral had been received, and that further questions should be directed to AUSA Floyd Mac Dodson, who had also received the referral and exhibits. On January 7, 1993, the lead investigator had a conversation with AUSA Mac Dodson in which he advised that he wasn't sure the referral was still in the U.S. Attorney's office in Little Rock, and that if prosecution occurred, it would probably be through a special attorney sent to Little Rock to handle the situation.

For four months, there was no further communication or correspondence received by Investigations on this matter. In a May 3, 1993, conversation between Investigations and the U.S. Attorney's office, it was indicated that referral #C0004 had been ''sent to Justice in Washington almost as soon as it was received last September''. On May 4, 1993 Investigations sent a written inquiry to Acting U.S. Attorney, Richard M. Pence, requesting the status of the referral. On May 12, 1993, Investigations received a letter from Mr. Pence (dated May 10, 1993) stating that former U.S. Attorney Charles Banks had determined that his office had a conflict of interest with conducting an investigation or prosecuting criminal charges relating to referral #C0004, and had sent the referral and exhibits to the Office of Legal Counsel (''OLC''), Executive Office for U.S. Attorney's, U.S. Justice Department, Washington D.C. He stated that any further inquiries as to the status of the referral should be directed to that office, providing a phone number in Washington D.C.

As suggested by Mr. Pence, the lead investigator called the OLC on May 13, 1993. This initiated a series of 15 phone calls between the OLC and Investigations; 10 taking place between May 13 and June 29, 1993, and five transpiring between September 23 and October 27, 1993. The majority of these calls were incoming to Investigations, and provided information as to the progress being made with regard to locating and determining the status of the referral.

The June 23, 1993 conversation between Investigations and OLC indicated that the decision had been made to return the referral to the U.S. Attorney in Little Rock as there was ''no basis for recusal of the U.S. Attorney'' and apparent ''lack of conflict of interest.'' During a conversation on September 23, the OLC inquired as to the ''final disposition'' of referral #C0004. They were advised by Investigations that no formal notification had been received of either a declination or intent to prosecute, Investigations then advised OLC that there were additional referrals pending; OLC then requested that Investigations remain in contact with the OLC regarding further communication from the U.S. Attorney in Little Rock.

On September 29, 1993, the OLC contacted Investigations and advised that 1) the Deputy Attorney General's office had been advised of the situation and 2) that the pending and prior referrals would be reviewed and a decision made as to whether or not they be forwarded to the Public Integrity Section of Justice and reviewed for potential prosecution. A verbal request was then made by OLC that they be copied on the transmittal letters to the U.S. Attorney accompanying the new referrals, and that they be further provided with a summary of each referral.

The nine new referrals were submitted to the U.S. Attorney and FBI in Little Rock on October 8, 1993. On October 13, 1993, the Office of Legal Counsel was provided with copies of the transmittal letters, and the requested summaries on each referral.

On October 27, 1993, Investigations received a call from OLC inquiring as to whether or not Investigations had received a declination letter on referral #C0004; the response was ''no.'' Investigations was advised that U.S. Attorney Paula Casey had advised the OLC that she would be sending a letter of declination to RTC Investigations.

On November 1, 1993, Investigations received a letter dated October 27, 1993, from U.S. Attorney Paula Casey stating that the disposition of referral #C0004 had been concluded prior to her taking office, and that she ''concurred with the opinion of the Department attorneys that there is insufficient information . . . in the referral to warrant the initiation of a criminal investigation.''

On November 11, 1993, RTC Investigations learned through an article in the Washington Post, that Paula Casey had recused herself and her staff from any further dealing with the Madison referrals.

To: Lee O. Ausen.
From: L. Jean Lewis.
Date: Monday, November 15, 1993.

A few comments with regard to our conversation this afternoon about the pending meeting with Donald Mackay and his staff on 11/22.

You know, Richard knows, Donohue knows, Mike knows, and I know that Mackay is not coming here to look at records. Cut to the bottom line. He is coming here because he wants to be convinced that there either IS or IS NOT a very good case behind those referrals. He isn't coming specifically to discuss subpoena compliance, because he hasn't opened any cases yet. He's coming here to evaluate us, our work, and to try and decide just how good this case is, and how he can best deal with a very sensitive political situation. What would be easiest for him is to decide that, after meeting with RTC Investigations, he can conclude that there is no merit, and has accordingly advised Investigations that the matter will be dropped. If we don't convince him that those referrals are exceptionally solid, well prepared and supportable cases, then there is very little doubt that he will dispense with this situation in very short order.

Regardless of stated agenda, and regardless of whether or not I'm in attendance, he's going to try and make an objective assessment based on what is presented to him during the meeting. If that's the way the meeting starts out, then you better pull out all the stops to support the work we've done, or that's the last we'll hear of the Madison investigation. That's my instinct talking, and so far, it's been pretty much on target.

Michael is extremely knowledgable about Madison, and very capable of handling the situation. I would not do him the injustice of thinking otherwise. But internal political crap notwithstanding, if this meeting is going to turn into a turkey shoot, then you are going to need every loaded gun you've got to assist you in convincing this special prosecutor that the case is as good as it looks on the surface. And yes, we have strong documentation to support the allegations. But what's beneath the surface, including where we looked and why, who's tied to who, who's in business with who, who got paid for what and where all the internal and external ties are, isn't in writing. It's in my head.

I've had my say. The decision is up to you and Richard.

RESOLUTION TRUST CORPORATION,
Kansas City, MO, December 21, 1993.

Mr. BILL C. HOUSTON,
Regional Director, Division of Supervision, Federal Deposit Insurance Corporation, 5100 Poplar Avenue, Suite 1900, Memphis, TN.

DEAR MR. HOUSTON: The Resolution Trust Corporation's (''RTC'') Kansas City Office of Investigations is currently conducting an investigation into matters relating to an insolvent Little Rock, Arkansas savings & loan. Significant evidence points to the possibilities of loan ''parking'', loan ''swapping'', insider abuse and collaboration between specific borrowers and the principals of the Bank * * * financial institutions in * * * and Little Rock, Arkansas including the aforementioned insolvent thrift. In order to expedite this investigation, I would appreciate your assistance in providing this office with copies of the Reports of Examination (''ROE'') from 1983 through the most recent exam for the above captioned institutions.

This written request is made pursuant to the terms of the Agreement Regarding Confidential Information between the FDIC and RTC, as signed by FDIC General Counsel Alfred J. Byrne and RTC General Counsel Gerald L. Jacobs, effective January 1, 1992.

Should you have any questions or require additional information, please do not hesitate to contact me at (816) 968–7191. Your expedited attention to this matter is appreciated.

Very truly yours,
MICHAEL E. CARON,
Senior Criminal Investigator,
Office of Investigations.

To: Jane M. Jankowski, L. Richard Iorio, Lee O. Ausen, Michael X. Caron.
From: L. Jean Lewis.
Date: Thursday, January 6, 1994.

This is just to advise that earlier this evening, I received a call from * * * who started out her call with I've been lied to by the Justice Department''. I advised her that I could not offer any comment, but that I would listen to what she had to say.

She stated that her sources from DOJ, who were there during the end of the Bush Administration, had advised her that the original RTC referral was taken much more seriously than the public has been led to believe, and that while they believed that the Clin-

tons definitely stood to benefit from the alleged check kiting activities, they may not have had serious criminal culpability. They also advised her that the referral was left in Little Rock to prosecute by former USA Chuck Banks, because for Washington to be involved would look ''too political.'' She said that they (her four DOJ sources) all told her that there was no basis for recusal, and no conflict of interest in Little Rock.

She then advised that Justice sources today informed her that it was line staff attorneys in the Criminal section of DOJ/DC that decided the referral warranted no further investigation, and instructed Paula Casey to decline.

She also noted that her previous DOJ sources had said that after the Clinton administration came into Washington, there were roadblocks put up around this referral, and that it had been their opinion that the RTC staff was attempting to do a legitimate job, but was being stymied by personnel at Justice for some reason. She asked me if it was true that the Clintons were named as witnesses on the referral; I declined comment. She asked me if it was true that the RTC had not been notified for months after the referral was allegedly declined by the staff attorneys in DC; I declined comment.

I told her that she would have to call you (Jane) in Public Affairs for any additional information, and she advised me that she'd already talked to you, and got no information. She stated that she understood that I was in a difficult position, for which I thanked her, and the conversation ended.

I found what she had to say very interesting. In the future, I'll comply with Richard and Lee's wishes that I not even listen to what a reporter has to say, and just offer a no comment. However, when someone starts out with ''I've been lied to by the Justice Department'', it's human nature to wonder whether or not it is true.

Thus endeth the lesson.

This document is a recap of a phone call that I just received from * * *, reporter * * * whose opening comment was ''I've just been lied to by the Justice Department.'' My comment was that I would not be able to respond to any of her questions, but that I was fascinated by the fact that she thought she'd been lied to, so I would listen to what she had to say.

She outlined her credentials, stating that she'd written a book on drug trafficking, and had covered the ''peanut loans'', Bert Lance, Billy Carter, Jimmy Carter and the major governmental agencies during the Carter administration.

