

RTC report exonerates Clintons in Whitewater

by Edward Spannaus

A multimillion-dollar report prepared for the Resolution Trust Corp. (RTC) by a prominent outside law firm, says that President and Hillary Clinton had little knowledge and no control over the Whitewater development project in which they invested, and that there is no basis for the RTC to sue the Clintons. The report also recommends that the RTC end its Whitewater investigation.

The existence of the RTC report, which has not been made public, was first disclosed in a news article buried in the *Wall Street Journal* on Dec. 18, and was immediately hailed by the White House and by congressional Democrats as exonerating the Clintons from charges of wrongdoing around the Whitewater-Madison affair.

President Clinton himself, during an interview with the *Los Angeles Times* on Dec. 20, called it "amazing" that so many media outlets did not find it newsworthy to report that the RTC had absolved him and his wife of any criminal or civil liability in the Madison-Whitewater investigation. The President joked that "it seems to be a secret around here."

No evidence of wrongdoing

The report was prepared at a cost of \$3.6 million over two years by the Pillsbury, Madison and Sutro law firm for the RTC, and its conclusions are said to have been adopted by that agency, which went out of existence on Dec. 31. The RTC is a federal agency created in 1989 to dispose of the assets of failed savings and loan banks.

The report not only concludes that the Clintons aren't liable for the losses of Madison Guaranty Savings and Loan in Arkansas, but it also states that the Whitewater development project didn't harm Madison. The claim that Whitewater contributed to Madison's losses, which had to be bailed out by taxpayers, has been a central ground for the Senate Whitewater hearings and other investigations. The RTC report portrays the Clintons as largely ignorant of the matter for the first seven years of their investment, and says that there is no basis to assert that the Clintons knew anything of substance about how James and Susan McDougal ran the Whitewater project, or about any alleged financial improprieties.

Sen. Chris Dodd (D-Conn.) declared that the RTC report "exonerates the Clintons," and read excerpts from the report during Senate debate on Dec. 20. He quoted the report as

saying: "There is no basis to charge the Clintons with any kind of primary liability for fraud or intentional misconduct. This investigation has revealed no evidence to support such claims, nor would the record support any claim of secondary or derivative liability for the possible misdeeds of others.

"It is recommended that no further resources be expended upon the Whitewater part of this investigation."

Dodd noted that the report was prepared by a Republican former U.S. Attorney, Jay Stephens; other senators noted that the Pillsbury firm has strong Republican ties.

Additionally, according to the *Wall Street Journal*, the RTC report states that there is no evidence, "except an unsubstantiated press report," that Clinton, as governor of Arkansas, pressured then-judge David Hale to make a \$300,000 loan to Susan McDougal. The *Journal* noted that Hale's assertion that he was pressured by Clinton is the only direct allegation of wrongdoing against the President, and that it is a major focus of Independent Counsel Kenneth Starr's investigation. Moreover, the RTC report finds no evidence that Clinton had any knowledge that funds for a 1985 campaign fundraiser may have come from an illegal source.

But, in what one congressional source called "an effort to throw cold water" on the RTC's findings, the rabidly anti-Clinton *Washington Times* ran a bizarre front-page story on Dec. 26 headlined: "RTC Report Didn't Clear Clintons." The article claims that the RTC never sought to link the Clintons to any civil liability. What the article never explains is why the RTC would have spent two years and \$3.6 million on a such a report if it never had any intention of bringing such a civil action. The article also claimed that the report does not affect the RTC's criminal referral to the Justice Department, now being investigated by Starr. This may technically be true, but since the standard of proof for criminal liability is far higher than that for civil liability, the RTC report dramatically undercuts the likelihood of any criminal charges being brought against the Clintons.

'Whitewater fixation'

During the Senate debate on the Whitewater subpoenas on Dec. 20, a number of senators criticized what they termed the "Whitewater fixation" of the Senate. David Pryor (D-Ark.) presented a chart showing that the Senate in 1995 held 34 hearings on Whitewater, 6 on Medicaid, 4 on education, and 1 on Medicare. "This is the priorities of this particular Congress thus far, in 1995," Pryor said.

While various Republican senators have attempted to compare Whitewater to Watergate, President Clinton, in his *Los Angeles Times* interview, ridiculed such efforts, noting that Watergate concerned abuse of Presidential powers and criminal conduct in the White House. "There has not been a single, solitary soul [to] accuse me or my wife of doing anything illegal, not only in the White House, [but in] in the Presidential campaign, or in the governor's office," the President said.