

WASHINGTON TIMES

19P

SCREENED
By clp Date 3/3/10

Jamie Dettmer
202-636-8859
cell 202-253-7221
(14) 202-462-8232

October 30, 1995

US \$2.50

Insight

ON THE NEWS

EXCLUSIVE:
Sen. Faircloth
to Call Hillary

Copy cover to page
6, 11-13
for HE, KS, Irons,
2 extra for HE

Sitting Pretty

Congressmen Who Retire to Lobby



October 30, 1995

US \$2.50

Insight

ON THE MOVE

EXCLUSIVE:
Sen. Faircloth
to Call Hillary



Sitting Pretty

**Congressmen
Who Retire
to Lobby**



HOME IS WHERE THE FILES ARE

Watergate had its tapes and Whitewater has files, lots of them. All the probes into the Clintons, whether mounted by congressional committees, the Justice Department or independent counsel Kenneth W. Starr, have been marked by arguments about missing and misplaced files — even the very existence of documents.

Last year, it emerged that the Rose Law Firm had engaged in a bit of shredding soon after Deputy White House Counsel Vince Foster was found dead. The firm insisted any document shredding that took place was merely routine — just a matter of clearing office and storage space.

Where did the documents that were destroyed come from? Some undoubtedly had been stored at the Arkansas firm where Foster and Hillary Rodham Clinton had been partners. But others, *news alert!* can disclose, almost certainly came from the basement of Foster's home in the exclusive Heights area of Little Rock.

The house was rented when Foster's wife joined him in Washington a few months into the new administration, but the Fosters left some wine in the basement and at least half-a-dozen boxes of files. Two days after Foster's body was discovered in Virginia's Fort Marcy Park, a couple of attorneys from the Rose Law Firm turned up at the house and removed the boxes.

What happened to them?

Probe Leads to Prisons

When Arkansas Gov. Jim Guy Tucker was indicted on a second series of fraud charges by Whitewater independent counsel Kenneth W. Starr back in August, there was much media talk that no further indictments would follow. The Whitewater probe was winding down, it was said.

But there are few signs of that happening. Quite the reverse is taking place and Starr is digging deeper into Arkansas corruption. The probe is wide-ranging, partly because the state's elite were involved in so many interconnected scams.

"They treated Arkansas like a prostitute," says an FBI agent attached to the Whitewater investigation. "They never seemed to separate their personal, political and business lives — they almost had arranged marriages down here."

The very tightness of the elite who ruled the state in the 1980s — and still lord over it — has hindered Starr's investigators in getting to the bottom of much of the corruption. "They always make sure they have their people in positions of importance and influence," says the agent. "It is sometimes hard for us to do anything in secret. Once we make a move everyone knows about it."

Certainly one of the latest lines of inquiry is well-known to the elite. But then you can't flood a small, remote district with FBI agents and expect word won't travel fast.

Starr is showing a lot of interest in the background to the building in 1989 of a minimum-to medium-security prison at

Calico Rock in IZARD County. The 485-acre, 300-inmate prison cost more than \$9 million and encountered strong local opposition. Residents complained that it would ruin the attractiveness of the rugged and forested county and hurt the tourist trade — the county is close to the Cherokee Indians' historic Trail of Tears. Considerable doubts also were expressed by law-enforcement officers that Calico Rock was the right location for a prison. Despite the complaints, the project went ahead.

News alert! has learned that Starr is scrutinizing closely the appraisals of private land that had to be bought for the prison. The land may have been seriously overvalued. Evidence of

corruption has been presented to the Whitewater grand jury in Little Rock.

But Calico Rock is not the only prison that has caught the eye of Whitewater investigators. A probe also is being mounted into the building of a security facility in Lee County in eastern Arkansas. The 600-inmate prison known as Brickey's Unit, which was funded partly by money from the Arkansas Development and Finance Agency, was completed in April 1992.

Again, evidence of rigged appraisals has been presented to the grand jury and several Arkansas state troopers who served in Bill Clinton's gubernatorial security detail have been questioned about the building of the facility.