She'd been advised that I was the investigator on the case, and wanted to know which of the stories she'd been told by her sources at Justice were correct. Evidently, she had four former Justice sources who were there during the Bush administration, and that had been there when Chuck Banks sent the referral to Washington. The story they told her was as follows:

The referral was originally sent to DC as an ''urgent report'' for the Attorney General's review, due in part to the political sensitivity of some of the identified names, stating that Banks felt his office had a conflict of interest. (This coincides with what my letter from Richard Pence states, and what Donna Henneman told me during our many conversations on the whereabouts of the referral). There are conflicting stories about why Keeney wrote the memo referenced in the Schmidt/Isikoff story of 1/5; her sources stated that when the RTC referral was reviewed at Justice, it was taken much more seriously than the public has been led to believe, and that they believed that the Clinton's stood to benefit from the check kite although they may not have had serious criminal culpability. She asked if it was true that the Clinton's were named as witnesses on the referral; I told her no comment.

She said that her former Justice sources advised her that Banks had never recused himself, and that CID/DOJ DC left the referral in Little Rock and told Banks to prosecute, because 1) there was no conflict of interest, 2) there was no basis for recusal, and 3) that for Washington to get involved would ''look too political'' since it was right before and after the '92 election. Her sources also indicated that DOJ now seems to be deliberately making it look like the referral was ''vague'' and ''ambiguous'', and not to be taken seriously.

She stated that her sources told her that it appeared that the RTC folks were legitimately trying to do their job, and had legitimate concerns relating to the allegations contained in the referral, but that when the Clinton administration came in, somebody started putting up roadblocks on the referral, and her sources didn't know where it was coming from.

Her current Justice sources state that it was the line staff attorneys in CID/DOJ DC that made the decision several months ago that the referral warranted no further investigation, and instructed Paula Casey to decline accordingly; however, the RTC wasn't notified for months, which should have been corrected.

* * * went on to ask several questions, all of which I replied I could not answer, and referred her Public Affairs and Jane Jankowski. She stated that she'd already talked to Jane, and that it had gotten her nowhere. She asked if I knew anyone else that she could talk to, or if anyone that had left the RTC would have any information. I stated that there were no names that I could give her other than Jane Jankowski in Public Affairs. She then asked me if it was true that the RTC had not been notified of the referral declination for several months after it had been allegedly declined, and I told her no comment.

She said that she understood that I was in a difficult position, and but that she needed all the help she could get. I thanked her for understanding the difficultly of my position, advised her that I understood that she was only trying to do her job as a professional, but that I could not professionally or ethically make any comment about the investigation. She offered her phone numbers, which I did not write down. She thanked me for my time, and hung up.

My overall impression of this conversation was that she is very close to the heart of this story, and that she is almost on top of the ''white paper'' chronology outlining the sequence of events and communication between DOJ and RTC on C0004.

Lee Ausen was present for the entire conversation that I had with * * *, and suggested to me shortly before the conversation ended that I terminate the call with a ''time out'' gesture. He and Richard Iorio both advised that if she included anything in her story regarding that fact that I'd even listened to what she had to say, it would look bad for the RTC, and recommended that in the future, I not even listen to what a reporter has to say.

I advised them both that I felt that listening to what * * * had to say provided valuable information, and that there was no point in being rude to the press, anymore than there was any point in being rude to Justice or the FBI. ''No comment'' does not have to be offensive. I further stated that I would never do anything to undermine that efforts that the RTC has made, or take any action that would question our credibility or integrity, let alone do anything to compromise the investigation on which I have spent the past two years as the lead investigator.

I concurred that in the future, I would simply send the reporters to Public Affairs. However, I am very much inclined to believe that, on the basis of my personal, and documented, knowledge of what transpired during the conversations I had with Donna Henneman of DOJ/Office of Legal Counsel/Ethics section, that * * * is not far from the truth: it's beginning to sound like somebody, or multiple ''somebodies'' are trying to carefully control the outcome of any investigation surrounding the RTC referrals, and that the beginnings of a cover-up may have already started months ago.

RESOLUTION TRUST CORPORATION,
Washington, DC, January 14, 1994.

MEMORANDUM

To: Vice Presidents, Assistant Vice Presidents.
From: Jack Ryan, Deputy CEO.
Re: Madison Guaranty Savings and Loan Association.

The RTC has received numerous requests for information on Madison Guaranty Savings and Loan Association and related matters. Interim CEO Roger Altman is committed to responding to these requests as promptly and thoroughly as possible.

In order to assure that the RTC's response to requests on these matters is thorough, accurate, and timely, I have established a working group to coordinate the collection and distribution of all information and material responsive to the requests. The working group is comprised of James Dudine, William Collishaw, and Peter Knight.

I am sure that I can count on the full cooperation of you and your staff with the working group. Please see that this memorandum is distributed to the appropriate staff.

To: L. Richard Iorio and Dennis M. Cavinaw.
From: James R. Dudine.
Date: Tuesday, January 25, 1994.

At the request of General Counsel Kulka and Deputy CEO Ryan, PLS and The Washington Office of Investigations have established a team to ascertain if any liability claims remain viable as a result of the recent legislation extending the statute of limitations from two to five years. In this case the resurrected statute expires at the end of February 1994.

Gary Watts of my staff, assisted by Tom Murray will be visiting your office this week and next. Please give them access to all records and workpapers, and to knowledgeable members of your staff, including records and documents that are covered by a Federal Grand Jury Subpoena.

Gary and Tom will be working with a team of PLS attorneys headed by Sr. Counsel Mark Gabrellian and including Terry Arbit, Jim Igo, April Breslaw, Carl Gamble and Suzanne Rigby. The objective is to complete the review of claims potential by next week. In addition the team will assist in compiling a detailed history of events, including the criminal referral and document control issues, to assist RTC management in communicating in a factual and unified way to Treasury and Justice officials, the special counsel and to appropriate committees and members of Congress.

To: L. Richard Iorio, Lee O. Ausen, Michael X. Caron.
From: L. Jean Lewis.
Date: Monday, February 7, 1994.

This is to advise you that I've had a conversation this morning with AUSA Fletcher Jackson of the U.S. Attorney's office in Little Rock. I called Mr. Jackson last week to make an inquiry regarding Independence Federal Savings in Batesville, Arkansas, out

of which he had prosecuted a case regarding Duane Kepford sent me a memo quite some time ago about another; I recalled in having done a preliminary review of Independence, that Edney was given immunity for cooperating. I called Mr. Jackson last week to verify that fact, which he in turn did verify when he called back.

Mr. Jackson called Friday afternoon, and as I was out of the office, I intended to call him back this morning. Before I had the opportunity to call him, he called me.

We discussed, and he then changed the topic by asking me if Steve Irons had told me last fall not to talk to Fletcher. I told him that I preferred not to answer the question. He then stated that he ''didn't have much use for ether Steve Irons or Gretchen Hall'', and wanted to know what I'd been told. I advised him that Steve Irons had told me last fall that he thought it was a good idea if we (being Steve and myself) didn't talk to each other for a while about Madison. I further added that if had been suggested to me by my management here that any questions directed to me by the U.S. Attorney's office should probably come through Steve Irons or another FBI agent, and that since the FBI was my most appropriate contact, I should funnel responses to any questions through them. Mr. Jackson made a comment that he, and he was just looking for some input from me. He didn't get any.

He then added that he'd spoken to Jeff Gerrish recently, and that Gerrish was ''absolutely astounded'' that nothing more was ever done criminally with Madison, beyond the Castle Grande transaction. He asked me if I knew who Gerrish was; I advised him that year, I knew Jeff Gerrish, and no, I was not aware of Mr. Gerrish's opinions regarding the prosecution of criminal actions out of Madison, and that I'd formed by own conclusions on that point, and that's where they would stay—my own. I then advised Mr. Jackson that I did not wish to discuss Madison Guaranty, and we could change the subject, or hang up. He persisted, and I explained to him that I'd developed a respect for him during the past 2½ years, and that out of respect for the working relationship we've previously had, I wasn't going to talk about Madison. We then hung up after a coridal goodbye.

To: Thomas L. Hindes, James R. Dudine, L. Richard Iorio, Glen A. Penrose, April A. Breslaw, David G. Eisenstein, Russell F. Kaufman, Philip J. Adams.
From: Julie F. Yanda.
Date: Wednesday, January 5, 1994.

Today at 1:30 p.m., Russ Kaufman and I received word that OCOS wanted to talk to us about the Madison Guaranty ''investigation''. We met with representatives of both WDC and KCO OCOS: Leonard Newmark (WDC), Michael Kohn (KCO) and a third individual whose name I cannot now remember. When Russ asked who had sent them to talk to us, Mr. Newmark replied that it had been his supervisor who had sent them and who had instructed them to be ''proactive'' in dealing with the issues this case would raise. Mr. Newmark indicated that they were not conducting an investigation, but rather an ''inquiry''.

