

think is a record of success of this Congress. We have dealt with the budget, we have dealt with the contract, we have dealt with appropriations bills. Now is the time that we start doing the people's agenda, engaging in a full partnership with them, providing them with a light at the end of the tunnel that says, Washington is open. We want you to provide us with more direct feedback, more direct contact, and as a result of that new cooperation, that new dialogue, we are going to be a more responsive and a more effective body, so that you, once again, can be proud of the process here in Washington, and I think the result will be, you will also be prouder of the product that we produce here in Washington.

Mr. Speaker, the Voters' Bill of Rights is a step forward, a step to frame the debate and the discussion on how we can empower the American people, and how we can renew American citizenship.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2127, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATION ACT, 1996

Mr. MCINNIS, from the Committee on Rules, submitted a privileged report (Rept. No. 104-224), on the resolution (H. Res. 208) providing for consideration of the bill (H.R. 2127) making appropriations for the Departments of Health and Human Services, an Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes, which was referred to the House Calendar and ordered to be printed.

WHITEWATER INVESTIGATION

The SPEAKER pro tempore (Mr. METCALF). Under the Speaker's announced policy of May 12, 1995, the Chair recognizes the gentleman from Indiana [Mr. BURTON] for 30 minutes.

Mr. BURTON of Indiana. Mr. Speaker, I would like to talk today about the conviction of Webster Hubbell, the indictment of Governor Jim Guy Tucker (both close friends of President Clinton) and the two Arkansas judges overseeing these cases.

The judge in Webster Hubbell's case stepped aside because of his close ties to all of Arkansas' top Democrat politicians. The judge in Governor Tucker's case has made no move to recuse himself, even though many observers believe he has even more conflicts of interest.

Mr. Speaker, about a month ago former Associate Attorney General Webster Hubbell was sentenced to 21 months in prison. On December 6, 1994, Mr. Hubbell pled guilty to one count of mail fraud and one count of tax evasion to the independent counsel investigating Whitewater, Kenneth Starr. Last week, Mr. Hubbell, who a little more

than a year ago was the Nation's third highest ranking law officer, testified before the Senate about the death of Vincent Foster and the obstructions of the investigation at the White House.

I'd like to talk for a moment about Webster Hubbell. He is often characterized in the media as the President's frequent golfing partner. But he is much more than that.

Mr. Hubbell was a partner along with Hillary Clinton, William Kennedy III, and the late Vincent Foster at Little Rock's powerful Rose Law Firm. In fact, Mr. Hubbell served as the firm's managing partner. He also served as mayor of Little Rock, and was appointed by then-Governor Bill Clinton as interim Chief Justice of the Arkansas State Supreme Court.

He came to Washington with the Clintons after the 1992 election and, in the opinion of many Washington insiders, ran the Justice Department until Janet Reno was confirmed by the Senate. Mr. Hubbell resigned as Associate Attorney General in March 1994 after his former partners at the Rose Law Firm began to investigate him for overbilling some of his clients, including the federal government for work done in a case against the auditors of Madison Guaranty Savings and Loan. Now, like many of the President's friends from Arkansas, Mr. Hubbell has left the government in disgrace and legal trouble.

On June 23, 1995, Mr. Hubbell asked the judge presiding over his case for leniency, stating that he had made proper restitution to his former firm. Under the sentencing guidelines, Mr. Hubbell was required to serve a mandatory minimum sentence unless the independent counsel asked the presiding judge for leniency. Mr. Starr replied to Mr. Hubbell's request by stating that he had no intention to ask for leniency.

The fact that Mr. Starr had no intention of asking for the court to be lenient with Mr. Hubbell leads us to believe that Hubbell did little to help Starr's investigation.

After he left the Justice Department, Hubbell landed a new job at G. William Miller and Co., the law firm of Michael Cardozo. Cardozo is the former Clinton Justice Department official who handles the Clintons' legal defense fund. He became notable in the summer of 1993 because he spent the entire week-end with Vincent Foster three days before Foster's death. Webster Hubbell and Michael Cardozo spent the week-end at the Eastern Shore secluded with Mr. Foster and his wife. Both have claimed that Foster did not seem unusually depressed, even though investigators have cited Foster's depression as the reason for his suicide 3 days later.