SKINNY ON CLINTON

Though the Arkansas elite was close-knit, there frequently was no love lost between some of its members. Bill Clinton and Jim Guy Tucker were very often out of sorts with each other and most of the time were keen and sharp rivals.

Tucker had been earmarked — or at least selected by himself — to be the state's political golden boy, but was overtaken by the younger Clinton. The animosity between the two probably reached its height in 1990 when Tucker challenged Clinton for the Democratic gubernatorial nomination.

During the primary campaign, Arkansas state troopers L.D. Brown and Larry Patterson went to see Tucker about what he would do for the police if he were victorious. Both troopers were officers in the state police association.

Tucker was "very direct and characteristically intense," according to Brown. He promised the police association the Earth and then demanded to know everything the two could tell him about Clinton's affairs and any other dirt he might be able to use.

"He launches into this litany that he knows Clinton's done that, he's done this," Brown tells *news alert!* Tucker kept on asking, "What do you know about Clinton?"

Brown says, "I knew in my heart he was not going to use any of this stuff but he was eagerly soliciting it."

North Carolina Senator Expects to Call Hillary

By Stephen Goode

North Carolina's Lauch Faircloth is a maverick with little regard for inside-the-Beltway niceties. Whether he is going to the source on Whitewater or standing firm on welfare, Faircloth holds to principle.

Last summer, when Sen. Lauch Faircloth requested that first lady Hillary Rodham Clinton be asked to appear before the Senate Special Whitewater Committee, his colleagues responded with a resounding no.

This fall, the 67-year-old maverick Republican from North Carolina hopes to turn that no into a yes. "I would hope the first lady could and would want to come," he tells *Insight*. "I don't know if we'll get her. But I will certainly pursue it."

The folksy Faircloth, elected to the Senate in 1992, is emerging as one of the most determined conservatives in Congress, a reputation he savors. In August he was the lone Republican to vote against his own party's welfare bill — because he believed the bill's strictures against illegitimate births by welfare mothers were too weak. That vote put him among the ranks of liberal senators such as Edward Kennedy of Massachusetts. But for Faircloth it was worth it.

"I voted what I ran on and I voted what I believe," he says. "It is inconceivable to me that my colleagues could continue to subsidize illegitimacy when we see what it's done to the population. It's now regarded as acceptable.... Welfare has sapped Americans of their independence and the opportunity to exercise personal responsibility."

About Whitewater, Faircloth argues that the first lady's testimony is essential to clear up what he considers discrepancies in the testimony last summer of her aide, Maggie Williams. Without the first lady's testimony, there are too many loose ends, he says. "The exhausted cliché was never more apropos: What a tangled web we weave when we practice to deceive."

Faircloth was born and reared in eastern North Carolina near Clinton, a

town of 8,000 in mostly rural Sampson County. He's still an active member of the Presbyterian church in which he was christened. "I'm one of those people who never really moved," he explains.

His successful hog business, which he started as a young man, has been estimated to be worth between \$6 million and \$12 million — and is a source of much of his discontent with government. "Too many people in the bureaucracy and on congressional staffs and even in Congress have never been involved in the private sector. They don't know wealth is made by creating a product," he says.

"In the private sector you make money or go broke." But in government "you think up what the end product is going to be. You appropriate money — that is, you take from the taxpayers whatever sum you see fit — and you pour it in the pitcher, whether you get the product you want or you don't." He adds: "There is no bankruptcy or failure in government. If something doesn't work, you pour in more money."

Known for his dry wit and bucolic stories, the senator says too many people in Washington remind him of a Sampson County anecdote. "This is a true story," he begins. "Once there was a country school out where we live and the fall of the year had come and they didn't have a schoolteacher.

"They paid teachers in scrip, not in real money, so there were not a whole lot of people applying for the job,"

Faircloth says. "But there was a man from the [North Carolina] mountains who was courting a woman in the neighborhood and wanted to be in the area, so he applied for the job to be teacher.

