

NLWJC - Kagan

Counsel - Box 031 - Folder 003

**Whitewater Document Request II
[2]**

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Rose Law Firm; RE: Client Billing and Payment History (5 pages)	02/12/1992	P6/b(6)
002. letter	Rose Law Firm; RE: Client Billing Records (1 page)	n.d.	P6/b(6)
003. report	Rose Law Firm; RE: Client Billing Records (9 pages)	n.d.	P6/b(6)
004. report	Madison Guaranty Savings and Loan; RE: Client Billing Records (4 pages)	05/09/1985	P6/b(6)
005. report	Rose Law Firm; RE: Client Billing Records (4 pages)	06/10/1985	P6/b(6)
006. report	Rose Law Firm; RE: Client Billing Records (4 pages)	06/10/1985	P6/b(6)
007. report	Rose Law Firm; RE: Client Billing Records (5 pages)	07/15/1985	P6/b(6)
008. report	Madison Guaranty Savings and Loan; RE: Client Billing Records (10 pages)	07/09/1985	P6/b(6)

COLLECTION:

Clinton Presidential Records
 Counsel's Office
 Elena Kagan
 OA/Box Number: 8293

FOLDER TITLE:

Whitewater Document Request II [2]

2009-1006-F
db729

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

LAW OFFICES
WILLIAMS & CONNOLLY

725 TWELFTH STREET, N.W.

WASHINGTON, D. C. 20005

(202) 434-5000

FAX (202) 434-5029

EDWARD BENNETT WILLIAMS (1920-1988)
PAUL A. CONNOLLY (1922-1978)

VINCENT J. FULLER
RAYMOND W. BERGAN
JEREMIAH C. COLLINS
ROBERT L. WEINBERG
DAVID POVICH
STEVEN M. UNIN
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January 8, 1996

Letters to the Editor
The Washington Post
1150 15th Street, N.W.
Washington, D. C. 20071

Dear Editor:

An article in yesterday's Washington Post suggests that the recently discovered Rose Law Firm billing records "may contradict" Mrs. Clinton's sworn statements to the RTC. This innuendo is wholly false. Mrs. Clinton has accurately described her limited work on the law firm's representation of Madison Guaranty, and the billing records confirm her previous statements about that work.

The RTC interrogatories asked Mrs. Clinton questions about particular aspects of the law firm's representation related to Madison Guaranty, and the billing records confirm the accuracy of her responses. The interrogatories also asked about her personal knowledge of a list of Jim McDougal's real estate projects, including Castle Grande. Her responses to those questions were accurate as well.

WILLIAMS & CONNOLLY

Letters to the Editor
January 8, 1996
Page 2

Castle Grande Estates was a 400-acre mobile home development that was part of a 1050-acre tract purchased by Madison from the Industrial Development Company of Little Rock (IDC) in September 1985. Mrs. Clinton did not work on any matters related to Castle Grande Estates, and the particular RTC interrogatory response cited by the Post addressed that project. Confusion may be created by the Post's apparent reference to the entire IDC development as Castle Grande.

In the last several months, we have attempted to answer questions about work the Rose Law Firm performed with respect to the property purchased from IDC. The law firm billing title for this matter was "Madison Guaranty - IDC." Much of the publicity about the Rose Law Firm's work related to the IDC property has focused on whether the firm had a significant role in Madison's acquisition of the real estate. As the billing records confirm, Mrs. Clinton did not work on the acquisition. She supervised later legal research relating to such state law issues as water/sewer service provision and the legality of allowing a brewery tasting room to be constructed.

Mrs. Clinton also billed two hours in May 1986 for option agreement work relating to land approximately one-half mile west of, and not related to, Castle Grande Estates. The billing records also reflect conversations with Seth Ward, who was working for Madison developing real estate projects. The

WILLIAMS & CONNOLLY

Letters to the Editor
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conversations all occurred after the Madison acquisition of the IDC property.

Mrs. Clinton specialized in litigation, not real estate law. She was the billing partner on the Madison Guaranty account and appears to have averaged less than an hour a week over a 15-month period in her work on the Madison representation. She accurately answered the RTC's interrogatory with respect to "Castle Grande" by stating that she did not believe that she had knowledge of it. And, quite apart from the Castle Grande mobile home development, her work on matters relating to the IDC development was quite limited, as previously indicated.

Sincerely,


David E. Kendall

** The discovery of these billing records is extremely fortunate for anyone truly committed to learning the facts about the nature and extent of Mrs. Clinton's and the Rose Law Firm's representation of Madison Guaranty.

** The records confirm that:

-- The entire Rose Law Firm, including Mrs. Clinton, did a minimal amount of work for Madison Guaranty.

That is not surprising because Madison used other law firms for most of its legal work.

-- Mrs. Clinton spent about 60 hours total over the course of fifteen months on various Madison matters.

That averages out to less than one hour each week.

That completely confirms her statements that she did limited work for Madison.

-- Billings by the entire firm total only about \$20,000 over a period of 15 months, which averages out to about \$300 a week, or a total of 3 or so hours of work by all lawyers working on Madison matters for each week.

-- During those 15 months, Madison paid the firm \$2,000 each month as a prepayment. Because the work done by the firm did not use up \$2,000 a month, Rose refunded \$6,622.53 in unused fees to Madison at the end of the 15 months.

-- Mrs. Clinton contemporaneously described the limited extent of Rose's work for Madison in a July 14, 1986 letter to Jim McDougal and John Latham:

"Madison has run a credit in its account at the end of every month. We are also aware that since that time Madison has been relying and continues to rely on a number of other law firms to provide ongoing representation, and that our representation has been for isolated matters and has not been continuous or significant."

** The records completely dispel Republican charges that Mrs. Clinton made misstatements when she said -- during the campaign and more recently -- that she did minimal work on Rose's representation of Madison before the Arkansas Securities Department.

-- The records list Mrs. Clinton as having spent about 15 hours total on that matter, which earned the firm a total of \$1,859.) That's about two days' worth of work on a matter that lasted nine months.

-- The records are consistent with Mrs. Clinton's sworn statements to the RTC and the FDIC about the nature of her work on the securities matter: the associate did most of the work on the matter and kept her advised of what he was doing and sent her drafts of the documents he was preparing for her to review.

The vast majority of entries for Mrs. Clinton are described as conferences with Mr. Massey or reviewing documents. Approximately 22 of the 28 entries include references to conferences with Mr. Massey and/or reviewing documents.

-- The records confirm what all relevant parties have said about the nature and extent of Mrs. Clinton's contact with the Arkansas Securities Department and its Commissioner, Beverly Bassett.

Mrs. Clinton had one telephone conversation with Commissioner Bassett during the Madison representation. The conversation occurred on April 29, 1985, during the early part of the representation and one day before Richard Massey submitted to the Securities Department Madison's application to sell preferred stock. Mrs. Clinton had no meetings with Commissioner Bassett or any other employee of the Arkansas Securities Department.