The first question they asked was who had made the criminal referral on Madison Guaranty. Russ indicated that the referrals were made in accordance with RTC policy and committed to providing Mr. Kohn with a copy of the RTC policy. There was no further discussion of the referrals.

The second series of questions they asked dealt with what they characterized as ''fitness and integrity'' issues concerning the Rose Law Firm. First, they asked what investigation PLS had done into the representations the Rose Firm had made to state regulators to convince the regulators that Madison should remain open. I replied that PLS only investigates issues dealing with professional malpractice and that such inquiries would be made only in the context of conflict of interests issues involving outside counsel. I then explained that this case was not regionalized and that April had served as the PLS attorney on this case. Second, they asked who was the FDIC ''conflicts contact'' on this case. Third, they asked what information we had concerning the audit report the Rose Firm had used to convince regulators that Madison should remain open and then later relied upon in a malpractice claim against Frost & Co. Again, I told them that I had no information concerning these issues.

Our discussion lasted no more than 10 minutes. Russ and I then called Richard Iorio and discussed with him the substance of our conversation with OCOS.

ROSE LAW FIRM,
Little Rock, AR, October 10, 1983

Mr. JAMES B. MCDOUGAL,
Chairman of the Board, Bank of Kingston, Kingston, AR.

DEAR JIM: Pursuant to your discussion with Hillary Rodham Clinton, I am enclosing herewith a copy of our firm statement, dated December 23, 1981, covering services rendered in connection with the matter of the First National Bank of Huntsville v. Madison Bank and Trust.

Very truly yours,

C.J. GIROIR, Jr.

Enclosures.

ROSE LAW FIRM,
Little Rock, AR, December 23, 1981.

Mr. JAMES B. MCDOUGAL,
Chairman of the Board, Bank of Kingston, Kingston, AR.

For legal services and professional advice rendered by Vincent Foster, Jr., Carol Arnold and Mary Ellen Russell subsequent to our billing dated December 23, 1981, through May 15, 1982 in connection with the matter of First National Bank of Huntsville v. Madison Bank and Trust; Madison Chancery E–81–112	$5,000.00
Costs advanced subsequent to our billing dated December 23, 1981, through July 31, 1982:	
Long distance telephone	$91.17
Xerox charges	21.40
Extraordinary postage	1.56
Package delivery expenses	6.70
Supreme Court Clerk	100.00
Computer Research	92.70
Trevathan Printing Company	580.10
Total costs	893.63
Total fees and costs	$5,893.63

[Memorandum]

FEBRUARY 7, 1985.

To: Governor Bill Clinton.
From: Jim McDougal.

Kathy called yesterday to ask for my recommendations for two people to fill the vacancies on the State Savings and Loan Board.

For the industry position from the 2nd Congressional District, I recommend John Latham, who is chairman of the board of Madison Guaranty Savings and Loan Association. Mr. Latham is a CPA and a licensed attorney. He is a major contributor to your campaign. His board of directors is 50% Black, giving his institution the largest minority representation of any financial institution in the state.

For the consumer position from the 4th Congressional District, I recommend Dr. Jerry Kendall of Camden. Dr. Kendall is a popular figure at Camden. His wife, Nancy from Magnolia, is widely and favorably know. Their complete support of your administration is a certainty.

Bill, we are down to only about 15 state chartered savings and loan institutions and I am about the only one around who has any interest in this board.

DECEMBER 12, 1994.

Mr. RON PROCTOR,
Citizens Bank,
Flippin, AR.

DEAR RON: I have been unsuccessful in trying to meet with Bill and Hillary to sign the note renewal. I have forwarded to them by messenger this morning the note and an envelope with which to forward it to you.

Each month we will deposit into our account at Flippin an amount sufficient to cover the monthly payment.

Thank you very much for your patience and tolerance in this matter.

Sincerely,

JAMES B. MCDOUGAL,
Whitewater Development Co.

[Memorandum]

April 18, 1985.

To: John Latham
From: Jim McDougal.

I want this preferred stock matter cleared up immediately as I need to go to Washington to sell stock.

[Memorandum]

February 19, 1985
To: John Latham
From: Jim McDougal
Subject: Harvey Bell Cars.

He wants us to do a leasing arrangement on his funeral cars. Please assign someone to discuss this with him. His number is 376–1600.

Proceed with your idea on the subordinated notes. We need to make a decision on Madison Bank & Trust.

I need to close on my house loan and commercial loan pronto.

[Memo]

January 7, 1985
To: John
From: Jim.

1. See me about Steve Smith and Rolls Royce.
2. You, Greg, and I need to discuss Securities License. First South has one on by its Service Corporation.
3. Ask Greg how we get a market survey for shopping center.
4. We need to talk about how to handle first payment on the 90-day plan.

——— ———.
——— ———.
——— ———.

[Memo]

JULY 11, 1985.

To: John Latham
From: Jim McDougal.

1. This is probably a good time to take in some 5-year money cheap. Let's discuss rates.
2. I need to know everything you have pending before the Securities Commission as I intend to get with Hillary Clinton within the next few days.

INDEX TO TABS

Tab A—December 9, 1993 letters from Congressman Leach to the Federal banking agencies requesting all documents related to Madison Guaranty Savings and Loan and its subsidiaries.

Tab B—March 8, 1994 letters from Congressman Leach to the Office of Thrift Supervision (OTS) and the Resolution Trust Corporation (RTC) requesting access to all documents related to Madison Guaranty Savings and Loan and its subsidiaries, to prepare for the RTC Oversight Hearings.

Tab C—March 10, 1994 letters from Chairman Gonzalez to the OTS and the RTC requesting that the agencies deny Congressman Leach's document request.

Tab D—March 14, 1994 letters from Chairman Gonzalez to the Federal banking agencies and the RTC stating that the agencies need not answer questions Madison at scheduled RTC Oversight Hearings.

Tab E—March 1, 1994 letter copied to Congressman William Clinger.

Tab F—Charts and other supporting documentation concerning Whitewater's losses to Madison.

A. CHARTS

Total Arkansas State Chartered S&Ls from 1979 to 1992

Madison Guaranty Rate of Growth

Asset Growth of Madison Guaranty

Payment of Clinton Loan by Madison Related Entity

Funds from Madison Financial Corporation to Whitewater

Funds Transferred from Madison Related Entities to the Whitewater Development Corporation

B. OTHER DOCUMENTS

April 17, 1985 Board of Directors Meeting Minutes

July 1, 1986 Memorandum from Jim McDougal to John Latham concerning status of Madison Marketing

February 3, 1994 letter from Congressman Leach to Roger Altman with attached staff memorandum on links between Madison and Whitewater

[Tab A]

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. ANDREW C. HOVE,
Acting Director, Federal Deposit Insurance Corporation, Washington, DC.

DEAR MR. HOVE: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Federal Deposit Insurance Corporation (FDIC) provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and agreements the FDIC entered into with private sector firms to perform legal and other services related to Madison. In addition to documents in possession at FDIC-Washington, I request access to all documents related to Madison held at FDIC field offices. Furthermore, please provide the names and titles of all FDIC employees involved with the examination and supervision of Madison.

Please have your staff contact Mike McGarry at 202–225–2258 to discuss arrangements to review the aforementioned documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. JOE MADDEN,
Commissioner, Arkansas Securities Department, Little Rock, AR.

DEAR MR. MADDEN: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Arkansas Securities Department provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and supervisory actions. Furthermore, please provide the names and titles of all State Securities Department employees involved with the examination and supervision of Madison.

Please have your staff contact Mike McGarry at 202–225–2258 to discuss arrangements to review these documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. ERSKINE BOWLES,
Administrator, Small Business Administration, Washington, DC.

DEAR MR. BOWLES: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Small Business Administration (SBA) provide access to all documents related to Madison and its subsidiaries, the Whitewater Development Corporation, and Capital Management Services, Inc. Such documents would include, but not be limited to, administrative files, interoffice memorandum, notes and minutes and meetings (including telephonic meetings), correspondence, electronic mail, and loan applications and approvals. Furthermore, please provide the names and titles of all SBA employees involved with these entities.

Please have your staff contact Mike McGarry at 202-225-2258 to discuss arrangements to review these documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Washington, DC.

DEAR MR. FIECHTER: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

To assist in this investigation, I request that the Office of Thrift Supervision (OTS) provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes and meetings (including telephonic meetings), correspondence, electronic mail. In addition to documents in possession at OTS-Washington, I request access to all documents related to Madison held at OTS field offices.

Furthermore, please provide the names and titles of all OTS employess involved with the examination and supervision of Madison as well as those who were assigned to work with the RTC when the institution was closed in 1989.

Please have your staff contact Mike McGarry at 202–225–2258 to discuss arrangements to review the aforementioned documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, December 9, 1993.

Hon. ROGER C. ALTMAN,
Interim Chief Executive Officer, Resolution Trust Corporation, Washington, DC.

DEAR MR. ALTMAN: I am writing in reference to the House Banking Committee Minority investigation of the failure of Madison Guaranty Savings and Loan (Madison). As you know, Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November 1990.