And somehow, Mr. Hubbell's wife was offered a job at the Interior Department after Mr. Hubbell entered his plea. We know that Mrs. Hubbell's hiring was orchestrated by talks between the White House and the Interior Department. Since Mr. Hubbell and his

wife were both being employed by their friends, many people wonder whether he cooperated with the Starr probe as much as he might have.

The judge originally assigned to preside over the Hubbell case was one William Wilson in Little Rock. However, as is so often the case among the political and social elite of Arkansas, Judge Wilson had close associations with Bill and Hillary Clinton, and before becoming a judge was very active in the Arkansas Democrat party. Judge Wilson realized the possible conflict of interest, and 2 days after Mr. Hubbell's guilty plea he recused himself from the case. In doing so, Judge Wilson stated, "Not only must you do justice, you must have an appearance of doing justice." I take that quote from an editorial in the June 21, 1995 edition of the Wall Street Journal and ask that this editorial be entered into the RECORD.

WHO IS HENRY WOODS?

Last year, the President was reminiscing with Connie Bruck of The New Yorker about his 1990 gubernatorial race. At one point, he said, he was undecided about running and an influential Arkansan came up with a substitute: Hillary Clinton. The powerful member of the Arkansas political family "desperately wanted her to run for governor," the President told Ms. Bruck, "and it got out and around the state."

That gentleman was Judge Henry Woods of the U.S. District Court for the Eastern District of Arkansas. "Henry," a friend of the judge told Ms. Bruck, "just hangs the moon on Hillary." Judge Woods has contributed 15 years of distinguished service to the judiciary, particularly in the long-running Little Rock school desegregation cases. At a critical point in 1987, Judge Woods named Mrs. Clinton counsel to a citizens' committee working for racial balance in the schools. "I called on Hillary a lot," he told Ms. Bruck. "She was not just functioning as advisor to the committee."

Judge Woods will soon be back in the news, starting with tomorrow's arraignment of Arkansas Gov. Jim Guy Tucker and two associates. They're charged with defrauding the government in a scheme linked to David Hale's Capital Management Services. While the arraignment will take place before other magistrates in Little Rock, the trial is scheduled to unfold in the courtroom of Mrs. Clinton's biggest fan.

Gov. Tucker has angrily declared his innocence and says he may challenge Independent Counsel Kenneth Starr's jurisdiction. "None of the allegations," Gov. Tucker said, "involve President Clinton, Mrs. Clinton or any other person in the executive branch that the regular U.S. Attorneys would have had a conflict in prosecuting." As we have noted in regard to the Clintons, this is correct in a narrow sense; but it is also true that the indictments and guilty pleas so far obtained by Mr. Starr paint a disturbing picture of the political and business landscape from which the President and First Lady emerged.

Understandably, for example, Gov. Tucker would have preferred that "the regular U.S. Attorney" handle his case. That would be Paula Casey, the long-time friend of Bill who first received criminal referrals from the Resolution Trust Corp. allegedly naming the Clintons and Mr. Tucker. After making some crucial decisions, Ms. Casey belatedly recused herself from the Madison Guaranty case, in November 1993, in the midst of a six-week period which saw Treasury contacts

with the White House. Bruce Lindsey informing the President about the referrals, two Clinton-Tucker meetings, and Associate Attorney General Webster Hubbell's own recusal from Whitewater matters.

The problem, of course, is that everyone from the Arkansas political culture comes from the Arkansas political culture. When it came time for Mr. Hubbell to plead guilty to a scheme to defraud the government and his former partners at the Rose Law Firm, he stood before U.S. District Court Judge William Wilson in Little Rock. Two days after the plea, Judge Wilson stepped down from the case, saying his contacts with the Clintons over the years might be misconstrued. "Not only must you do justice," Judge Wilson said, "you must have an appearance of doing justice."