In answering interrogatories to the RTC, Mrs. Clinton stated: "I was not involved in any meetings with state regulators on these matters. I may have made one telephone call to the Arkansas Securities Department to find out to whom Mr. Massey should direct any inquiries regarding an S&L matter. I do not remember to whom I spoke."

In April 1994, Commissioner Bassett stated that Mrs. Clinton "made on telephone call early in the process, probably sometime after we had received their letter but before I wrote my letter to the Rose Law Firm. And it was perfunctory, very brief, non-substantive conversation, basically consisting of 'We've sent something out there. We have a letter. Who should we work with?'"

Susan Thomases' notes of her February 24, 1992 telephone conversation with Webb Hubbell refer to "one t[elephone] c[onversation] in 4/85 at beginning of the deal with [Commissioner Bassett]".

** The billing records are also consistent with what was known about Mrs. Clinton's work on the IDC matter.

-- The records confirm that Mrs. Clinton did not work on the sale of the IDC property to Madison Financial and Seth Ward in the fall of 1985.

One lawyer at the firm did a small amount of work on the purchase in 1985; he billed about \$1000 worth of work in August, September and October 1985.

-- Mrs. Clinton and other lawyers at the firm worked on other aspects of the IDC matter, including reviewing several state law questions such as whether the proposed site of a beer brewery was "wet" or "dry" and whether IDC was a public utility and to whom it could furnish water services under state law.

-- The records also show that Mrs. Clinton did two hours' work on an option agreement with Seth Ward in May 1986. That work involved 22 acres of the IDC property and occurred more than six months after the actual sale of the IDC property that has been criticized by regulators.

The Rose Billing Records and Mrs. Clinton's Statements

** The Rose Law Firm billing records relate to several different matters that the firm handled for Madison Guaranty in 1985 and 1986.

-- Mrs. Clinton spent approximately 60 hours total over 15 months on five different matters.

* In Fiscal Year 1985 (through January 31, 1986), Madison work accounted for about 3.7% of Mrs. Clinton's billings at the firm.

* In Fiscal Year 1986 (through January 31, 1987), Madison work accounted for about 1.7% of Mrs. Clinton's billings at the firm.

-- About 15 hours of the 60 hours were spent on the securities matter. That matter concerned Madison's applications to the Arkansas Securities Department to offer preferred stock and to operate a wholly-owned broker-dealer subsidiary.

-- About half of the 60 hours were spent on the IDC matter. That matter included various questions concerning portions of the IDC property, including whether the property was located in a wet or dry district and whether it would be considered a regulated public utility. Two of those hours were spent on option agreement work involving part of the IDC property.

** The billing records are consistent with statements Mrs. Clinton made to the RTC, the FDIC and the public in her 1994 news conference about the securities matter.

-- Mrs. Clinton stated the following:

* To the RTC: "During the early part of Massey's work, he kept me generally advised of what he was doing and may have sent me drafts of the documents he was preparing."

* To the FDIC, in answer to a question limited to the Madison work performed by Mrs. Clinton "before the Arkansas Securities Department": "While I was the billing partner on this matter, the great bulk of the work was done by Mr. Richard Massey, who was then an associate at Rose and whose specialty was securities law. I was not involved in the day-to-day work on the project."

* In her 1994 press conference, in answer to a question about her work on the preferred stock offering: "The young attorney, the young bank officer, did all the work. And the letter was sent, but because I was what you call the billing attorney -- in other words, I had to send the bill to get the payment made - - my name was put on the bottom of the letter. It was not an area that I practiced in; it was not an area that I really know anything to speak of about."

-- The billing records show that:

* Mrs. Clinton spent about 15 hours total on the securities matter, which earned the firm a total of about \$1,800.) That's about two days worth of work on a matter that lasted nine months.

* Mrs. Clinton's 15 hours were about one-ninth of the firm's billings on the securities matter, which totalled about 125 hours.

* The young associate who Mrs. Clinton said did "the great bulk of the work" on the securities matter billed more than 85 hours, about six times the hours of Mrs. Clinton.

* The description of Mrs. Clinton's entries consist mostly of conferences with the young associate and reviewing documents he prepared.

* The description also includes several conferences with the client and one telephone conversation with Securities Commissioner Beverly Bassett Schaffer.

- In answering interrogatories to the RTC, Mrs. Clinton stated: "I was not involved in any meetings with state regulators on these matters. I may have made one telephone call to the Arkansas Securities Department to find out to whom Mr. Massey should direct any inquiries regarding an S&L matter. I do not remember to whom I spoke."

- Commissioner Bassett told CNN almost two years ago that Mrs. Clinton "made one telephone call early in the process, probably sometime after we had received their letter but before I wrote my letter to the Rose Law Firm. And it was perfunctory, very brief, non-substantive conversation, basically consisting of 'We've sent something out there. We have a letter. Who should we work with?'"

** The billing records are also consistent with Mrs. Clinton's statement to the RTC and David Kendall's public statement regarding the IDC matter.

-- Mrs. Clinton was asked by the RTC what she knew, before 1992, about nine real estate parcels and projects, including Castle Grande, and she answered that she did not believe she knew anything about the listed real estate parcels and projects with the exception of a general awareness about Campobello.

* We know now that Castle Grande Estates was a 400-acre mobile home development that was part of a 1050-acre tract purchased by Madison from the Industrial Development Corporation of Little Rock (IDC) in September 1985.

* Castle Grande Estates is not the entire IDC development, but a discrete portion of it. Mrs. Clinton never worked on Castle Grande Estates.

-- David Kendall said as early as last summer that Mrs. Clinton did work on the IDC development.

* Mr. Kendall stated that Mrs. Clinton did not work on the purchase by Madison Guaranty and Seth Ward of the IDC property in September 1985.

* Mr. Kendall said Mrs. Clinton did work on the IDC matter following the purchase. Her work included a review of research into a few narrow state law questions, such as whether the proposed site of a beer brewery was "wet" or "dry" and whether Madison Guaranty/IDC was a public utility and to whom it could furnish water services under state law.

-- The billing records show that:

* Two attorneys at the firm did limited work in August and September 1985 related to the sale of the property in September 1985. Mrs. Clinton did not.

* Mrs. Clinton's first billing entries on the IDC matter occurred in November 1985, after the sale of the property.

* The vast majority of Mrs. Clinton's billing entries on the IDC matter took place from December 1985 through February 1986, and relate to the wet/dry and public utility questions.

* Mrs. Clinton had conversations with Seth Ward, who was working for Madison developing real estate

projects. The conversations all occurred after the sale of the purchase of the IDC property.