To assist in this investigation, I request that the RTC provide access to all documents related to Madison and its subsidiaries. Such documents would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and agreements the RTC entered into with private sector contractors during the resolution of Madison. In addition to documents in possession at RTC-Washington, I request access to all documents related to Madison held at RTC field offices. Furthermore, please provide the names and titles of all RTC employees involved with the disposition of Madison.

Please have your staff contact Mike McGarry at 202–225–2258 to discuss arrangements to review the aforementioned documents as soon as possible.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

[Tab B]

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 8, 1994.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Washington, DC.

DEAR MR. FIECHTER: I am writing in reference to the House Banking Committee's statutorily mandated, semiannual RTC Oversight Hearings which are scheduled for the end of March. As you know, a major area of oversight at these hearings will be the failure and resolution of Madison Guaranty Sav-

ings and Loan, Little Rock, Arkansas. Madison was taken over by federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

As ranking Member of the House Banking Committee, I request that the OTS provide the Committee with access to all documents related to Madison and its subsidiaries. Members of the Committee will need access to this material to prepare for the upcoming hearings and to perform their ongoing oversight responsibilities. (As I am sure you are aware, documents provided to the Ranking Member are available to the Committee as a whole under the Committee rules.) The documents requested would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meetings), correspondence, electronic mail, and agreements the RTC entered into with private sector contractors during the resolution of Madison. In addition to documents in possession at OTS–Washington, I request access to all documents related to Madison held at OTS field offices. Furthermore, please provide the names and titles of all OTS employees involved with the supervision of Madison.

Please have your staff contact Joe Seidel at (202)226–3241 or Mike McGarry at (202)225–2258 to discuss arrangements to review the aforementioned documents as soon as possible. As you are aware, I have previously requested access to these documents for use in performing other Committee functions. My final letter concerning that request, was forwarded yesterday, March 7, 1994. If the agency decides to comply with that request, we will, of course, consider this request satisfied as well.

I appreciate your assistance and look forward to your cooperation.

Sincerely,

JAMES A. LEACH,
Ranking Member.

HOUSE OF REPRESENTATIVES COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 8, 1994.

JOHN E. RYAN,
Deputy Chief Executive Officer, Resolution Trust Corporation, Washington, DC.

DEAR MR. RYAN: I am writing in reference to the House Banking Committee's statutorily mandated, semi-annual RTC Oversight Hearings which are scheduled for the end of March. As you know, a major area of oversight at these hearings will be the failure and resolution of Madison Guaranty Savings and Loan, Little Rock, Arkansas. Madison was taken over by Federal regulators in March of 1989 and resolved by the Resolution Trust Corporation (RTC) in November, 1990.

As ranking Member of the House Banking Committee, I request that the RTC provide the Committee with access to all documents related to Madison and its subsidiaries. Members of the Committee will need access to this material to prepare for the upcoming hearings and to perform their ongoing oversight responsibilities. (As I am sure you are aware, documents provided to the Ranking Member are available to the Committee as a whole under the Committee rules.) The documents requested would include, but not be limited to, administrative files, examination reports, interoffice memorandum, notes and minutes of meetings (including telephonic meeting), correspondence, electronic mail, and agreements the RTC entered into with private sector contractors during the resolution of Madison. In addition to documents in possession at RTC-Washington, I request access to all documents related to Madison held at RTC field offices. Furthermore, please provide the names and titles of all RTC employees involved with the disposition of Madison.

Please have your staff contact Joe Seidel at (202)226–3241 or Mike McGarry at (202)225–2258 to discuss arrangements to review the aforementioned documents as soon as possible. As you are aware, I have previously requested access to these documents for use in performing other Committee functions. My final letter concerning that request, was forwarded yesterday, March 7, 1994. If the agency decisions to comply with the request, we will, of course, consider this request satisfied as well.

I appreciate you assistance and look forward to your cooperation

Sincerely,

JAMES A LEACH,
Ranking Member.

[Tab C]

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, March 10, 1994.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Washington, DC.

DEAR MR. FIECHTER: You have recently received letters from Congressman Jim Leach requesting access to all documents you possess concerning Madison Guaranty Savings and Loan and its subsidiaries. The March 8, 1994 letter states that, ''Members of the Committee will need access to this material to prepare for the upcoming [RTC oversight] hearings and to perform their ongoing oversight responsibilities.''

This letter is to inform you that the Banking Committee is not conducting an investigation of Madison Guaranty Savings and Loan or related matters at this time. Mr. Leach's requests do not constitute a Rule X or Rule XI investigation under the House Rules. A hearing does not provide the basis for a member of Congress to obtain documents to which he or she is not otherwise entitled. I will request any information needed by the Committee in order to prepare for any Thrift Depositor Protection Board Oversight hearings pursuant to section 21A(k)(6) of the FHLB Act and will make it available to members of the Committee, as appropriate.

I trust that you will give Congressman Leach's requests the consideration they merit and extend to him the same courtesies you would extend to any member of Congress.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS
Washington, DC, March 10, 19094.

Mr. JOHN E. RYAN,
Deputy Chief Executive Officer, Resolution Trust Corporation, Washington, DC.

DEAR MR. RYAN: You have recently received letters from Congressman Jim Leach requesting access to all documents you possess concerning Madison Guaranty Savings and Loan and its subsidiaries. The March 8, 1994 letter states that, ''Members of the Committee will need access to this material to prepare for the upcoming [RTC oversight] hearings and to perform their ongoing oversight responsibilities.''

This letter is to inform you that the Banking Committee is not conducting an investigation of Madison Guaranty Savings and Loan or related matters at this time. Mr. Leach's requests do not constitute a Rule X or Rule XI investigation under the House Rules. A hearing does not provide the basis for a member of Congress to obtain documents to which he or she is not otherwise entitled. I will request any information needed by the Committee in order to prepare for any Thrift Depositor Protection Board Oversight hearings pursuant to section 21A(k)(6) of the FHLB Act and will make it available to members of the Committee, as appropriate.

I trust that you will give Congressman Leach's requests the consideration they merit and extend to him the same courtesies you would extend to any member of Congress.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

[Tab D]

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Mr. ANDREW C. HOVE, Jr.,
Acting Chairman, Federal Deposit Insurance Corporation, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. HOVE: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC–RTC transition measures required under Public Law 103–24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 4, 1994 appearance.

Sincerely,

HENERY B. GONZALEZ,
Chairman.

Washington, DC, March 14, 1994.

Hon. ALAN GREENSPAN,
Chairman, Board of Governors of the Federal Reserve System, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. GREENSPAN: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

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measures required under Public Law 103–24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 4, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Mr. JONATHAN FIECHTER,
Acting Director, Office of Thrift Supervision, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. FIECHTER: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC–RTC transition measures required under Public Law 103–24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 24, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Hon. LLOYD BENTSEN,
Secretary of the Treasury, Chairman, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. SECRETARY: You have previously been invited by letter dated March 3, 1994 to appear and testify before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. That letter specifies in detail the matters to which you should direct your testimony. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue their stated interest in extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC–RTC transition measures required under Public Law 103–24 clearly require the complete and fully attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 24, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, DC, March 14, 1994.

Hon. ROGER ALTMAN,
Chief Executive Officer, Resolution Trust Corporation, Member, Thrift Depositor Protection Oversight Board, Washington, DC.

DEAR MR. ALTMAN: You have previously been invited by letter dated March 3, 1994 to appear before the Committee on Banking, Finance and Urban Affairs for the purpose of the semiannual appearance of the Thrift Depositor Protection Oversight Board. I expect that Republican members of the Committee may use the opportunity of the Oversight Board hearing to pursue extraneous matters, including Madison Guaranty Savings and Loan. Any questions regarding Madison Guaranty Savings and Loans, matters that are the subject of pending investigations by Special Counsel Fiske or other law enforcement authorities, or other extraneous matters not specifically set forth in section 21A(k)(6) of the Federal Home Loan Bank Act or the March 3, 1994 invitation letter will not be considered pertinent at the hearing and need not be answered by you.

I was the primary sponsor of the provision to require the Oversight Board to appear on a semiannual basis so that the Committee could oversee its activities. The recent appropriation of funds to the RTC, the management reforms, and FDIC–RTC transition measures required under Public Law 103–24 clearly require the complete and full attention of the Committee in order to have a successful Oversight Board hearing. I intend to keep the hearing so focused.

I look forward to your March 24, 1994 appearance.

Sincerely,

HENRY B. GONZALEZ,
Chairman.

[Tab E]

HOUSE OF REPRESENTATIVES,
Washington, DC, March 1, 1994.

Hon. CAROL K. BROWNER,
Administrator, U.S. Environmental Protection Agency, Washington, DC.

DEAR MADAM ADMINISTRATOR: You have recently received a request from various minority members of the Committees on Armed Services, Energy and Commerce, Government Operations, and Natural Resources for information concerning the Waste Isolation Pilot Plant (WIPP) Test Phase. Their letter requests answers to a number of questions concerning WIPP as well as numerous documents, and cites Rules X and XI of the House of Representatives as the basis for the request.