Naturally Judge Woods has the same sort of associations. Now 77, he was for some 40 years a close associate of Arkansas financier and legislator Witt Stephens—head of the Stephens Inc. investment giant until his death in 1991. "Mr. Witt" first earned a reputation as a political kingmaker with the 1948 election of Gov. Sid McMath; Henry Woods was Gov. McMath's top aide. Mr. Woods later fought segregationist Gov. Orval Faubus and was a supporter of current Sen. Dale Bumpers and Rep. Ray Thornton, among others. Messrs. Clinton, Tucker, Hale, and James McDougal of Madison Guaranty fame all got their early political education from one of the towering figures in Arkansas politics, former Sen. William Fulbright. It's a tight, if sometimes feuding, family.

Mr. Woods actively supported Mr. Bumpers' 1970 gubernatorial run. In 1974, Gov. Bumpers knocked Sen. Fulbright out of the Democratic primary and went on to the Senate; Mr. Fulbright went to work for the Saudis and Stephens Inc. In 1978, Mr. Woods supported Mr. Stephens' nephew, Mr. Thornton, in a three-way primary race against then-U.S. Rep. Tucker and David Pryor for the Democratic nomination to the Senate. President Carter nominated Mr. Woods to the federal bench in 1979; when he was sworn in, Gov. Clinton saluted him, saying he was a man who would "feel the pain" of the people.

The defendant to the contrary, the Tucker case is not just another case, but one pregnant with implications for the President, the First Lady and the whole circle of the judge's friends and associates. Judge Woods can best honor his distinguished record on the bench by following Judge Wilson's example and stepping aside.

This editorial raises an interesting question, because we are awaiting the trial of Bill Clinton's successor as Governor of Arkansas, Jim Guy Tucker. On June 7, 1995, Governor Tucker and two associates were indicated by a Federal grand jury in Little Rock. Governor Tucker was indicated for fraudulently obtaining a federally backed small business loan and evading taxes and is facing up to 12 years in prison if convicted.

On October 6, 1993, Jim Guy Tucker and President Bill Clinton met privately at the White House. About a week before this meeting, White House Counsel Bernard Nussbaum and White House Advisor Bruce Lindsey and other top administration officials were informed of the fact that the Resolution Trust Corporation had forwarded criminal referrals regarding Madison Guaranty Savings and Loan to the Justice Department. These criminal refer-

als named not only Bill and Hillary Clinton but also Jim Guy Tucker.

The White House has stated that President Clinton and Governor Tucker never discussed these criminal referrals, neither at the White House meeting nor at a later meeting in Seattle. But we have no way knowing. That is why so many people are so concerned about the many improper contacts between the White House staff and the Treasury Department.

The judge assigned to preside over the Tucker case is Judge Henry Woods. For some background on Woods, I refer my colleagues to the Wall Street Journal editorial I quoted earlier, as well as a column by former elected Arkansas Supreme Court Justice Jim Johnson that ran in the June 23, 1995, edition of the Washington Times. I ask that these articles be entered into the RECORD.

[From the Washington Times, June 23, 1995]

THE LIFE AND TIMES OF JUDGE HENRY WOODS

(By Jim Johnson)

To understand how the federal courts work in Arkansas, you have to understand Stephens Inc.

To understand Stephens, you have to understand Henry Woods, 77, the senior U.S. judge in Arkansas, and the judge to whom the fortunes of Jim Guy Tucker, our governor now under federal indictment, have been assigned.

You might say, "it's an Arkansas thing."

U.S. district judges and other major officials of the federal judiciary are selected by political appointment, and politicians are moved by political influence. The most powerful political influence in Arkansas for the past 40 years has been Stephens Inc., owned and operated for many years by Witt Stephens and his younger brother, Jack.

Stephens Inc., is the largest bond house off Wall Street, bigger than any in Chicago or Los Angeles or Dallas, and one of the top commodities traders in the nation. Stephens took Tyson Foods and a number of other business giants public, for example, and continues to influence their operations.