* Mrs. Clinton also did two hours' work on an option agreement with Seth Ward in May 1986, the year following the purchase of the IDC property. That work involved 22 acres of the IDC property, which were not related to Castle Grande Estates.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 22, 1996

MEMORANDUM FOR ELENA KAGAN

FROM: ROBERT E. LITAN *REL*
Associate Director, General Government and Finance

SUBJECT: Subpoena for Documents Relating to Whitewater Matter

This memorandum is in response to your request for certain materials relating to the Whitewater matter, specifically (a) legal representation provided by, legal work performed by, or Rose Law Firm compensation allocated to Hillary Rodham Clinton; or (b) legal representation provided to or legal work performed for Madison Guaranty Savings & Loan.

I have conducted a thorough search for documents and have no documents relating to this matter.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 22, 1996

MEMORANDUM FOR ELENA KAGAN

FROM:

DIANE G. LIMO
Confidential Assistant

A handwritten signature in black ink, appearing to read "Diane G. LIMO", written over the printed name and title.

SUBJECT:

Subpoena for Documents Relating to Whitewater Matter

This memorandum is in response to your request for certain materials relating to the Whitewater matter, specifically (a) legal representation provided by, legal work performed by, or Rose Law Firm compensation allocated to Hillary Rodham Clinton; or (b) legal representation provided to or legal work performed for Madison Guaranty Savings & Loan.

I have conducted a thorough search for documents and have no documents relating to this matter.

THE WHITE HOUSE
WASHINGTON

January 20, 1996

MEMORANDUM FOR EXECUTIVE OFFICE OF PRESIDENT STAFF

FROM: JANE SHERBURNE *JS*
Special Counsel to the President

ELENA KAGAN *EK*
Associate Counsel to the President

SUBJECT: SUBPOENA FOR DOCUMENTS

We have received a subpoena from the Independent Counsel in the Whitewater matter for certain materials described below. Please provide any materials -- including documents, records, phonelogs, notes, computer records, letters, and telefax materials -- that are responsive to the paragraph below to **Elena Kagan, OEOB Room 125, by 5:00 p.m. on Monday, January 22, 1996.**

Any and all documents and/or communications referring or relating to the location, efforts to locate, production, efforts to produce, whereabouts, or existence of documents referring or relating to: (a) legal representation provided by, legal work performed by, or Rose Law Firm compensation allocated to Hillary Rodham Clinton; or (b) legal representation provided to or legal work performed for Madison Guaranty Savings & Loan.

It is extremely important that staff members conduct a thorough search for documents by the end of the business day. Each Assistant to the President or Department head should ensure that his or her staff members conduct such a search.

If you believe you may have responsive documents but cannot locate them by 5:00 p.m., please contact Elena Kagan (6-7594) immediately.

LITAN, ROBERT E.
OFFICE OF MANAGEMENT AND BUDGET

GENERAL GOVERNMENT

OEGB

246

THE WHITE HOUSE
WASHINGTON

January 22, 1996

MEMORANDUM FOR JANE C. SHERBURNE
Special Counsel to the President

ELENA KAGAN
Associate Counsel to the President

FROM: G. TIMOTHY SAUNDERS *TS*
Executive Clerk

SUBJECT: Subpoena from the Independent Counsel in the
Whitewater Matter

We have identified no responsive materials in response to your memorandum of January 20, 1996, regarding the subpoena from the Independent Counsel in the Whitewater Matter.

*Carden Huber -
Callit for 4 days*

EXECUTIVE OFFICE OF THE PRESIDENT

22-Jan-1996 01:38pm

TO: Jane C. Sherburne
TO: Elena Kagan

FROM: Edward H. Jurith
National Drug Control Policy

SUBJECT: Subpoena for Documents

ONDCP staff has reviewed agency records and are not in possession of any documents subpoenaed by the Independent Counsel relating to the location, efforts to locate, production, efforts to produce, etc., of documents relating to the (a) legal representation provided by, legal work performed by, or Rose Law Firm compensation allocated to Hillary Rodham Clinton; or (b) legal representation provided to or legal work performed for Madison Guaranty Savings and Loan.

Heather -
GS

DPC - None	Bruce
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THE WHITE HOUSE
WASHINGTON

January 20, 1996

MEMORANDUM FOR EXECUTIVE OFFICE OF PRESIDENT STAFF

FROM: JANE SHERBURNE *JOS*
Special Counsel to the President

ELENA KAGAN *EK*
Associate Counsel to the President

SUBJECT: SUBPOENA FOR DOCUMENTS

We have received a subpoena from the Independent Counsel in the Whitewater matter for certain materials described below. Please provide any materials -- including documents, records, phonelogs, notes, computer records, letters, and telefax materials -- that are responsive to the paragraph below to **Elena Kagan, OEOB Room 125, by 5:00 p.m. on Monday, January 22, 1996.**

Any and all documents and/or communications referring or relating to the location, efforts to locate, production, efforts to produce, whereabouts, or existence of documents referring or relating to: (a) legal representation provided by, legal work performed by, or Rose Law Firm compensation allocated to Hillary Rodham Clinton; or (b) legal representation provided to or legal work performed for Madison Guaranty Savings & Loan.

It is extremely important that staff members conduct a thorough search for documents by the end of the business day. Each Assistant to the President or Department head should ensure that his or her staff members conduct such a search.

If you believe you may have responsive documents but cannot locate them by 5:00 p.m., please contact Elena Kagan (6-7594) immediately.

*Jane -
I have searched my files
& found nothing pertaining to any
of the above.
K. Hancock*

HANCOX, KAREN L.
WHITE HOUSE OFFICE

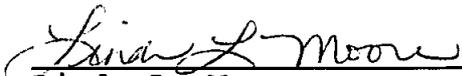
POLITICAL AFFAIRS

WH

GFL/WH

January 22, 1996

I have searched my files and my computer for documents referring or relating to the Whitewater and travel office matters. I have no documents on either subject.


Linda L. Moore

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

17-Jan-1996 07:51pm

TO: Karen L. Hancox
FROM: Wendy L. Smith
Office of Political Affairs
SUBJECT: files

I just checked all of my files and didn't find anything relating to the subject matter you inquired about.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

22-Jan-1996 09:07pm

TO: Karen L. Hancox
FROM: Ray Martinez
 Office of Political Affairs

SUBJECT: Search of files

I hope this will suffice, but I searched my files and did not find any Whitewater related documents.

Have a nice day.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

22-Jan-1996 08:03pm

TO: Karen L. Hancox

FROM: DONALD K. DUNN
 Office of Political Affairs

SUBJECT: Files

I have gone through my files and did not find anything pertaining to the subpoena for documents.

Non-responsive
+ billing records

Mark Fabrici

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201-2893

TELEPHONE (501) 375-9131

FACSIMILE (501) 375-1309

U. M. ROSE

1834-1813

July 31, 1995

WRITER'S DIRECT DIAL NO.