"Well the school board was something less than a pantheon of erudition and they interviewed him in a filling station. The chairman of the board that night decided he had to do something to show he was really aware of the importance of education. So he said, 'Professor do you teach that the world is flat or that the world is round?'

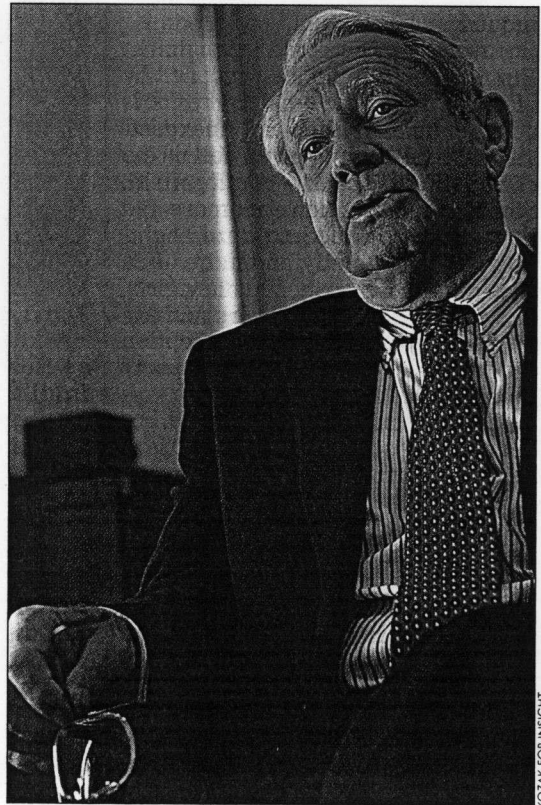
"To which the applicant said, 'It doesn't make a damn. I'll teach whichever way you want it. I need a job.'

"That's the mind-set of a lot of people in government," maintains Faircloth. "No principles, except keep the job."

Faircloth supports term limits passionately: 12 years in the House and 12 in the Senate "to get new life and new blood, a breath of fresh air from the private sector and the outside world.

Otherwise, Faircloth says about elected officials, "You begin to believe that you have acquired all the world's wisdom and it would be very much a loss to the nation and to all mankind if you were to leave."

What they forget, says Faircloth, is that "there is life beyond Washington. There very much is." ●



Faircloth: "There is life beyond Washington."

A State of Corruption

By Jamie Dettmer

People who know are now talking about the money, sex and lies of the Clinton era in Arkansas.

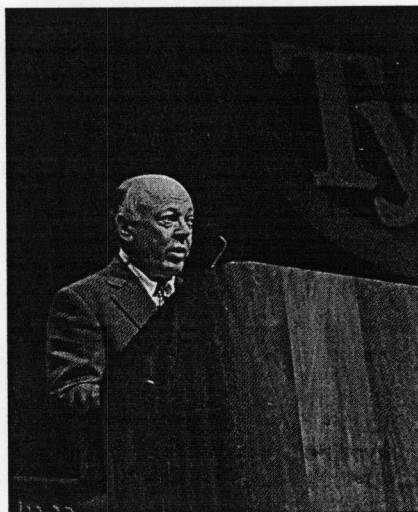
Arkansas is like a foreign country. They do things differently there. Of course, Arkansans don't like to hear such comments from outsiders — Ross Perot's 1992 characterization of the place as "the chicken-shit state" infuriated them. Privately though, the more thoughtful recognize that all is not well there and hasn't been for some time. The feeling is very much that the old patronage and corruption machine that has dominated the state since Reconstruction never will recover fully from the combined onslaught of independent counsel Kenneth W. Starr's Whitewater probe and ongoing media inquiries.

Involuntary perestroika is coming. But don't expect it to be preceded by glasnost. When the crash comes, it is going to be as sudden and unexpected as the fall of the Berlin Wall or the collapse of Kremlin communism. Slowly but surely, however, more and more people in the know are beginning to speak quietly, and more often than not anonymously, of money, girls, sex and drugs, of the favors and the lies, and of the general corruption that flows inevitably from one-party domination.