In 1992, when the Clinton campaign was knocked to its knees by the first allegations of the candidate's draft-dodging and womanizing, a Stephens subsidiary advanced him over \$3 million to save his campaign. This advance was identical to the sum the Stephens organization got in a sweetheart deal it had manipulated with the Clinton-controlled Arkansas Student Loan Fund just a few months earlier.

These people play hardball, and play it well. When Sen. John L. McClellan died in 1977, the Stephens brothers determined to replace him with their nephew, Rep. Ray Thornton, who then represented a district in southern Arkansas. Our governor, Jim Guy Tucker represented the Little Rock district, and David Pryor, now our junior U.S. Senator, was the governor.

All three entered the race for Mr. McClellan's seat. The nephew ran a close third, leaving the Stephens brothers in a position to pick the winner in the runoff primary, by throwing the nephew's support to one of the two top candidates.

They selected David Pryor, on condition that he arrange the appointment of their friend, Henry Woods, a Little Rock lawyer, to a U.S. district judgeship. As soon as Mr. Pryor was elected, he kept his promise.

I first knew Henry Woods when I arrived in Little Rock in 1951 to represent Ashley County, where I was born, in the Arkansas state senate. Henry was the executive sec-

retary to Sidney S. McMath, the governor. In that era, our governors exerted complete control over the state Highway Department, the agency that expended millions of dollars annually, by far the agency with the most rewards to dispense.

Henry was promising roads to everybody who could offer something in return. He became such a promising fellow that I, along with a number of other members of the state senate, introduced legislation to require an audit of the state's highway-construction operations.

Our bill became law, over the strenuous objections of the governor, and the audit commenced. It wasn't long until it appeared that Henry had his hands in the highway funds up to his elbows, and a Pulaski County grand jury was empaneled to determine whether crimes had been committed.

The hearings waxed hot and heavy, and three weeks before the governor's term expired, and with it Henry's job as the governor's executive secretary, the judge presiding over the grand jury abruptly and unexpectedly resigned, thereby enabling the governor to appoint his replacement. The governor appointed a Little Rock lawyer distinguished mostly for his enthusiastic appreciation of distilled spirits, and his first judicial act was to dismiss the grand jury—which, according to speculation the grand jurors never discouraged, was about to indict Henry.

Henry Woods is an empire-builder. He concerns himself not only with the appointment of federal judges, but clerks, magistrates, U.S. district attorneys, U.S. marshals, the office secretaries, clerks and even the janitors. Henry spent World War II on the home front, working as an FBI agent. He keeps himself informed as to every sparrow that falls by being the most active alumnus in the FBI association. Henry does not miss much.

Henry was the closest friend Witt Stephens ever had. He took lunch with Witt every day for years in the private dining room at Stephens Inc., in downtown Little Rock, and when Witt passed away two years ago Henry gave the eulogy. Henry knew of every federal vacancy before it occurred, just in time to make the wishes of the Stephens brothers known to the official assigned to fill the vacancies.

For example, Henry engineered the appointment of his former classmate and co-campaign manager, Elsjane Trimble Roy, to the federal bench in Arkansas. His public admiration of the president and the first lady has been remarked on for years, and when they went to Washington he saw to it that they leased a presidential office in the Stephens Building, even though ample space was available in Little Rock's spacious new federal office building.

When Mr. Clinton became the president, another of Henry's friends, his former law partner, William R. Wilson, was appointed to a federal judgeship, too. Mr. Wilson had been Henry's leg man and gofer for years; it was well known in Little Rock that when Mr. Wilson walked into your office you were actually dealing with Henry.

When Webster Hubbell, the U.S. associate attorney general and the No. 3 man in the Justice Department, pleaded guilty to having committed 2 of 47 felonies charged against him, the case was assigned to Judge Wilson for sentencing—even though Webb Hubbell worked on Judge Wilson's appointment, and as a lawyer Judge Wilson had represented Roger Clinton, the president's brother, when he was charged in a drug case. He had represented Mrs. Virginia Kelley, the president's late mother, in another matter. It did not occur to Judge Wilson to recuse himself until the pressure created by national news coverage became to intense that he finally stepped aside.