PHILLIP CARROLL
W. OANE CLAY
GEORGE E. CAMPBELL
HERBERT C. RULE III
W. WILSON JONES
ALLEN W. BIRD II
WILLIAM E. BISHOP
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
KENNETH R. SHEMIN
RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CHARLES W. BAKER
DAVID L. WILLIAMS
JACKSON FARROW JR.
LES R. BALEDGE
JIM HUNTER BIRCH
KEVIN R. BURNS
RICHARD T. DONOVAN
RICHARD N. MASSEY
GARY N. SPEED
JOHN T. HARDIN
STEPHEN N. JOINER
JAMES M. GARY

JAMES H. DRUFF
GORDON M. WILBOURN
AMY LEE STEWART
DAVID A. SMITH
BRIAN ROSENTHAL
J. SCOTT SCHALLHORN
JEFFREY J. GEARHART
JAMES L. HARRIS
CLAY H. DAVIS
STEVEN D. DURAND
MARK ALAN PEOPLES
FRANKLIN M. FAUST
BRYANT K. CRANFORD
GRANT E. FORTSON
DAVID P. MARTIN
KATHRYN BENNETT PERKINS
JOHN P. FLETCHER
GOODLOE M. PARTEE
MARTI S. TOENNIES
MICHAEL N. SHANNON

J. GASTON WILLIAMSON
WILLIAM H. KENNEDY, III
JOHN A. DAVIS, III
OF COUNSEL

FOR IMMEDIATE RELEASE

Ronald M. Clark, Chief Operating Officer of Rose Law Firm, a Professional Association released the following statement in response to the report of the Inspector General of the FDIC. Rose Law Firm has received only an Executive Summary of the report; it has not been provided a copy of the entire report.

Rose Law Firm did not have a conflict of interest in the matters discussed in the FDIC-IG's report. Two independent expert, Professor Roger C. Cramton and former Judge William H. Webster, have reviewed the facts and have reached the same conclusion. Given the context of the investigation, the firm expected the FDIC-IG to find the existence of conflicts. The FDIC-IG misunderstands the applicable rules of professional conduct.

The FDIC-IG report is the result of an investigation unprecedented in scope, duration and cost to the taxpayers. The investigations and audits of the FDIC and RTC lasted more than 16 months, and are estimated to have cost the taxpayers in excess of \$2,000,000. Notwithstanding the burden and cost of doing so, Rose Law Firm cooperated with the

investigations. After subjecting Rose Law Firm to a microscopic inquiry, the FDIC-IG found only a handful of potential conflicts. Most of them involve Webster Hubbell's failure to disclose certain matters to the FDIC and RTC.

None of the matters identified by the FDIC-IG involve conflicts of interest under the applicable rules of professional responsibility, although Rose Law Firm would have preferred that Mr. Hubbell disclosed those matters to the FDIC/RTC. Attached are reports of Professor Roger C. Cramton, a legal ethics expert at Cornell University, and of William H. Webster, a former federal judge and former Director of the Central Intelligence Agency. Professor Cramton and Judge Webster have reviewed the most significant conflict issues investigated by the FDIC-IG and have concluded that the Rose Law Firm did not have a conflict of interest in those matters.

Rose Law Firm's response to the specific conflict-of-interest matters discussed in the report is provided below:

Madison Guaranty

- Professor Cramton and Judge Webster have concluded that Rose Law Firm did not have a conflict of interest when it represented the Madison Conservatorship.
 - There was no conflict from Rose Law Firm's prior representation of Madison Guaranty before the Arkansas Securities Department.
 - There was no conflict from Hubbell's relationship with his father-in-law.
 - There was no conflict from Rose Law Firm's representation of the employer of a former Frost partner.

- Rose Law Firm did not submit to the Arkansas Securities Department any audits that were at issue in the Frost case. The matters were completely unrelated.
- The FDIC-IG report says that Hubbell was "involved" in the lawsuit of his father-in-law against the Madison Conservatorship. However, Hubbell assured both the FDIC/RTC and his partners that he did not represent his father-in-law in that litigation.

Universal Savings Association

- Vincent Foster disclosed that matter repeatedly to the government. He wrote a letter to the government disclosing the matter on November 7, 1986, which was three months before Universal Savings was put into receivership. Foster anticipated the potential conflict and disclosed it before the conflict even arose.
- In April 1987, after Universal Savings was put into receivership, Foster met with the Deputy General Counsel for the Federal Home Loan Bank Board, discussed the matter, and the government waived the conflict.
- In November 1988, Foster disclosed the matter again in two letters to senior attorneys with the Federal Home Loan Bank Board.

First American

- Professor Cramton and Judge Webster have concluded that Rose Law Firm did not have a conflict of interest in that matter.
- Rose Law Firm did not begin to represent the First American Conservatorship in its lawsuit against Lasater & Company until after Dan Lasater had sold the company.

The FDIC-IG's conclusions with respect to the audit of fees are equally flawed. Rose Law Firm consistently provided quality services to the FDIC under difficult circumstances. Now, years after the fact, the FDIC-IG questions statements for fees and expenses which were reviewed and approved at the time the services were rendered.

MILBANK, TWEED, HADLEY & McCLOY

INTERNATIONAL SQUARE BUILDING

1825 EYE STREET, N. W., SUITE 1100

WASHINGTON, D. C. 20006

NEW YORK
212-530-5000
FAX: 212-530-5219

LOS ANGELES
213-892-4000
FAX: 213-629-5063

LONDON
44-71-374-0423
FAX: 44-71-374-0912

MOSCOW
TEL/FAX: 7-095-975-2524
FROM OUTSIDE CIS:
TEL/FAX: 7-502-220-4776

202-835-7500
FAX: 202-835-7586

WILLIAM H. WEBSTER
PARTNER
DIRECT DIAL NUMBER
202-835-7500

TOKYO
81-3-3504-1050
FAX: 81-3-3595-2790

HONG KONG
852-526-5281
FAX: 852-840-0792

SINGAPORE
65-224-1865
FAX: 65-224-9172

JAKARTA
CORRESPONDENT OFFICE
62-21-384-9870
FAX: 62-21-380-7950

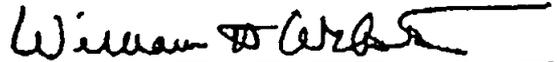
Statement of William H. Webster

I have been asked by Rose Law Firm to review independently whether it had a conflict of interest under the applicable rules of professional responsibility when it represented the FDIC/RTC as receiver of Madison Guaranty Savings & Loan and in other matters.

I have been licensed to practice law for 46 years. From 1960 to 1961, I was the United States Attorney for the Eastern District of Missouri; from 1971 to 1973, I was a Judge on the United States District Court for the Eastern District of Missouri; from 1973 to 1978, I was a Judge on the United States Court of Appeals for the Eighth Circuit; from 1978 to 1987, I was Director of the Federal Bureau of Investigation; and from 1987 to 1991, I was Director of Central Intelligence. I am also a member of the Council of the American Law Institute and a fellow of the American Bar Foundation. I am a member and past Chair of the Business Law Section of the American Bar Association and Director and past President of the Institute of Judicial Administration.