Take the Arkansas State Police. For years the force has been an Ozark equivalent of the KGB, a praetorian guard of the political and business nomenclatura. Gov. Orval Faubus used the Arkansas National Guard in 1957 to defy the U.S. Supreme Court and block black students from entering Little Rock's Central High School. In much the same way, members of the redneck ancien regime over the years have turned to the state police — and assorted sheriffs and other law-enforcement officers — to protect them and to iron out or overlook any little wrinkles in their generally

smooth-running if graft-filled lives.

During the 1980s, Dan Lasater, Little Rock bond daddy, convicted cocaine distributor and Friend of Bill, or FOB, always could rely on his tame cop, Trooper Mike Mahone, or employees of the Pulaski County sheriff's office to let him know whether his partying and drug dealing were catching the eye of the feds or of honest officers at state police headquarters. The extent of Mahone's friendship was outlined in a 1986 deposition by a former Lasater business partner, George Locke, who was also Clinton aide Patsy Thomasson's onetime lover. During a Lasater-paid trip to Chicago, Mahone "discussed the ongoing drug investigation surrounding Dan Lasater and [Locke]." The trooper warned the pair "to be circumspect in the use of the telephone as the telephones may be tapped." And, "at this meeting in Chicago, Mahone gave Dan Lasater a beeper with which [Mahone] could contact Lasater in case an emergency arose."



Tyson's pilots are talking about cash.

How did this obliging cop come into Lasater's orbit? According to Locke, Lasater "developed his relationship with Mike Mahone through his friendship with Roger Clinton or Roger's mother, Virginia Clinton," who frequently invited Mahone to enjoy her box at the Oaklawn racetrack in the gambling resort of Hot Springs. And was Mahone ever prosecuted for his disloyalty? No, of course not: Arkansas is a foreign country; they do things differently there.

The mafia have *omerta*, their blood-curdling code of silence. The good ol' boy (and girl) Arkansas elite also has been able to rely on its mem-

bers to keep mum. Not that breaking ranks would lead to a swampy grave or a concrete coffin underneath a highway pylon. Rather, group disloyalty here is punished by social ostracism and being denied access to the back-scratching, deal-making network and the almost constant bucolic scams. As Arkansans never tire of telling you in a way that sounds menacing, "This is a small place." Claustrophobic is more like it.

But at long last the Whitewater independent counsel is finding disgusted state troopers ready to break the code of silence that traditionally has protected the bosses. Between 40 and 50 cops have been interviewed in the Starr chamber and about 11 of them are cooperating. A state police major is being wooed by Starr's prosecutors and may be on the brink of collaborating. Of the state troopers providing information to Starr, the former blue-eyed boy of Bill Clinton's gubernatorial security detail, L.D. Brown, is the one the independent prosecutors are relying on most. Starr's FBI agents and attorneys have interviewed him a dozen times, with most of the sessions lasting three to four hours.

Brown also is the trooper the Clinton White House fears most. When he agreed to do a Whitewater interview with ABC News last year, Clinton aides intimidated pusillanimous television executives by claiming the former gubernatorial bodyguard was a "pathological liar." The surly White House mood has not been improved by Brown's allegations that Clinton knew of Iran-Contra links to drug trafficking in the state. (See "Arkansas Probe Leads Back to Mysterious Rural Airport," Aug. 28.)

Since his airport claims, Brown says, he has received a Nixon-like threat. "Clinton told David Pryor [Arkansas' junior senator] that he is going to stick the IRS on me," Brown says over lunch at Little Rock's University Hilton Hotel. "Pryor told a mutual friend, who he knew would tell me. The first thing I did was to report it to the independent counsel."

Brown, who has been suffering from excruciating back pain since a car hit him last year while he was directing the cleanup of a highway accident, is like many Arkansans who have crossed the ancien regime desperate for a Whitewater denouement. He has found it socially and professionally tough since he cooperated with the independent counsel.

Brown lives in the exclusive Heights area of Little Rock — a district full of Clintonites, twee antique

stores and coffee shops. Neighbors there have urged him to keep quiet and he and his wife have felt increasingly like social lepers. But Brown is defiant: "I always said I am not going to lie against Clinton but I am damned if I am going to lie for him."