This brings us to Whitewater. Six judges sit in Little Rock for the Eastern District of Arkansas. Three are there through the maneuvering of Henry Woods, affording those persons indicted as a result of the investigation that began with the president and Mrs. Clinton a 50-50 chance of drawing a judge with a connection to Henry and Stephens Inc. Jim Guy Tucker had just such luck.

Further, anyone indicted as a result of an investigation into whether someone at Tyson Foods, Inc., bribed Mike Espy, the former U.S. secretary of agriculture, would be tried in the Western District of Arkansas, headquartered in Fort Smith, before Judge Harry Barnes, the former law partner of Sen. David Pryor; Judge Franklin Waters, the former law partner of James Blair, who is the chief counsel for Tyson and the guru of Hillary Clinton in the making of her miraculous fortune in the commodities-trading market; or Judge Jim Larry Hendren, the former personal attorney for Sam Walton, the founder of Wal-Mart. Stephens Inc., took Wal-Mart public. Jack Stephens and Hillary Clinton have been members of the board of Wal-Mart.

Kenneth Starr, the independent counsel, appears to us in Arkansas to be conducting his investigation in a vigorous and professional manner, but members of Congress should bear in mind that even if these judges recuse themselves, the judicial machinery for the selection of U.S. grand and petit juries will remain in place and exercise a marked influence on the outcome. All clerks, marshalls, secretaries, and even the janitors know they will be spending the remainder of their careers under the supervision of the judges who would be stepping aside only until the great spotlight dims, silence falls and the special prosecuting lawyers leave Little Rock.

If justice should be done with convictions secured, the convictions will be appealed to the U.S. Court of Appeals for the Eighth Circuit in St. Louis. The chief judge there is Richard Arnold, a protege of Henry Woods, who lunches with him nearly every day he is in Little Rock, at Stephens Inc. Witt is gone but the private dining room lives on.

His brother, Morris Arnold, also serves on the appeals court. Morris (or Buzz, as we call him at home) was the only Republican confirmed by the old Democratic Senate after Bill Clinton was elected president of the United States.

On his last visit home, Mr. Clinton spent the first several hours with Richard Arnold, the chief judge of the St. Louis court, which hears all federal appeals in Arkansas. The Paula Jones case is before that court now.

Judge Richard Arnold was an administrative assistant to Sen. Dale Bumpers, whose wife Betty is the chief Washington lobbyist for the largest utility company in our state. Arkansas can be an accommodating place.

Judge Arnold was, in the president's own description, Bill Clinton's sentimental choice for the seat that finally went to Stephen Breyer. Judge Arnold said his health was not good. It was also disclosed, in the FBI check into his background, that he earned more than \$500,000 last year in the commodities-trading market—the very same market where Hillary struck gold "Brutus is an honorable man," said Mark Anthony "So are they all, all honorable men." But why, someone must ask, given their loyalties and the uncanny coincidences that thrive in Arkansas like Delta cotton in August, must we lead them into temptation?

Arkansas is a small state with a wealth and abundance of many wonderful God-fearing people. I was born here and when I die my mortal remains will return to the soil I love as a Southerner loves the land of his people. Many hearts have been broken by the

squalid evidences of corruption paraded past America over these past 2½ years, besmirching the reputation of the state we love. We should have done something about it years ago. We failed.

Now Congress must meet its obligations to the Constitution and to the people who sent them to Washington to defend that Constitution. Congressional hearings on the order of Watergate must be conducted at once, and only when they are concluded after a thorough and vigorous effort, and everything has been laid out before America, can America know that justice has been done.