This letter is to inform you that the above mentioned committees have no ongoing investigations of the WIPP Test Phase at this time. Therefore, the minority members' request does not constitute a Rule X or Rule XI investigation under the House Rules.

This is not intended in any way to direct the nature of your response to that letter. Indeed, we expect that you would show the members the same courtesies as you would any member of Congress.

Sincerely,

JOHN CONYERS, Jr.,
Chair, Committee on Government Operations.

GEORGE MILLER,
Chair, Committee on Natural Resources.

JOHN D. DINGELL,
Chair, Committee on Energy and Commerce.

RONALD V. DELLUMS,
Chair, Committee on Armed Services.

[Tab F]

Charts not reproducible in the RECORD.

MINUTES OF MEETING, BOARD OF DIRECTORS, MADISON FINANCIAL CORPORATION, APRIL 17, 1985

The Board of Directors of Madison Financial Corporation met on April 17, 1985, at 1:00 p.m. at the offices of Madison Financial Corporation at 16th and Main Streets, Little Rock, Arkansas. All directors were present. The minutes of the previous meeting were read and approved as recorded.

The first order of business, introduced by John Latham, was the matter of authorizing prepayment of Jim McDougal's bonus. After a full discussion, the following resolution was unanimously adopted, with Jim McDougal abstaining from the voting: ''RESOLVED, that the Corporation pre-pay to Jim McDougal $30,000.00 of his annual bonus in recognition of the profits of the prior year, and that said bonus is to be paid directly to Whitewater Development.''

There being no further business, the meeting was adjourned.

JAMES B. MCDOUGAL,
Chairman.

MEMO

To: John Latham.
From: Jim McDougal.
Date: July 1, 1986.

Madison Marketing

When the service corporation undertook its first land development project in the spring of 1983, it was determined to primarily advertise the home sites through the use of television. The firm of Rothman and Lowery was retained as Madison's advertising agency. Because her education is in speech and drama, Mrs. McDougal assisted in preparing of copy for the commercials, appeared in the commercials, and assisted in editing the commercials. She either wrote or rewrote all newspaper copy to advertise the subdivision. Until the summer of 1984, the corporation undertook the development of other subdivisions in addition to Maple Creek Farms.

During this period the creative audio and visual quality of the production produced for the media by Rothman and Lowery progressively deteriorated. Additionally, the firm frequently made mistakes as to the placement of advertising or omitted to place advertising when instructed to do so.

In late summer 1984, after advising the board of directors of the savings and loan and after seeking the legal opinion from counsel, Mrs. McDougal formed Madison Marketing. She undertook, with hired assistants, the writing of copy, taping of spots, and placement of advertising for both the savings and loan and the service corporation. For the work she received exactly the same fee which had been paid Rothman and Lowery, with the exception of the fact that she did not charge for production of television spots or the writing of newspaper copy.

Additionally, she negotiated a much lower rate structure with the television stations than the company had been paying when the ads were placed through Rothman and Lowery. In late January, 1985, Mrs. McDougal permitted Madison Marketing to become a subsidiary of Madison Financial Corporation. Because Madison Marketing was at this point a ''recognized agency'' by the electronic media, this resulted in Madison Financial Corporation receiving the 15 percent discount normally given advertising agencies. Mrs. McDougal continues to perform all the aforementioned duties in connection with the company's advertising at no fee.

Madison Real Estate

When initial sales began at Maple Creek Farms in April of 1983, the listing broker was Perryman Realty Company, Inc. Mr. Perryman had, at this time, other interests including his own subdivisions. This prohibited his devoting the seven days a week necessary to the sales effort then under way at Maple Creek Farms and his listing was terminated.

Some of Mr. Perryman's better salesmen desired to remain at Maple Creek and continue selling. However, Arkansas law requires that real estate salesmen be under the direct supervision of a licensed real estate broker. Mrs. McDougal holds a valid broker's license. In 1983, her license was held under the name ''McDougal Real Estate'' although she was not actively involved in the sale of real estate at this time.

Upon the termination of Mr. Perryman's activities, Mrs. McDougal changed the name of her real estate company to ''Madison Real Estate Company''. Madison Real Estate became a wholly owned subsidiary of Madison Financial Corporation. From that time until the present, Mrs. McDougal has performed the duty of supervision broker for the various salesmen working for Madison Real Estate. Although it is normal practice that the supervising broker receives at least thirty percent of commissions generated by the salesmen under their supervision, Mrs. McDougal charged no such fees. The only fees Mrs. McDougal has received from Madison Real Estate are fees for sales she made personally.

Sorenson Enterprises

Sorenson Enterprises is a sole proprietorship owned by Erik Sorenson. Mr. Sorenson is a general contractor engaged in construction and landscaping work. He built the sales office for the subdivision at Camden known as Greentree Farms. He also built the sales office at Fair Oaks. At several of our subdivisions in southern Arkansas, he supervised the painting and erection of signs in entranceways. He employed in these subdivisions a crew of men engaged in selective clearing of trees, planting of grass, and the general beautification of the subdivisions. Concurrent with this activity, Mr. Sorenson was engaged in building houses for other persons unrelated to this company.

Because of the observed quality of his workmanship, he was placed under Mr. Dutton's command at Little Rock, and given the responsibility of constructing or making additions to various houses at Maple Creek Farms owned by the company. When the company undertook the development of Castle Grande Estates, an arrangement was negotiated with Mr. Sorenson whereby for a flat monthly fee he would supervise the assembling of the modular houses and these duties involved the preparation of footings and foundations, the adding of brick trim, and supervision of correcting any defect in the workmanship of the house, and supervision of the installation of central air conditioning and utilities.

Madison Properties

Madison Properties assets consists primarily of a very large masonry building located on several acres with two producing gas wells in Madison County just south of the county seat of Huntsville. Madison Properties has no connection to Madison Guaranty Savings and Loan or Madison Financial Corporation.

Master Developers

Three stockholders are working in conjunction with the development of 59 acres located on 145th Street. Two stockholders have extensive experience in real estate development and sales. These individuals have engaged in exhaustive market research to determine immediate commercial use for subject property. Their feasibility and marketing studies indicate the immediate need for a fast-food outlet to serve the several hundred industrial and service employees presently employed within 1,500 feet of subject location. There is no such outlet within several miles to serve the heavily populated suburban areas surrounding the property. Additional trade is anticipated from traffic generated by the freeway which services the location.

For the same reasons outlined above, need is indicated for a convenience store and gasoline outlet. As mentioned above a convenience store is essential to the successful sale of residential lots. Roadrunner, Incorporation, a highly successful Arkansas based convenience store and gasoline outlet franchiser, has conducted an extensive market survey which has concluded that such a facility located on subject property would be successful. Two of the principals of Master Developers have arranged for separate financing to erect such a facility.

Also, negotiations are far advanced for the sale of two acres of the property to a building supply and insulation firm.

The preliminary master development plan for the business park to be created is completed and a copy is attached.

Island Construction

The lots at Campobello which were under development last year, were so heavily overgrown with spruce trees and other foliage, that our sales people were finding it difficult to walk the prospects from the road to the ocean therefore, greatly inhibiting the sale of frontage lots.

Additionally, the density of the foliage prohibited a view of the ocean from the interior lots lying immediately behind the ocean fronts lots, thereby diminishing the value of those lots because of this lack of view of the water.

Initially, unsuccessful attempts were made to employ timber cutters with chain saws to selectively clear the ocean front lots. This process proved too slow and too costly. When it was determined that lot preparation could not keep pace with sales using this method and further determined that this process distracted from the beauty of the lots because it left them covered with stumps, another solution was sought.

Mr. Randolph, who was thoroughly familiar with the use of mechanical methods employed by the company to prepare lots for sale and who had had extensive experience working in various subdivisions owned by the company, was asked to come to Campobello to devise a method of overcoming this landscaping and marketing problem. Upon his arrival he immediately leased the proper bull dozer for such work and trained bull dozer operators living on the island as to the proper method of selectively clearing the lots and removal of the resulting debris from the lots. Direct correlation by the increasing sales and his arrival is easily demonstrative. For example, every lot he caused to be prepared in his first week of work was sold that weekend. His additional duties involved building driveways which permitted access from the main thoroughfare through the lot to the water's edge.

The company owns a large tract of land abutting the highway immediately at the entrance to the island. Our predecessor in title had cut the timber from this tract some years ago. When this sort of clear cutting occurs on that island, a large bushy plant, which is quite unattractive, grows to a great height and has an especially virulent root system which inhibits its removal effectively even by a bull dozer. Mr. Randolph purchased a new 70 horsepower tractor than attached a device known as a ''tree eater'' to be used in the eradication of this plant. This method was beautified to as to make the ocean visible, thus greatly enhancing the value of our entire property. Mr. Randolph left the tractor he purchased at Campobello where it is in use until this time. Personnel he trained in the proper method of beautification of our property are continuing the process this year with very beneficial effects.

COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, February 3, 1994.

Mr. ROGER C. ALTMAN,
Interim CEO, Resolution Trust Corporation, Washington, DC.