When I was not in public service, I practiced law in St. Louis, Missouri and in Washington, D.C., where I presently work and live. I am a partner in the law firm Milbank, Tweed, Hadley & McCloy.

I have assisted Professor Roger C. Cramton in the preparation of his report concerning Rose Law Firm, and I concur completely with Professor Cramton's report. After reviewing the factual circumstances and the applicable rules of professional conduct, I believe that Rose Law Firm did not have a conflict of interest when it represented the FDIC/RTC as receiver for Madison Guaranty Savings & Loan or in any of the other matters described in Professor Cramton's report.



William H. Webster

July 31, 1995

CONFLICTS ISSUES INVOLVING THE ROSE LAW FIRM:
REPORT OF ROGER C. CRAMTON

INTRODUCTION

Qualifications. I am the Robert S. Stevens Professor of Law at Cornell University Law School. I have taught legal ethics for more than ten years at Cornell and other law schools. I am co-author of the second edition of a widely used casebook on legal ethics and write and speak on legal ethics and related subjects with some frequency. I am an advisor to the American Law Institute's proposed Restatement of the Law Governing Lawyers and a member of the Institute's governing Council. As an appointee of Chief Justice Rehnquist, I served as one of the 13 members of the National Commission on Judicial Discipline and Removal (1991-1993). A biographical statement and list of publications are attached to this Report.

Role. I have been retained by Vinson & Elkins, lawyers for the Rose Law Firm ("Rose"), to provide expert advice and opinion on conflict-of-interest and legal ethics issues relating to Rose's representation from 1985 to 1991 of the Federal Deposit Insurance Corporation ("FDIC") or Resolution Trust Corporation ("RTC") as conservator or receiver of savings and loan institutions. This report states my opinions on the basis of my work to date. The factual assumptions stated in it are based on information in public documents or supplied by the Rose law firm and its counsel.

Sources of authority. The Rose law firm practices law in Arkansas, where its lawyers are licensed. The Rose representations that I have been asked to review were all carried out in Arkansas between 1985 and 1991. The Arkansas Rules of Professional Conduct, initially adopted by the Arkansas Supreme Court in 1985, were in effect throughout this period. They are the primary source of ethical guidance for Arkansas courts and lawyers concerned with conflicts of interest issues. Guidelines and regulations promulgated by federal banking agencies to govern lawyers retained by the agencies to represent banks under their supervision are an important separate source of authority. For most of the period in question, however, they did not exist.

FDIC guidelines were first issued in June 1989, and RTC regulations were promulgated in February 1990. Guidelines for disclosure and waiver of conflicts, applicable only to a conflict under the ethical rules or the regulations, followed in May 1990. For the most part, the guidelines replicate and reinforce the ethics rules. Some regulations provide more specific requirements, such as the RTC rule requiring disclosure of "organizational conflicts of interest," 12 C.F.R. § 1006.6 (1990). This regulation deals with situations important to the banking agencies, such as when firm members are or have served as an officer or director of an insured bank, or when firm clients are or have been officers, directors or had some other critical relationship with "a failed or assisted bank in a matter relating to [the banking agency]." Relationships of the kind detailed in the agencies'

guidelines and regulations were not present among Rose lawyers or clients in any of the Rose representations discussed in this report. Other requirements, such as the regulation requiring disclosure of "personal interest" conflicts, 12 C.F.R. § 1606.7 (1990), replicate the provisions of the underlying law governing lawyers. For this reason, my report primarily discusses and relies on state ethics rules, specifically the Arkansas Rules of Professional Conduct, and generally applicable principles of the law governing lawyers. My conclusions take account of and are unaffected by the banking agencies' guidelines and regulations.

1. **ROSE'S REPRESENTATION OF MADISON GUARANTY IN THE *FROST* CASE AND SEVERAL OTHER PRIOR REPRESENTATIONS OF MADISON**

I have been asked to address the relationship of the following matters to Rose's representation of federal banking agencies acting as conservator of Madison Guaranty Savings & Loan Association ("Madison") in the *Frost* case: (1) Rose's prior representations of Madison before the Arkansas Securities Department ("ASD") in 1985 and 1986; and (2) several other prior representations of Madison in 1985 and 1986.

General Background

In 1988 Madison, then a privately owned banking institution in Little Rock, Arkansas, sued its former accounting firm, Frost & Co. ("Frost") for harms allegedly resulting from negligent audits of Madison in 1985 and 1986. Madison was represented in the law suit by a Memphis law firm. On February 28, 1989, Madison was placed into conservatorship by the Federal Deposit Insurance Corporation ("FDIC") and put under the administration of the Resolution Trust Corporation ("RTC"); the institution after that date will be referred to herein as "Madison-RTC" to distinguish it from the privately controlled former entity ("Madison").

The Memphis firm represented defendants in pending litigation against the FDIC, and the FDIC chose the Rose firm as substitute counsel in March 1989. In doing so, the FDIC did not follow its customary practice of sending potential outside counsel a "conflicts list"--a list of persons or entities that the FDIC felt might pose a conflict. As a result, Rose was not aware of potential conflicts outside the personal knowledge of Rose lawyers.

When the FDIC asked the Rose firm to handle the *Frost* case, the firm followed its usual conflicts procedures applicable to new clients, including a check of records listing persons and organizations in other current and former representations, and general and specific notices to firm personnel about the new matter. As part of its regular conflicts procedures, Webster Hubbell ("Hubbell"), the Rose partner responsible for the *Frost* litigation, sent a memorandum on March 21, 1989, to all Rose lawyers describing the case and asking if they knew of any conflicts. In the following weeks, Rose attorneys had several conversations with FDIC officials about conflicts issues, and the FDIC waived all of those conflicts.

Rose prepared the *Frost* case for trial in 1989-1991. Depositions of some principal witnesses were taken in late 1989; others followed prior to an August 1990 initial trial date and prior to the settlement of the case in April 1991. Madison-RTC's professional malpractice case against Frost alleged that the accounting firm's 1985 and 1986 audits had been negligently performed with the result that Madison's board of directors, and consequently state and federal banking authorities, had not been informed of its insolvency at a point in time at which losses were substantially less than they subsequently turned out to be. For various reasons the trial date was rescheduled and in April 1991 the case was settled for \$1,025,000. Rose's fee for handling the case was approximately \$330,000 plus expenses.

A. *Representation of Madison before Arkansas Securities Department*

Facts

Rose did not serve as Madison's "outside general counsel" nor was it responsible for Madison's compliance with state and federal banking regulations; other law firms performed those functions. Rose's representation of Madison prior to 1989 involved a small number of limited matters, two involving administrative representations and others involving discrete advice or transactions. The administrative representations are considered first.

In 1985 Madison retained Rose to represent it in two limited applications to the Arkansas Securities Department ("ASD"). The billing attorney was Hillary Rodham Clinton ("Clinton"), but most of the work was performed by an associate.