Judge Woods is a longtime member of the Arkansas political elite. He is a major power broker in the Arkansas Democrat party. He served as chief assistant to Democratic Governor Sid McMath. He freely admits that he is good friends with Bill and Hillary Clinton. Judge Woods named Mrs. Clinton to a State panel to work toward racial balance in schools. Woods and McMath later went on to form a law partnership, McMath, Leatherman, and Woods. McMath's son, Sandy McMath, a member of the law firm, was an instrumental leader in the early political campaigns of Jim Guy Tucker. So even if Judge Woods and Governor Tucker aren't the best of friends, they are undoubtedly members of the same tightly knit network from which Bill Clinton emerged.

In the Webster Hubbell case, Judge Wilson realized immediately that he had no business trying the case. Even if he could have been completely objective, many people would still question what they saw as the appearance of a conflict. In the Jim Guy Tucker case, Judge Woods has given us no indication that he intends to recuse himself, despite his multiple potential conflicts of interest. With Judge Woods, the conflict of interest is more than just an appearance. It is a very serious matter.

QUESTIONS:

If Jim Guy Tucker's attorneys move to throw out the indictments claiming that Kenneth Starr has exceeded his jurisdiction, would Judge Woods' many ties to the State Democrat party color his decision?

What other connections exist between Judge Woods and Governor Tucker that we do not know about?

With Judge Wilson's recusal due to possible conflicts of interest in the Hubbell case, isn't it in Judge Woods' best interest, after a long and illustrious career, to follow his example and recuse himself?

What did Jim Guy Tucker and Bill Clinton talk about at their meeting at the White House in 1993? How can we ever know for sure whether or not they shared confidential information about the RTC criminal referrals that had been revealed to the White House?

What did Jim Guy Tucker and Bill Clinton talk about in their meeting in Seattle?

DAVID HALE

When Jim Guy was indicted, the media were quick to proclaim that the indictment was not connected in any way to Bill and Hillary Clinton. But

this isn't the case. The charges brought by the Independent Counsel against Governor Tucker are the direct result of testimony and documentary evidence provided by Judge David Hale.

Judge Hale is the same man who has accused the president of pressuring him to approve an illegal loan in 1986 to obtain funds to help the failing Madison Guaranty Savings and Loan.

Judge Hale pled guilty to defrauding the Small Business Administration. He has testified to a Federal grand jury that he was pressured by Governor Bill Clinton and his Whitewater partner, James McDougal, and by Jim Guy Tucker, to provide an illegal \$300,000 loan to McDougal's wife, Susan McDougal. This loan was never repaid, and more than \$100,000 of the loan reportedly ended up in Whitewater Development Company's account.

The day after the Tucker indictment, Mr. Starr secured a guilty plea from Stephen A. Smith, who was one of Bill Clinton's top aides during his first term as Arkansas governor. Smith pleaded guilty to defrauding the Small Business Administration, lying to obtain \$65,000 from David Hale's lending agency, Capital-Management Services.

The indictment of Jim Guy Tucker and the guilty plea of Stephen Smith show us that the grand jury—made up, incidentally, or normal citizens of Arkansas, not a bunch of right-wing Clinton critics—is looking closely at the documents and listening very carefully to the testimony offered by David Hale. The actions taken by Mr. Starr tell us that both the independent counsel's office and the grand jury consider David Hale a credible witness.

[From the Washington Post, March 4, 1995]

WHITE HOUSE OFFICIALS DETAIL AIDE'S ROLE IN HUBBELL HIRING (By Susan Schmidt)

Administration officials yesterday offered more details about the White House role in helping Suzanna W. Hubbell secure a political post at the Interior Department last month, saying that Bruce Lindsey, a top presidential aide, was involved only peripherally.

Hubbell is the wife of former associate attorney general Webster L. Hubbell, who has agreed to cooperate with Whitewater independent counsel Kenneth W. Starr in hopes of receiving a reduced sentence on felony fraud and tax charges. Among other matters, Starr is investigating Lindsey's handling of campaign funds in then-Gov. Bill Clinton's 1990 presidential campaign.

Sen. Lauch Faircloth (R-N.C.), has complained that Lindsey should not have discussed Suzanna Hubbell's job with the Interior Department, given that her husband is cooperating with a criminal investigation that touches Lindsey. But White House officials said yesterday that Lindsey did nothing to help Suzanna Hubbell return to her \$59,022-a-year job after an 11-month leave of absence caused by her husband's legal problems.