DEAR MR. ALTMAN: I am in receipt of your February 1, 1994 response to the letter initiated by Senate Republican leadership concerning Madison Savings and Loan and I am pleased to learn that the RTC ''will vigorously pursue all appropriate remedies'' with regard to Madison's failure. It seems self-apparent that in order for the RTC to pursue vigorously all remedies it must have all relevant information at its disposal. Accordingly, I urge the RTC to seek and review all Whitewater Development Corporation documents turned over by the White House to the Justice Department.

In its investigation of Madison, the Minority has uncovered links between Madison and Whitewater, some of which may have contributed to the thrift's failure. Not only did James and Susan McDougal hold significant ownership interest in both entities (approximately two thirds in Madison and one half in Whitewater), but the other joint owners of Whitewater (Bill and Hillary Clinton) appear to have benefited directly and indirectly from the application of Madison resources. [See the attached memo.]

If the White House choose to use the Justice Department to shield Whitewater documents not only from the public and Congress, but from other government agencies, such as the RTC, which have legitimate public law enforcement responsibilities, it is hard to believe a responsible resolution of the issues involved can be made by regulatory authorities.

I have high regard for your personal integrity, but as you know, from the beginning, it has been an awkward situation to have a presidentially appointed and confirmed officer of the Treasury Department also head an independent federal agency, the Resolution Trust Corporation (RTC). When this prospect was first suggested at the beginning of the Clinton Administration, it did not strike the Minority as overly unreasonable for a month or two given the fact that no RTC head had been selected.

However, it has been over a year since the Administration has been in office and it can only be described as structurally unseemly for a political appointee of an Executive branch department to make what are in effect, law enforcement decisions for an independent federal agency as they may touch upon the President.

Accordingly, I would urge that you request from the Department of Treasury's General Counsel and Ethics Office advice as to whether you, as interim CEO of the RTC, are obligated to rescue yourself from any decisions concerning the resolution of Madison Guaranty. Just as the special counsel law was designed to relieve the Attorney General from an ethical dilemma of being both chief law enforcement officer for the nation and chief legal advisor to the President in circumstances when the President or a high level Administration officer is the subject of investigation, so it would appear ethically questionable for a political appointee of the Department of Treasury to make decisions for an independent federal agency when the

President may be implicated in enforcement and civil actions.

In this regard, it should be clear that the issue is not whether a presidentially appointed official can oversee an investigation involving the President. Rather the issue is that officials with this responsibility should be confirmed for the job with that particular accountability. As you will recall it was a political appointee confirmed by the Senate that issued a cease and desist order for engaging in conflicts of interest against the son of a former President.

As you know, despite your strong letter to the Chairman of the House Banking Committee recommending against extension, Congress last year extended the statute of limitations for civil lawsuits brought against S&L wrongdoers. As you pointed out in your most recent letter, this extension ''has afforded the RTC an opportunity to investigate further any civil claims which may be asserted against individuals or entities associated with Madison Guaranty for fraud, intentional misconduct resulting in unjust enrichment, or international misconduct resulting in substantial loss to the institution.'' Given, however, the impending running of the statute of limitations for certain kinds of actions, time is clearly of the essence for the RTC to make judgments about civil accountability in the failure of Madison.

Finally, I would like to reiterate my request, pursuant to Rules X and XI of the House Rules for all documents related to Madison Guaranty Savings and Loan, Little Rock, Arkansas. As you know, on December 9, 1993, I wrote the RTC requesting access to all documents related to Madison Guaranty and its subsidiaries.

House and Committee Rules, House practices, and judicial precedent support the proposition that the Ranking Minority Member is the functional counterpart to the Chairman for Committee action. This being the case, a request for documents made by the Ranking Minority Member has parallel standing with a request made by the Chairman of the Committee. The Ranking Minority Member clearly has a voice in the process and is entitled to information that will enable the Ranking Minority Member to carry out his constitutionally mandated oversight responsibilities.

Therefore, the courtesy of a definitive reply to this document request is requested by 12 noon, Monday, February 7, 1994. On this matter, it is urged that you also consult with the Ethics Office as to the relevance of the previously discussed recusal issue.

Again, let me stress that to the degree a conflict situation may exist in this matter in no way reflects on your personal integrity. It is simply an awkward circumstance in contrast to a personal embarrassment.

Sincerely,

JAMES A. LEACH,
Ranking Member.

Enclosure.

MEMORANDUM

To: Congressman Leach.
From: Banking Minority Staff.
Re: Madison Guaranty (''Madison'').

In reviewing documents related to Madison in the possession of Minority Banking, we have come across material which may indicate direct payment of a loan of Bill Clinton's by Madison through a subsidiary.

Since the Minority's investigation is concerned with the possible misuse of federally insured funds to assist Whitewater and/or the former Governor, we thought we should share the following information with you.

SUMMARY

Based on documentary evidence available to the Minority, it appears that Madison Marketing served, in at least one instance, as a conduit of funds from Madison Guaranty to Whitewater and Governor Clinton. If this is correct, it would appear that insured funds from the failed Madison Guaranty were diverted and directly benefitted the Governor and his investment in Whitewater, a claim Clinton had denied.

DOCUMENTATION

The 1983, Bill Clinton obtained a loan from Security Bank of Paragould, Arkansas for approximately $20,800 (loan #975–585, Bill Clinton). The money from this loan was used to pay off the remaining balance of a loan at Madison Bank and Trust of Kingston, Arkansas that was provided for the purpose of constructing a modular home on lot #13 at Whitewater Estates. The loan at Madison Bank was provided in 1980 to Hillary Clinton in the amount of $30,000.

On November 8, 1985, James McDougal sent a letter accompanied by a check to Charles Campbell, Vice President of Security Bank of Paragould, for $7,322.42. The letter from McDougal states that the check is principal and interest payment on ''Note #957–585, Bill Clinton.'' [Note: It appears that the loan number is a typographical error with the superimposing of numbers 5 and 7 in the first three digits.]

The check McDougal enclosed with his letter to Mr. Campbell is a Whitewater Development Corporation check dated November 7, 1985. The loan number referenced on the memo portion of the check is ''Note #95–585.''

According to the check ledgers for the Whitewater Development Corporation (WDC), the corporation's checking account had the following balances: $189.50 on 10–10–85; and, $12.49 on 10–31–85. However, in order to cover the payment of $7,322.40 on the Clinton loan, a deposit is recorded on November 8, 1985 in the amount of $7,500.00. The deposit is listed as coming from ''Madison Marketing.''

A 1986 Federal Home Loan Bank Board exam gives the impression that Madison Marketing was largely a sham corporation used to divert federally insured resources to insiders. The exam notes that ''Until 1986, Susan McDougal owned Madison Marketing.'' The report also states the following:

''Madison Marketing is paid for doing all the general advertising for Madison Guaranty and most of the advertising for Madison Financial's land development projects. All of Madison Marketing's business is derived from Madison Guaranty or its subsidiaries. Since 1983 these payments total $1,532,000.

''Given the evidence of Madison Marketing's invoices, it is questionable how much of these advertising services are actually performed by the firm. The actual work * * * appears to be performed by others. It would appear that Madison Guaranty could have an employee perform similar work for much less money.

''Mr. Latham [an officer of Madison] stated that Madison Marketing made no payments to any stockholders. This statement is false. As part of a test for such payments, the examiners discovered two remittances from Madison Marketing to Susan McDougal [a large stockholder of Madison] which total $50,000. This was a test, and there may be additional payments.''

CONCLUSION

Given the above circumstances, it would appear that federally insured deposits (i.e., funds from Madison Guaranty through Madison Marketing), which, with the later failure of Madison became, in effect, taxpayer obligations, were transferred for the direct personal benefit of the former Governor.

The above payment also raises the question of whether Whitewater was treated as an affiliate or related interest of Madison Guaranty and therefore subject to conflict of interest statutes. From a legal perspective, it could be argued that the McDougals' controlling interest in Madison Guaranty and their substantial ownership interest in Whitewater could qualify Whitewater as an ''affiliate'' of Madison Guaranty. Even if Whitewater is not considered a subsidiary, related interest, or affiliate of Madison Guaranty, such an extension of funds to a presumably ''unaffiliated'' entity would be very unusual and suspect.

It has been publicly reported, with respect to this loan repayment, that both Whitewater and the Clintons took a tax deduction related to interest paid on the same loan—which the Clintons later recognized as improper double deduction after an article ran in the New York Times. What remains unclear is the largest question of whether the funds provided by Madison to reduce the Clinton's liability were proper or properly reported as income for income tax purposes.

As you know, we have received broad hints from within the RTC that the agency has had under review money transfers from Madison to Whitewater. We will not know whether this type of activity was more pervasive and part of a larger pattern unless, and until, the agency provides us the documents we have requested. If Madison provided any direct or indirect assistance to Whitewater, presumably half the value of such would redound to the advantage of each of the half owners. In any regard, the above money transfer underscores that then Governor Clinton had personal liabilities reduced by a payment from Madison. Such payment presumably carries ethical as well as tax implications and is part and parcel of the $47 to $60 million estimated taxpayer loss at Madison.