The first matter involved an interpretation of Arkansas law applicable to Arkansas savings-and-loan institutions--whether Madison could issue preferred stock. The inquiry to the ASD was made and answered affirmatively by an exchange of letters. Rose was not involved in any negotiations with possible purchasers of Madison's preferred stock. Madison never acted on the authority by issuing preferred stock.

The second matter sought the ASD's approval for Madison to operate a broker-dealer subsidiary, an opportunity available by statute to federally-chartered banking institutions. This also was a question of statutory interpretation, but, at the request of the ASD, Rose obtained from Madison and forwarded additional information, including certain interim financial information generated internally by Madison. Rose lawyers made no representations concerning the accuracy of the information supplied by Madison. To the best recollection of Rose lawyers, the year-end financial statements that were the subject of the *Frost* litigation were not submitted by Madison through Rose. The ASD approved the application, subject to Madison meeting certain net worth requirements. Unable to meet those requirements, Madison never operated a broker-dealer subsidiary.

Recollections differ as to whether the prior representations of Madison before the Arkansas Securities Department were fully disclosed to the FDIC in March 1989, when

Rose was retained by the FDIC to represent Madison-RTC in the professional liability case against Frost. Gary Speed ("Speed"), a member of the firm, was told by Hubbell that Hubbell had informed the FDIC of the prior representations of Madison before the ASD. In a February 1994 report of an investigation into the matter, the FDIC concluded that "based on our review, we do not believe the prior representation represented a conflict of interest." (FDIC Legal Division Report, Feb. 17, 1994, p.7).

Conclusions

Rule 1.9(a) of the Arkansas Rules of Professional Conduct, which is similar or identical to the ethical rule in effect in most American states, provides: "A lawyer who has formerly represented a client in a matter shall not thereafter represent another person in the same or a substantially related matter in which that person's interests are materially adverse to the interests of the former client unless the former client consents after consultation." Madison clearly was "a former client" of Rose entitled to the protection of the Rule. But its interests were not "materially adverse" to Madison-RTC's interests in the *Frost* litigation. Obtaining regulatory approval for Madison to issue preferred stock and to operate a broker-dealer subsidiary was not inconsistent in any way with Madison-RTC's interests in the *Frost* case. In fact, the *Frost* case was brought by Madison prior to the FDIC conservatorship, and continued by the FDIC. In the absence of "material adversity" between the two representations, no conflict of interest existed.

The facts and issues involved in the earlier administrative representation of Madison were also totally unrelated to the issues and facts involved in the *Frost* case. The accuracy of Madison's financial reports was not in issue in the 1985 ASD representations. The later representation of Madison-RTC in challenging the quality of Frost's audit work involved different issues and facts than the administrative requests dealing with issuance of preferred stock and broker-dealer authority. Because the two matters were not "the same or substantially related," no conflict of interest was presented. The absence of a conflict is also supported by the fact that the opposing party in the *Frost* case, knowing of Rose's prior representation of Madison, did not raise the issue by a motion to disqualify the Rose firm.

Because no conflict was presented that required the consent of the former client, disclosure of the prior representation and client consent was not required. Yet the facts suggest that Rose, following the cautious practice of many law firms, disclosed the prior representation to the FDIC, which agreed that a conflict was not presented.

B. *Representation of Madison in Several Other Matters in 1985-1986*

Facts

In 1985-1986 Rose had a retainer arrangement with Madison which resulted in representation on a few limited matters in addition to those already discussed: Legal advice concerning whether certain townships were "wet" or "dry" under the Arkansas Alcoholic

Beverage Control laws; legal advice concerning whether a sewer and water system for a real estate development was subject to regulation as a utility; and handling of workouts on two defaulted loans. Rose was used so little by Madison that the firm concluded that a retainer arrangement was not justified. On July 14, 1986, Rose terminated the retainer arrangement and returned the unused balance to Madison.

Conclusions

No conflict of interest was presented by these prior representations of Madison. These prior representations of Madison--two matters of limited legal advice and two routine loan workouts--were not adverse to Rose's later representation of Madison-RTC against Frost. The matters involved were neither the same as the *Frost* matter nor were they related to it in any way. Rose was not required, when it agreed to represent Madison-RTC against Frost, to disclose these prior matters to the FDIC or to obtain the agency's consent before proceeding. Even though not required, Rose believes that the prior representations were disclosed: Speed recollects that Hubbell told him that he, Hubbell, had informed an FDIC representative of the prior representations and she agreed there was no conflict. In its February 1994 report, the FDIC correctly concluded, in my view, that the prior representations did not present a conflict of interest (FDIC Legal Division Report, pp. 6-7, Feb. 17, 1994).

2. ROSE'S REPRESENTATION OF MADISON GUARANTY IN THE *FROST* CASE AND ITS RELATIONSHIP TO THE WARD INTERESTS

I have been asked to address Rose's representation of Madison-RTC in the *Frost* case and the relationship between Rose and Hubbell to Seth Ward ("Ward"), Seth Ward II ("Skeeter Ward"), and P.O.M., Inc.

Facts

Seth Ward is the father-in-law of Hubbell, the former Rose partner who was primarily responsible for Rose's representation of Madison-RTC in the *Frost* case. Seth Ward and his companies were occasional clients of Rose in debt collection matters, tax matters and estate planning. Hubbell advised Ward informally about other matters, although it is not clear whether Hubbell provided personal advice or acted as Ward's attorney.

The news media and others have speculated that Rose may have had a conflict in the *Frost* case because Seth Ward was involved in litigation against Madison. Prior to the conservatorship, Madison sued Ward in an Arkansas state court to collect two loans that were in default, and Ward counterclaimed for brokerage fees allegedly due him. Neither Rose nor Hubbell represented Ward in that litigation. A jury verdict in favor of Ward resulted in a judgment against Madison on September 6, 1988, some months before the

FDIC took over Madison. Madison-RTC then attempted to remove the case to a federal court and the litigation continued in state and federal courts after the *Frost* settlement in April 1991. See *Ward v. Resolution Trust Corp.*, 901 F.2d 694 (8th Cir.1990) (dismissing appeal as moot because neither party contested second removal under new FIRREA provision), and 972 F.2d 196 (8th Cir.1992) (reversing district court's judgment for Ward and remanding for consideration of federal law defenses to Ward's state claim).

Rose was not involved in the Madison-Ward litigation in any way at any time. The merits of Seth Ward's loan-and-brokerage-fee controversy with Madison were unrelated to the *Frost* case. The Ward loans were evaluated in the *Frost* case for damages purposes, just as were other contemporaneous loans, but they ultimately were not included, after consultation with and approval by the FDIC, primarily on strategic grounds: A jury and judge had accepted Ward's version of the facts in their verdict and judgment. Hubbell did not participate in this decision.