Suzanna Hubbell, formerly a special assistant in the secretary's office, came back to a job as an assistant to the director of external affairs.

Interior spokesman Kevin J. Sweeney said yesterday that Suzanna Hubbell had arranged to return to the department Feb. 6.,

and Interior officials sought throughout January to get the White House's okay, without success. When Suzanna Hubbell showed up for a staff meeting on that date, Interior Chief of Staff Tom Collier directed his deputy, B.J. Thornberry, to pull her out, until the White House approved her status. Hubbell and Thornberry then both got on the phone and tried to get an answer themselves, Sweeney said.

"Suzy called Lindsey to see if he could find out about the request for approval," said Sweeney. Lindsey, the associate White House counsel and a family friend, was unavailable, so she left a message.

Suzanna Hubbell then called Deputy White House Chief of Staff Erskine Bowles, who said he would get back to her, Sweeney said.

While she waited, Lindsey returned Suzanna Hubbell's call, and talked to both Thornberry and Hubbell. "He said he'd check and get back, which he did not do," said Sweeney. Later, Sweeney said, Bowles called Thornberry and said that Suzanna Hubbell could be reinstated.

A White House official, who asked not to be named, described Lindsey's conversation differently. The official said that by the time Lindsey called Suzanna Hubbell back, the "glitch" already had been resolved and Thornberry told Lindsey that. The official said Lindsey was not asked to do anything, and was not involved in or aware of a decision by White House counsel Abner J. Mikva that day to allow Suzanna Hubbell to return to work.

The accounts given by the White House and Interior Department officials yesterday not only differed slightly from each other, they varied from Sweeney's statement Wednesday that Thornberry initiated the contact with Lindsey as "a courtesy" to inform him that Suzanna Hubbell had been reinstated.

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Let me just end up by saying that Judge Woods, we believe, should recuse himself to eliminate any possibility of an appearance of impropriety in the case involving Jim Guy Tucker. I think that most of my colleagues, when they look at this information and read it in the CONGRESSIONAL RECORD, will agree with that.

One other thing, Mr. Speaker, I would like to put into the CONGRESSIONAL RECORD tonight and talk about is an article that was in the Washington Post today. The FDIC says that the Rose Law Firm, for which Hillary Rodham Clinton was a partner, was faulted by this agency's inspector general.

Mr. Speaker, I submit the following:

[From the Washington Post, Aug. 1, 1995]

FDIC, ROSE LAW FIRM FAULTED BY AGENCY
INSPECTOR GENERAL
(By Susan Schmidt)

The inspector general of the Federal Deposit Insurance Corp. concluded yesterday that the agency ignored numerous conflicts of interest in hiring the Rose Law Firm and glossed over its failings in a report last year intended to examine whether Rose had been improperly hired.

The report issued yesterday took both Rose and FDIC lawyers to task.

The inspector general's investigation was prompted by Republican charges of a "white-wash" in the FDIC's earlier inquiry into conflict of interest charges involving the Arkansas law firm, where first lady Hillary Rodham Clinton was a partner.

The inspector general's office said it sent the report to the FDIC general counsel for possible legal sanctions against the Rose firm, including recovery of overbillings, and said it reported professional misconduct to authorities. The report came a week before the House Banking Committee is expected to examine Rose's work for the government as part of overall hearings into Whitewater.

Former Rose partner Webster L. Hubbell came in for the harshest criticism for failing to disclose his own and his firm's extensive ties to Madison Guaranty Savings & Loan when he agreed to sue the failed thrift's accountants on behalf of taxpayers in 1989.

Hubbell, the former number three official in the Clinton Justice Department, is scheduled to report to prison next week for defrauding his firm and overbilling clients, including the FDIC.