Attachments.

SEPTEMBER 30, 1983.

Governor BILL CLINTON,
Little Rock, AR.

DEAR GOVERNOR CLINTON: Enclosed is a copy of our check #12677 in the amount of $20,800.00 representing the proceeds of your note. The original was mailed to: Madison Bank & Trust, Kingston, Arkansas.

Sincerely,

CHARLES D. CAMPBELL,
Vice President.

JIM MCDOUGAL,
Little Rock, AR, November 8, 1985.

Mr. CHARLES D. CAMPBELL,
Vice President, Security Bank,
Paragould, AR.

Re: Note #957–585, Bill Clinton.

DEAR MR. CAMPBELL: Enclosed is a White Water Development Corporation check for $7,322.42, representing principal payment of $5,000 and interest payment of $2,322.42, on the above note.

Thank you for your attention to this matter.

Sincerely,

JIM MCDOUGAL.

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS, SECOND DIVISION

MADISON GUARANTY SAVINGS AND LOAN ASSOCIATION, a State Chartered Savings and Loan; MADISON FINANCIAL CORPORATION, a Wholly Owned Subsidiary of Madison Guaranty Savings and Loan Association, Plaintiffs, versus ERNST & CO., an Arkansas Professional Association, and its directors James Alford, Michael Robinson, Gary Grey, Gaines Morton, Tim Gibbon, Steve Humphries, Alan Duncan, Frank Butts, Marjorie Itskowitz, John Does A., B, C, D, Defendant. (No. 88–1193)

FIRST AMENDED COMPLAINT

COKES NOW, Plaintiffs, and for cause of action states as follows:

I

PARTIES

1. Plaintiff Madison Guaranty Savings and Loan Association (hereinafter, Madison Guaranty) is a state savings & loan association duly chartered under the laws of the State of Arkansas. Plaintiff Madison Financial Corporation (hereinafter, Madison Financial) is a state chartered corporation and wholly owned subsidiary of Madison Guaranty.

2. Defendant Frost & Company is a professional association or partnership of public accountants with its principal place of business in Little Rock, Arkansas, comprised of the following individual partners who are set forth as Defendants in paragraph 3.

* * * * *

7. John Latham at all relevant times was the President and Chief Executive Officer of Madison Guaranty and a member of its Board of Directors; and a member of the Board of Directors and the Secretary of MFC.

8. Susan McDougal was at all relevant times wife of James B. McDougal, member of the Board of Directors of Madison Guaranty, President of Madison Real Estate, a division of MFC, and President of Madison Marketing, a service provider to Madison Guaranty and MFC.

9. Madison Real Estate was a real estate brokerage operation owned and operated by Madison Financial with its principal broker Susan McDougal.

10. Madison Marketing was an advertising agency through which Madison Financial and Madison Guaranty purchased all of its advertising for itself and KFC's real estate developments.

11. Jim, David and Bill Kenley (''Kenley Brothers'') were real estate agents and/or developers for Madison Real Estate, who sold property and received substantial commissions and/or development fees from Madison Financial.

12. Frost & Company purported to serve as independent auditor of Madison Guaranty and its consolidated subsidiary Madison Financial for the years 1984 and 1985.

13. James D. Alford at all relevant times was the audit and accounting partner of Frost & Company in charge of the Madison Guaranty audit.

14. Federal Home Loan Bank Board (''FHLBB'') is the primary federal regulator of Madison Guaranty. FHLBB has oversight of the Federal Home Loan Bank of Dallas which has direct supervisory responsibility for Madison Guaranty.

* * * * *

FEDERAL HOME LOAN BANK BOARD OFFICE OF EXAMINATIONS AND SUPERVISION

Name and Address of Institution Madison Guaranty Savings and Loan Association, 1501 Main Street, Little Rock, Arkansas 72203.

District Number 9, Docket Number 7601.

Examination as of March 4, 1986.

Service Corporations and Other Affiliates Examined: Madison Financial Corporation.

REPORT OF EXAMINATION

Prohibition of disclosure or release

This document is the property of the Federal Home Loan Bank Board and is furnished to the Institution for its confidential use. Under no circumstances shall the Institution, or any of its directors, officers, or employees, disclose or make this document or any portion of it public in any manner.

If a subpoena or other legal process is received calling for production of this document, the District Director—Examinations should be notified immediately. The attorney at whose instance the process was issued, and, if necessary, the court which issued the process, should be advised of the above prohibition, and referred to Part 505 of the General Regulations of the Federal Home Loan Bank Board.

Directors, in keeping with their responsibilities, should review this report thoroughly. This report should not be considered an audit report.

Comments

Information concerning the Institution's policies, practices and condition, considered to be of supervisory interest or concern, is shown below.

A. Objectionable Conflicts of Interest

Conflicts of interest involving James McDougal, Susan McDougal, and William Henley have been detrimental to the safety and soundness of the Institution. These individuals are in control of the Institution (Madison Guaranty) through their stock ownership. James McDougal owns 63.5% of the outstanding Madison shares. His wife, Susan McDougal, owns 12.6%, and her brother, William Henley owns 8.5%. In addition to his ownership control, Mr. McDougal, as President of the Institution's subsidiary (Madison Financial), has complete control of the land development projects discussed in comment B.

This control enabled Mr. McDougal to structure the development and financing of the projects so that substantial cash payments could be diverted to himself, Susan McDougal, William Henley and others. These payments have directly benefited these individuals, but Madison Guaranty has received little or nothing in return. Though they have been structured to avoid specific Insurance Regulations, these payments are contrary to the general policy of the FHLBB concerning conflicts of interest as stated in Insurance Regulation 571.7 and FHLBB Memorandum R–19a.

Many of these payments have been funneled through business entities which are owned or controlled by the McDougals, employees, relatives of employees, or close friends of the McDouglas and Henley. In the report, reference will be made to these individuals as the McDougal-Henley Group. Though the activities of these business entities may be appropriate for a savings and loan institution to perform, the advantages associated with these activities accrue to the McDougals and Henley, rather than Madison Guaranty. As such, these arrangements are contrary to the FHLBB's policy concerning appropriations of corporate opportunity as explained by Insurance Regulation 571.9.

Mr. McDougal stated that there were no violations of the conflict of interest regulations.

There are several of these business entities, none of which are disclosed on the Examination Management Questionnaire. The investigation of these businesses remains incomplete. For example, the amount of Madison Guaranty loan proceeds going to many of the entities is unknown. Formal investigative powers have been granted; in this case, under Section 407(m)(2) of the National Housing Act. Current findings, with respect to three of the more important business entities, are discussed below.

1. Madison Real Estate

Madison Financial pays commissions to Madison Real Estate for selling land from Madison Financial's developments. These commissions in turn are distributed to the sales personnel. Mr. Latham stated that Madison Real Estate was ''a division'' of Madison Financial. Mr. McDougal stated that Madison Real Estate was essentially formed in order to use Susan McDougal's real estate sales license which, in turn, was being used by Madison Financial to market the projects. But Madison Real Estate's checking account was not on Madison Financial's books until after management was notified of this fact by the examiners. Also, Madison Real estate is not registered in county records as a name being used by Madison Financial or anyone else.

Since the beginning of 1983, after the McDougals and Henley acquired Madison Guaranty, substantial commissions were paid through Madison Real Estate to William Henley ($427,683) and Susan McDougal ($137,500). In Henley's case, a substantial portion of these funds were advances against commissions to be earned on future land sales. Other McDougal-Henley Group members, who received substantial commissions, are Pat Harris ($242,289) and James Henley ($154,690), who is the brother of Susan McDougal and William Henley. These payments represent most of the commissions paid by Madison Financial to Madison Real Estate, which significantly derives all of its business from Madison Financial

Many of the sales, which generated these commissions, were to McDougal-Henley Group members who are acting as straw buyers. Madison Guaranty essentially retained the risks of ownership on these transactions because it fully financed these sales including the cash sales commissions. Thus, Madison Guaranty's position deteriorated because it retained the same ownership risks as before, but paid cash fees to these individuals. In addition, fees paid through Madison Real Estate were used as down payments in some of the straw land purchases in an apparent attempt to disguise 100% funding of the purchase by Madison Guaranty and its subsidiaries.

Messrs. McDougal and Latham cited an April 24, 1985 letter from a Federal Home Loan Bank of Dallas Supervisory Agent as permission to pay real estate sales commissions to Madison Real Estate. However, this letter in part, asks that the Board of Directors review Insurance Regulation 571.7 which is cited above in this comment.

2. Madison Marketing.

Madison Marketing is paid for doing all the general advertising for Madison Guaranty and most of the advertising for Madison Financial's land development projects. All of Madison Marketing's business is derived from Madison Guaranty or its subsidiaries. Since 1983 these payments total $1,532,000. Until February 1986, Susan McDougal owned Madison Marketing. During a portion of this time, it was a corporation which was incorporated by Lisa Aunspaugh, reportedly a close friend of Susan McDougal.