Seth Ward's relationship with Hubbell and his lawsuit against Madison were well known to the FDIC. Shortly after Rose was retained in the *Frost* case, an FDIC representative discussed potential concerns arising out of the Hubbell-Ward relationship, and waived whatever conflict might have existed. Rose agreed that Hubbell would not participate in any part of the case in which information, evidence or discussion of the Madison-Ward controversy was or might be involved; and Rose effectively screened Hubbell from that part of the case.

Seth Ward II ("Skeeter Ward"), Hubbell's brother-in-law, owns or controls P.O.M., Inc. ("P.O.M."). Rose was retained by P.O.M. in several minor commercial disputes and later represented the corporation in a substantial antitrust-patent action against another company in the same industry. The latter action, handled by Hubbell on a contingent-fee basis, was ultimately unsuccessful, resulting in unreimbursed attorney time and litigation expenses on the part of Rose.

Conclusions

The ethical rules applicable to concurrent and former client conflicts are Rules 1.7 and 1.9 of the Arkansas Rules of Professional Conduct. Rule 1.7(a) prohibits a lawyer from representing a client in a matter "directly adverse" to another current client. Rule 1.9(a) prohibits a lawyer from representing a client on a matter adverse to a former client that is "substantially related" to the matter previously handled for the former client, if the former client has not consented after consultation. Rose did not represent the FDIC in any matter adverse to Seth Ward, Skeeter Ward, or P.O.M. The Wards were not defendants in the *Frost* case and had no interest in whether it was resolved one way or another. Adversity of interest is required to create an impermissible conflict of interest under Rules 1.7 and 1.9; its absence eliminates any conflict.

Moreover, the totality of "Ward" matters were unrelated to the facts and issues in the *Frost* litigation, with one exception: The possibility that appellate reversal of Ward's

judgment against Madison in the loan-and-commission case might make his loans an item of damages in the *Frost* case. With the knowledge and consent of the FDIC, Hubbell was screened from participation in any part of the case relating to the Madison-Ward litigation.

Hubbell's relationship by marriage to Seth and Skeeter Ward also did not create a conflict of interest on the part of Rose. Rule 1.7(b) prohibits a lawyer from representing a client "if the representation may be materially limited by . . . the lawyer's own interests." For example, a lawyer's financial interest in a representation must not adversely affect the lawyer's commitment to and advocacy for the client. The fact that a lawyer's father-in-law, represented by someone else, is suing a client whom the lawyer represents on unrelated matters, does not create a personal interest conflict under Rule 1.7(b). The Wards were not parties to the *Frost* case and they would not be affected in any way by its outcome. Moreover, conflicts under Rules 1.7(b) and 1.9(a) may be waived by client consent after full disclosure. FDIC's consent to Rose's representation in the *Frost* case, after consultation concerning Hubbell's relationship with the Wards, cured any conflict that may have existed.

It is worth noting that Rule 1.8(i) of the Arkansas Rules of Professional Conduct, which is identical to ABA Model Rule 1.8(i), provides more lenient treatment to conflicts involving family relationships than the Rules provide to conflicting interests of simultaneously represented clients. No conflict arises unless "a lawyer related to another lawyer as parent, child, sibling or spouse" represents a person "in a representation directly adverse to a person who[m] the lawyer knows is represented by the other lawyer except upon consent by the client after consultation regarding the relationship." Direct adversity between the closely related lawyers representing two clients is required to create a conflict; the conflict is not imputed to other lawyers in the firm of the disqualified lawyer; and the conflict may be cured by client consent. Rule 1.8(i) is not directly applicable to the Hubbell-Ward relationships because neither of the Wards is a lawyer who was representing someone who was in a directly adverse posture to a client represented by Hubbell. But the more lenient approach in the professional rules to conflicts stemming from family relationship expresses a relevant policy. In addition, the family-relationship conflicts of Rule 1.8(i) do not extend to a relationship by marriage to a spouse's father or brother, but are limited to the spousal relationship itself.

The FDIC's February 1994 investigation of the Hubbell/Ward relationship correctly concluded, in my view, that there was no conflict of interest: No adverse representation was involved, the FDIC knew of the relationship at an early stage, and the FDIC correctly concluded at that time that there was no conflict (FDIC Legal Division Report, pp. 7-8, Feb. 17, 1994).

3. **ROSE'S REPRESENTATION OF MADISON GUARANTY IN THE *FROST* CASE AND ITS CONCURRENT REPRESENTATION OF A COMPANY THAT WAS THE EMPLOYER OF AND WAS OWNED IN SMALL PART BY A FORMER FROST PARTNER**

I have been asked to address the relationship of Rose's representation of Madison Guaranty Savings & Loan Association ("Madison-RTC") in the *Frost* case to its concurrent representation of a company (the "Client") that was the employer of and was owned in small part by a former partner of Frost & Co. ("Frost"), the defendant in the *Frost* case.

Facts

In spring 1988 the Rose firm was retained by the Client on a labor law matter. The representation began before Madison was placed in conservatorship by the FDIC, and before Madison-RTC had substituted Rose as its counsel in the *Frost* case.

The Client is a corporate entity primarily owned and controlled by two persons. Its president during the period of Rose's handling of the *Frost* case was a third person, a former employec of the Frost accounting firm (the "Former Frost Partner"). The Former Frost Partner earlier had been the Frost accounting partner in charge of the 1985 and 1986 audits that later became issues in the *Frost* case. The Former Frost Partner owns a relatively small percentage of the Client's stock, but two other persons hold a controlling interest.

Conclusions

The Rose firm followed reasonable procedurcs in attempting to detect possible conflicts when it agreed to represent the FDIC in the *Frost* case. Even the best procedures may not surface all relevant connections between the issues and people involved to one degree or another in all pending and former matters. Nor had the FDIC provided Rose with a conflicts list concerning Madison--a list that would have included the Former Frost Partner's name. When the possible conflict was discovered, prompt steps were taken to notify the Client and obtain its consent. Lawyers still at the Rose firm understood that similar steps were to be taken by Hubbell with respect to Madison-RTC, but apparently they were not.

Rule 1.7(a) of the Arkansas Rules of Professional Conduct prohibits a lawyer from representing "a client if the representation of that client will be directly adverse to another client" unless certain conditions are satisfied. Application of this Rule depends upon a determination of who is the client. Arkansas Rule 1.13(a), consistent with law throughout the United States, states that "A lawyer employed or retained by an organization represents the organization acting through its duly authorized constituents." This well-established principle is referred to as "the entity rule." Joint representation of a corporation and one or more of its officers, directors, shareholders or employees is possible, provided the joint

representation is consistent with Rule 1.7, see Rule 1.13(e). But Rose did not represent the Former Frost Partner in any individual or personal capacity. Its sole client was the corporate entity, the Client, of which the Former Frost Partner was an agent.