Starr's prosecutors apparently continue to revisit Brown's testimony detailing a 1986 conversation he overheard between then-Gov. Clinton and former municipal judge David Hale. In fact, it wasn't much of a conversation, more a matter of Hale receiving marching orders from Clinton. It took place in a corridor in the state Capitol and the Starr team suspects it could be a crucial piece of evidence supporting Hale's contention that the governor pressured him into providing a questionable \$300,000 loan guaranteed by the Small Business Administration to Susan McDougal, wife of the Clintons' Whitewater business partner, James McDougal. Hale ran the SBA-backed Capital Management Services Inc.

According to Brown: "There was probably someone else that heard. I have no idea who it was but there were other people around." Brown recalls: "I was there to ask him [Clinton] to go and speak to a national trooper's convention. I remember Hale was standing just back off the way, like 15 feet, just looking. He was obviously waiting for the governor. But while we were talking he turned around to David and says, 'You need to help us, we need to raise some money.' Hale looked down. He was clearly embarrassed. It seemed to shame him. The acoustics of the tunnel there... it is inconceivable to me that there wasn't someone else standing around there."

Between the world wars, the great Southern historian V.O. Key observed what Arkansas needed first was, "The establishment of the essential mechanisms of democratic government." Some would argue the state still hasn't got the hang of it. That is, if one includes in the idea and practice of democracy such important elements as due process of law, the separation of the judiciary from the executive and political accountability.

One doesn't have to spend very long with

Arkansas troopers to know that gubernatorial and political interference in law-enforcement probes have been common in the state. Russell Welch, the Arkansas police investigator who pursued Barry Seal's drug-trafficking operations for more than a decade, had to contend with a lot of odd meddling. And Judge Henry Woods' decision last month to prevent Starr from prosecuting the current governor, Jim Guy Tucker, on some of the fraud indictments struck many as confirmation of the intimate relationship between the judges and the politicians in Arkansas.

Accountability also has been lacking too often when it comes to the campaign finances of the state's politicians. Believe it or not, the library at the state Capitol has no copies of Clinton's gubernatorial campaign filings for the 1980s. They were destroyed and copies never were passed on to the state's history commission. No matter. According to a Clintonite defector who was intimately involved in the state's campaign-financing system, Clinton never filed his 1985 gubernatorial electoral contributions as required by law. And nothing happened.

The ex-FOB also has interesting details about the frequency with which Democratic candidates resorted to Arkansas thrifits to bail them out when they were running short. Starr is aware of the allegations — and has paperwork proving them — but can do nothing because the statute of limitations has passed.

There was a brief moment in recent Arkansas history when the endemic political corruption subsided a bit. The interregnum only lasted four years when the eccentric Winthrop Rockefeller wrested the governorship from the Democrats. Between 1966 and 1970, he took giant steps toward lifting the state out of its poverty and freeing it from institutionalized racism and underdevelopment. Though Clinton claims much of the

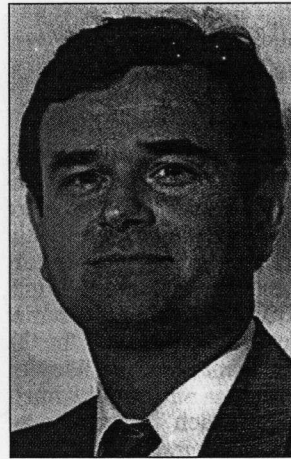
credit for attracting industry to Arkansas, it was Rockefeller who laid the foundation and it was that scion of New York wealth and privilege who first persuaded the rest of the country that the state had the potential to be more than just a dirt-poor Dogpatch tucked away in the lower valley of the Mississippi.