Mr. Latham stated that after February 1986, Madison Marketing became an entity ''d/b/a (doing business as)'' for Madison Financial and ceased to be a corporation. However, it is not registered as a ''d/b/a'' in the County records. Also, its checking account has never been recorded on the books of Madison Financial.

Given the evidence of Madison Marketing's invoices, it is questionable how much of these advertising services are actually performed by the firm. The actual work of advertising, such as the design and production of commercials and providing air time or newspaper space, appears to be performed by others. Madison Marketing apparently just pays the bills of other providers and adds a 15% fee of its own. Examiners estimated this fee to be approximately $200,000 since 1983. It would appear that Madison Guaranty could have an employee perform similar work for much less money.

Mr. Latham stated that Madison Marketing made no payments to any stockholders. This statement is false. As a part of a test for such payments, the examiners discovered two remittances from Madison Marketing to Susan McDougal which total $50,000. This was a text, and there may be additional payments.

3. Designer's Construction

Designer's Construction performs construction work on some of the land development projects and on some of the property securing Madison Guaranty loans. In 1985 and to date in 1986, $247,000 was paid for work performed for Madison Guaranty and its subsidiaries. The amount of loan proceeds paid to Designer's Construction on work for third party borrowers is unknown.

¶30.8 AMERICA'S SCHOOLS

The SPEAKER pro tempore, Mr. LEWIS of Georgia, pursuant to House Resolution 366 and rule XXIII, declared the House resolved into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 6) to extend for six years the authorizations of appropriations for the programs under the Elementary and Secondary Education Act of 1965, and for certain other purposes.

The Acting Chairman, Mr. DARDEN, assumed the Chair; and after some time spent therein,

¶30.9 RECORDED VOTE

A recorded vote by electronic device was ordered in the Committee of the Whole on the following amendment submitted by Mrs. UNSOELD to the amendment submitted by Mr. HANCOCK:

Amendment submitted by Mrs. UNSOELD:

In subsection (a) of the first amendment made to page 762, after ''agency'' strike ''that received funds under this Act''.

After ''shall'' insert ''use funds made available under this Act to''.

Add at the end of subsection (a) the following: No local educational agency shall use funds under this Act to distribute or to aid in the distribution by any organization of obscene material to minors on school grounds.

Add at the end of the first amendment made to page 762, after line 8, add the following:

''(c) NO FEDERAL CONTROL OF CURRICULUM.—Nothing in this section shall be construed—

''(1) to authorize an officer or employee of the Federal Government to mandate, direct, or control a State, local educational agency, or schools' instructional content, curriculum, and related activities;

''(2) to limit the application of the General Education Provisions Act;

''(3) to require the distribution of scientifically or medically false or inaccurate materials or to prohibit the distribution of scientifically or medically true or accurate materials;

''(4) to create any legally enforceable right.

''(d) RULE OF CONSTRUCTION.—In carrying out the provisions of this section, the Secretary shall not—

''(1) review any curricula or instructional materials;

''(2) promulgate regulations; or

''(3) take any administrative or legal action against a State or local educational agency or school.

Amendment submitted by Mr. HANCOCK:

Page 762, after line 8, insert the following:

SEC. 9506. PROHIBITION AGAINST FUNDS FOR HOMOSEXUAL SUPPORT.

''(A) PROHIBITION.—No local educational agency that receives funds under this Act shall implement or carry out a program or activity that has either the purpose or effect of encouraging or supporting homosexual as a positive lifestyle alternative.

''(b) DEFINITION.—A program or activity, for purposes of this section, includes the distribution of instructional materials, instruction, counseling, or other services on school grounds, or referral of a pupil to an organization that affirms a homosexual lifestyle.

It was decided in the affirmative ... { Yeas .... 224 / Nays ...... 194 }

¶30.10 [Roll No. 91]

AYES—224

Abercrombie
Ackerman
Andrews (ME)
Bacchus (FL)
Barca
Barcia
Barrett (WI)
Becerra
Beilenson
Bereuter
Bilbray
Bishop
Blute
Boehlert
Bonior
Borski
Boucher
Brooks
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Byrne
Cantwell
Carr
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Coppersmith
Coyne
de la Garza
de Lugo (VI)
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Dooley
Durbin
Edwards (CA)
Engel
English
Eshoo
Evans
Faleomavaega (AS)
Farr
Fazio
Fields (LA)
Filner
Fingerhut
Fish
Flake
Foglietta
Ford (MI)
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Glickman
Gonzalez
Green
Gunderson
Gutierrez
Hamburg
Hamilton
Harman
Hastings
Hefner
Hilliard
Hinchey
Hoagland
Hobson
Hochbrueckner
Hoke
Horn
Houghton
Hoyer
Huffington
Hughes
Inslee
Jacobs
Jefferson
Johnson (CT)
Johnson (GA)
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kleczka
Klein
Klug
Kolbe
Kopetski
Kreidler
Kyl
Lambert
Lantos
LaRocco
Lazio
Leach
Lehman
Levin
Lewis (GA)
Long
Lowey
Machtley
Maloney
Mann
Manton
Margolies-Mezvinsky
Markey
Martinez
Matsui
Mazzoli
McCandless
McCloskey
McCrery
McCurdy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Mfume
Miller (CA)
Mineta
Minge
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal (MA)
Neal (NC)
Oberstar
Obey
Olver
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Penny
Peterson (FL)
Pomeroy
Price (NC)
Rangel
Reed
Reynolds
Richardson
Roemer
Rohrabacher
Romero-Barcelo (PR)
Rose
Rostenkowski
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schenk
Schroeder
Schumer
Scott
Serrano
Sharp
Shays
Shepherd
Skaggs
Slattery
Slaughter
Smith (IA)
Snowe
Stark
Stokes
Strickland
Studds
Stupak
Swett
Swift
Synar
Thomas (CA)
Thompson
Thornton
Thurman
Torkildsen
Torres
Towns
Tucker
Underwood (GU)
Unsoeld
Velazquez
Vento
Visclosky
Washington
Waters
Watt
Waxman
Wheat
Williams
Wise
Woolsey
Wyden
Wynn
Yates

NOES—194

Allard
Andrews (TX)
Applegate
Archer
Armey
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barlow
Barrett (NE)
Bartlett
Barton
Bateman
Bevill
Bilirakis
Bliley
Boehner
Bonilla
Brewster
Browder
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Canady
Castle
Chapman
Clement
Clinger
Coble
Collins (GA)
Combest
Cooper
Costello
Cox
Cramer
Crane
Crapo
Cunningham
Danner
Darden
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Edwards (TX)
Ehlers
Emerson
Everett
Ewing
Fawell
Fields (TX)
Fowler
Franks (CT)
Franks (NJ)
Gekas
Geren
Gillmor
Gingrich
Goodlatte
Goodling
Gordon
Goss
Grams
Hall (OH)
Hall (TX)
Hancock
Hansen
Hastert
Hayes
Hefley
Herger
Hoekstra
Holden
Hunter
Hutchinson
Hutto
Hyde
Inglis
Inhofe
Istook
Johnson, Sam
Kasich
Kim
King
Kingston
Klink
Knollenberg
LaFalce
Lancaster
Laughlin
Levy
Lewis (CA)
Lightfoot
Linder
Lipinski
Livingston
Lloyd
Manzullo
McCollum
McDade
McHugh
McInnis
McKeon
McNulty
Meyers
Mica
Michel
Miller (FL)
Molinari
Montgomery
Moorhead
Murphy
Myers
Nussle
Ortiz
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce (OH)
Quillen
Quinn
Rahall
Ramstad
Ravenel
Regula
Ridge
Roberts
Rogers
Ros-Lehtinen
Roth
Roukema
Rowland
Royce
Sangmeister
Santorum
Sarpalius
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (OR)
Solomon
Spence
Spratt
Stearns
Stenholm
Stump
Sundquist
Talent
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Traficant
Upton
Valentine
Volkmer
Vucanovich
Walker
Walsh
Whitten
Wilson
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—20

Andrews (NJ)
Bentley
Berman
Blackwell
Cardin
Derrick
Ford (TN)
Gallegly
Gallo
Grandy
Greenwood
Lewis (FL)
McMillan
Natcher
Norton (DC)
Pickle
Smith (TX)
Thomas (WY)
Torricelli
Weldon

So the amendment to the amendment was agreed to.

¶30.11 RECORDED VOTE

A recorded vote by electronic device was ordered in the Committee of the Whole on the foregoing amendment, as amended, submitted by Mr. HANCOCK.

It was decided in the affirmative ... { Yeas .... 301 / Nays ...... 120 }

¶30.12 [Roll No. 92]

AYES—301

Abercrombie
Ackerman
Allard
Andrews (NJ)
Andrews (TX)
Applegate
Archer
Armey
Bachus (AL)
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barca
Barcia
Barlow
Barrett (NE)
Bartlett
Barton
Bateman
Bentley
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Borski
Boucher
Brewster
Brooks
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Burton
Buyer
Byrne
Callahan
Calvert
Camp