Among the conflicts the inspector general said Rose failed to disclose to the FDIC was the fact that the firm—in particular partner Hillary Clinton—had represented Madison before the Arkansas state securities department during the mid-1980s when the struggling S&L was seeking approval for a recapitalization plan. As part of that effort, Rose presented statements prepared by the accounting firm of Frost & Co. showing that Madison was in good financial shape, though the thrift was actually close to insolvency.

Hillary Clinton was on a \$2,000-a-month retainer at Madison during the mid-'80s. The inspector general's report found no conflict of interest in her performance of a few hours of work in an S&L case that involved Dan Lasater, a Little Rock bond dealer and Clinton supporter who went to prison for cocaine distribution.

Hillary Clinton gave an affidavit to the FDIC inspector general, then submitted to an interview, but was not placed under oath. Her attorney, David Kendall, said she would have been willing to take questions under oath, but the inspector general did not want a court reporter present, as Kendall said he would have required.

The inspector general's office launched its investigation 18 months ago after the FDIC legal division issued a report finding that neither the Rose firm nor the FDIC had a(?) look into both the alleged conflicts and how the report was prepared.

In 1989, Hubbell circulated a memo among his colleagues saying he intended to sue Frost & Co. on behalf of the FDIC. He asked whether anyone knew of any Rose firm conflicts that would prevent the firm from taking the case, but got no reply.

Hubbell's own conflicts should have kept the firm out of the case under a standard that forbids even the "appearance of impropriety," according to the inspector general.

Hubbell failed to tell FDIC lawyers that his father-in-law was a Madison consultant and borrower whose loans were among those the government contended Frost & Co. should have flagged for Madison board members.

Rose's conflicts were so extensive, said the inspector general, that the firm was even representing a company partly owned by the very auditor who did Madison's books—putting Rose in position of both suing and representing the same person.

Rose managing partner Ronald Clarke said lawyers there "disagree with everything in the report. We did not have a conflict of interest in the Madison-Frost litigation." He said the firm hired two independent legal experts who agreed it did not have conflicts, but he said lawyers there believe the inspector general's findings were inevitable given the political interest in the issue in Congress.

The House Banking Committee's hearings next week will focus on Madison and owner

James B. McDougal's financial relationship with the Clintons, including their joint ownership of Whitewater. Madison failed in 1989 at a cost to taxpayers of \$65 million.

The voluminous FDIC report and backup documents were sent to congressional banking committee leaders Friday. The agency released a seven-page executive summary yesterday. A separate report is expected soon from the inspector general's office of the federal S&L cleanup agency, Resolution Trust Corp., for which Rose also did work.

Mr. Speaker, the fact of the matter is there have been numerous people indicted, numerous people removed from positions of authority in the White House, numerous people who have been convicted or will be convicted, I believe, because of the indictments that are coming down who are connected to this administration.

I believe and hope that the Banking Committee here in the House and the corresponding committee in the other body, will get to the bottom of all of this and bring to justice those people who broke the law.

At the very least, the appearance of impropriety for so many people in this administration is something that everybody in this country ought to be worried about. As the weeks and months come as these investigations continue to unfold, I will bring to the floor information for my colleagues to take a look at, because I think it is extremely important that the people's House and the people who represent the people of this country are apprised of all the facts of the case of Whitewater, the Arkansas Financial Development Authority, the Madison Guaranty Corporation, and other situations involving people in this administration.

With that I yield back the balance of my time.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YATES (at the request of Mr. GEPHARDT), for Monday, July 31, after 7:45 p.m., on account of personal reasons.

Mr. TUCKER (at the request of Mr. GEPHARDT), for Monday, July 31, on account of official business.

Mrs. MEYERS of Kansas (at the request of Mr. ARMEY), on July 27, 28, and 31, on account of illness in the family.

Mrs. THURMAN (at the request of Mr. GEPHARDT), for today, on account of illness in the family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. FARR) to revise and extend their remarks and include extraneous material:)

Mr. SKAGGS, for 5 minutes, today.

Mr. FRANK of Massachusetts, for 5 minutes, today.

Mr. MILLER of California, for 5 minutes, today.