Before Rockefeller, Arkansas was under the control of ward-healing Democrats, Delta plantation owners, the Baptist churches, land hustlers and timber interests. After Rockefeller, a similar crowd returned. But this time the Democrats preferred to posture as "progressives" rather than hillbilly populists. As ever, they could rely on the megarich Stephens family for the wherewithal to keep control. It was the founder of the Stephens banking and bond-dealing empire, W.R. "Wit" Stephens, who made clear in 1983 how much Arkansas governors

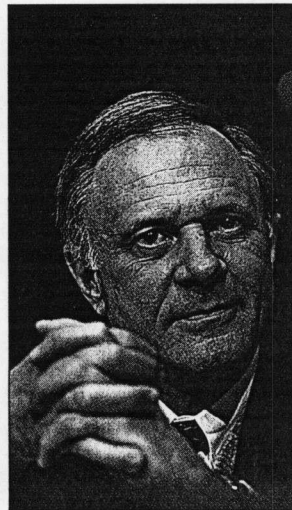
were in the family pocket. The old man admitted that the race-baiting Faubus, who managed to build a sumptuous \$1 million mansion when he left the governor's office in 1966, was beholden to Stephens for his financial resources. "Faubus got his support from people like me and a lot of other people who would chip in and pay the expense," he said.

Times have not changed much. During Faubus' tenure, the Stephenses were enriched through massive bond-issuing legislation that had the full backing of the governor. In the 1980s, Clinton set up the Arkansas Development and Finance Agency and bond issues rained like manna from heaven. The Stephenses were not the only ones to benefit — certainly Dan Lasater did well.

Other Arkansas businessmen have reason to be grateful to Clinton, including poultry producer Don Tyson, now of interest to Donald Smaltz, the independent counsel investigating former Agriculture Secretary Mike Espy. Starr and Smaltz are working much more closely than is commonly thought and recently investigators from both probes discovered more Tyson pilots willing to talk about cash they delivered for Arkansas' "chicken king" to the Clinton campaign. As Vince Foster once said, "It's a can of worms." ●



Trooper Brown cooperates.



Pryor relays the warning.



MADE FROM 100% RECYCLED FIBERS

Cattle
Return

WJC
HRC
JDM

w/ WJDC
MGSL
OCMS

— CW
— Campaign
— J&T
— Tax
— Fund

related to
common origin of

WLH

Memo

ADFA

Lusaka

10-3-95

1053

Jamie Dettmer - [Zoo...
wasn't in] 202-636-8859

returned his call
(British accent)

Cell Pho 202-253-7221
(+6) 202-462-8232

His Managing Editor is Paul Rodriguez.

Rooting around in alot of areas - becoming more
knowledgable.

Will meet him in WDC next wk.

Call him back Wed or Thurs to let him know where out.

3.

WDC

Brett

Alex

LW

Janus, 10/3/10

Jamie Dettmer (WASH TISH)

• Al Martin

Woodsrow, FBI Denver

to Female Supor

to W AM

To keep quiet

re: Man

Nation: The White House

Starr Investigation Turns to Drug Money and Clinton

By Jamie Dettmer and Paul M. Rodriguez

The probe by Independent Counsel Kenneth W. Starr into the Whitewater scandal apparently is metamorphosing. Starr allegedly is looking into possible links between Clinton campaign finances and drug profits.

Whitewater Independent Counsel Kenneth W. Starr has begun asking Arkansas state troopers and undercover criminal investigators about possible drug use by Bill Clinton when he was governor, *Insight* has learned.

U.S. attorneys and Whitewater investigators — including FBI and IRS agents — also are asking a new round of questions of current and former state and federal law-enforcement officials about suspected laundering of drug money by Arkansans with close ties to the president. A spokeswoman for Starr declined comment.

The interviews, which generally last four hours, focus on two themes:

- A murky and possibly CIA-linked drug-running and Iran-Contra arms-smuggling operation organized out of Mena airport in southwest Arkansas in the 1980s.

- Federal and state undercover narcotics operations — some dating back to the mid-1970s — that targeted powerful Arkansan businessmen but were shut down despite substantial evidence of wrongdoing.

Several sources, who spoke on condition of anonymity, say FBI agents attached to the Office of the Independent Counsel in Little Rock are interviewing state troopers and other law-enforcement officials. "They have been asking state troopers, 'Did you take Clinton to Mena airport? How often did you take the governor to the Mena area? What knowledge do you have about Mena? What knowledge did Clinton have about Mena?'" reports one source.

The sources say that Starr's FBI agents appear to be searching for links between the proceeds from the Mena operation and Clinton's gubernatorial election campaign finances. State troopers have told Starr's investigators that Clinton had been to Mena on a few

occasions and that such trips occurred during general campaign stops, say the sources.

Starr's investigators also have been asking why a joint state-federal task-force probe in the late 1980s into the Mena operation ultimately was shut down and a grand jury convened at the time was not given the chance to hand up possible indictments.

The sources, who include law-enforcement officers, say the Whitewater investigators have found no evidence of drug use by Clinton. But they also say that given the serious nature and number of the interviews being conducted, Starr's office appears to be following a money trail or trying to pick up on one involving drugs and related illegal activities.

"They seem to know all of the answers," says another source. "They already have all the records they need and they now appear to be piecing together the interviews with a clear purpose in mind."

"They are asking about state criminal probes from years ago that targeted Don Tyson and Dan Lasater," says a third source. Tyson and Lasater are key figures in the political rise of Clinton. Poultry processor Tyson, known locally as the "Chicken King," was a major target of the Drug Enforcement Agency and state undercover criminal investigations in the 1970s and 1980s. He was a major contributor to Clinton's gubernatorial campaigns.

Lasater, who was convicted of cocaine possession in 1986, also donated thousands of dollars to Clinton's campaigns, sponsored fund-raisers for the then-governor and lent his private airplane to him. The president's brother, Roger Clinton, convicted on a drug charge as well, worked at one time as Lasater's chauffeur.

The latest turn in the constantly morphing Whitewater inquiry, which started out as a land-deal investigation, is bound to fuel political controversy and enrage White House aides who argued against the appointment of an independent counsel in the first place. When the president bowed to congressional pressure last year and instructed Attorney General Janet Reno to establish a special counsel to probe allegations of wrongdoing, several aides warned that an independent probe would become ill-disciplined and lead to a general witch-hunt of the first family.

Much of the thrust of the latest inquiries by Starr's investigators concerns whether Bill Clinton personally handled cash contributions from Arkansans who either have been publicly linked to the Whitewater fiasco or have been targeted by federal and state narcotics agents.

Troopers who did pick up money from apparent campaign contributors on the instructions of Clinton have told Starr's investigators that they delivered envelopes with "checks and cash" to either Betsey Wright, Clinton's former chief of staff in Little Rock, or Bruce Lindsey, currently a senior White House aide, at the governor's office in the State Capitol.

Shortly before Robert Fiske was replaced as the Whitewater independent counsel, federal investigators had begun making inquiries into the past of Lasater. The *Washington Times* reported in June of last year that Fiske's personnel were looking at a Little Rock investment firm owned by Lasater to find out if drug profits were laundered through banks and other financial outlets and later masked as campaign contributions to Clinton. The paper also reported that federal investigators were looking into a possible connection between Lasater and Mena.

Earlier this year, a former Tyson pilot, Joseph Hendrickson, told Donald Smalz, the independent counsel investigating former Agriculture Secretary Mike Espy, that in the 1980s he had delivered cash allegedly meant for Clinton. The cash, he said, came from Tyson.

Interviews by Starr's agents have been conducted in a modern office complex rented in the financial district of Arkansas' capital. Whitewater investigators declined to hold interviews in downtown Little Rock or at the state-police headquarters. "If we met there, they would know all about it at the White House," a U.S. attorney remarked to a law-enforcement officer prior to an interview. ●

MEMORANDUM

Date: October 2, 1995
From: Hickman Ewing
To: File
Subject: Jamie Dettmer - *Washington Times*

I was advised on Friday, September 29, 1995 that Jamie Dettmer of the *Washington Times* had some information he wanted to pass along to me. I told the individual who contacted me to tell Dettmer I would be back in the Little Rock office on Monday.