The Former Frost Partner was an adverse party in the *Frost* case, but he was not a client of Rose. Thus the Former Frost Partner was not a Rose "client" whose interests were adverse to those of another Rose client, Madison-RTC. The absence of "direct" or "material" adversity between the two clients eliminates any conflict of interest under Rule 1.7. Nor did the matter have any relationship in facts or issues to the *Frost* litigation.

Some judicial decisions and ethics opinions have treated a corporate officer or shareholder as a co-client with a corporation in situations where a small number of individuals who control a closely-held corporation have had an intimate relationship with the corporation's lawyer over an extended period. For example, some states treat a lawyer for a corporation with two 50 percent shareholders as representing the shareholders jointly or as owing fiduciary duties to them, including avoidance of any conflicting interest. But this exception to the well-established "entity" rule is limited to persons who have or share a controlling interest in the corporation. The Former Frost Partner, who owns a relatively small percentage of the Client's stock, and did not control the entity, should not be treated as the alter ego of the corporation.

Lawyers who represent corporations often take adverse positions toward officers or agents of the corporation, such as when employment terms are negotiated, when the officer is suspected of misconduct harmful to the interests of the corporation, and many other situations. Adversity to an agent of a corporation is not an impermissible conflict of interest unless the corporation's lawyer also has a lawyer-client relationship with the agent.

Clearly it would have been better practice, even though not required, for Hubbell to have notified Madison-RTC of the Former Frost Partner's relationship with a corporation that his firm was representing on an unrelated matter. Other Rose lawyers believed Hubbell had done so. Why he failed to do so is unknown. But a conflict of interest was not involved.

Nor was the Rose representation of Madison-RTC in the *Frost* case characterized by the firm "pulling its punches" with respect to the Former Frost Partner out of concern with Rose's relationship with the Client. The Former Frost Partner had already been deposed when Rose learned of his connection with another client the firm was representing. His role in the audits in question had already been tied down for trial. Rose's knowledge of the connection with the labor representation was unlikely to have any effect on positions concerning his conduct that had already been taken in the *Frost* litigation.

4. CONFLICTS ISSUE CONCERNING DANIEL LASATER'S RELATIONSHIP WITH THE CLINTONS

General Background

Allegations of conflict of interest have been made concerning Hillary Clinton's participation in the Rose law firm's representation of First American Savings & Loan Association ("First American"), which handled an action in 1986-1987 against a securities brokerage firm owned by Daniel Lasater ("Lasater"), who apparently was a contributor to Governor Clinton's gubernatorial campaigns and may have been an acquaintance of the Clintons. I have been asked whether Daniel Lasater's relationship with the Clintons created a conflict of interest with its representation of First American's lawsuit against Lasater & Co.

Facts

In the early 1980s, Daniel Lasater owned a securities brokerage firm known as Lasater & Company. In 1986 Lasater pleaded guilty to charges of social distribution of cocaine. As a convicted felon he was prohibited by Arkansas law and regulatory practice from owning or operating a broker-dealer firm. To comply with that restriction, Lasater sold Lasater & Co. in 1986 to a third party in return for a \$15 million note secured by the stock of the company. The company was renamed United Capital Corporation ("UCC").

In 1985, First American Savings and Loan Association ("First American"), an open thrift, had brought an action against Lasater & Company. In this action First American alleged that Lasater & Co., through the actions of a former employee, had made unauthorized trades of reverse repurchase agreements and had allocated unfavorable trades to First American's account. When First American was placed under FDIC conservatorship, the FDIC appointed Rose as substitute counsel. Rose became counsel of record on October 31, 1986, two weeks after Daniel Lasater, as a result of his felony conviction, had sold the company. The *First American* case was settled in November 1987 by agreement of the FDIC and UCC. The terms of the settlement are confidential.

Vincent Foster was the Rose member in charge of the *First American* case, assisted by an associate. On one occasion when Foster was away, May 8, 1987, Hillary Rodham Clinton, then a Rose partner, reviewed and signed three motions and accompanying papers in the case. One of the papers was an amended complaint to make the allegations correspond to the evidence developed through discovery. Rose's billing records show that Mrs. Clinton worked on the *First American* case only for two hours on that day and did not work on it again. Her participation was apparently an accommodation for Foster, with whom she consulted by telephone before signing the papers.

Investigators and press reports have speculated as to whether Clinton or her husband, then Governor of Arkansas, had a relationship with Daniel Lasater that might have created

a conflict. News reports indicate that Lasater was a contributor to Governor Clinton's gubernatorial campaigns and he may have been acquainted with the Clintons.

Conclusions

There is no indication of a relationship on Lasater's part with the Clintons that might have given rise to a conflict of interest on Mrs. Clinton's part. Rule 1.7(b) of the Arkansas Rules of Professional Conduct prohibits a lawyer from representing a client if "the lawyer's own interests" might "materially limit" or "adversely affect" the lawyer's representation of the client. A significant personal or financial interest is required to create a conflict under Rule 1.7(b). The fact that the adverse party is a social acquaintance or that the adverse party has contributed to a spouse's political campaign does not create a conflict under Rule 1.7(b), in the absence of circumstances making an inference of partiality much more compelling. No such circumstances have been alleged or discovered.

The ethical rules relating to concurrent conflicts of interest are intended to be applied by each lawyer. An objective determination must be made by the affected lawyer that the representation of a client will not be adversely affected by the lawyer's duties to other clients or the lawyer's own interests. The individual lawyer is often the only person in a firm who possesses the relevant information concerning a relationship that may create a conflict. It is not the case that any conceivable interest or possible conflict should be disclosed to each client so that each client can decide whether a conflict is involved. Doing so would invade the privacy of current clients and would violate the lawyer's duty of confidentiality owed them. See Rule 1.6(a) of the Arkansas Rules of Professional Conduct. A lawyer may make disclosure, for conflict of interest purposes, of the existence and nature of representation of a current client to a new client only if the current client consents to the disclosure. Professional ethics require the affected lawyer to make a reasonable judgment whether the circumstances and issues of two representations are likely to affect adversely and materially the representation of either client. There is no indication whatsoever that Hillary Clinton did not make this judgment in the Lasater situation in a reasonable and responsible manner.

It is worth noting that Rule 1.7(b) is concerned about a lawyer limiting her representation of a client to protect an interest she has as a result of some relationship with someone else, such as the opposing party. The circumstances of the *First American* case provide no support for an inference that Rose pulled its punches to protect Lasater. Lasater was not a party defendant in the case. By the time Rose was selected as substitute counsel by the FDIC, Lasater's interest in the brokerage firm was merely that of a secured creditor. By law he could not own, operate or control the business; he was only a creditor of UCC and the loan was not then in default. Any judgment would have been paid by UCC and its new owner rather than by Lasater.

Regulators See Conflict at Firm Tied to Clintons

By STEPHEN LABATON

WASHINGTON, July 31 — The Arkansas law firm in which Hillary Rodham Clinton and several senior Administration officials had been partners violated conflict-of-interest rules in representing a savings association at the center of the Whitewater investigation, Federal regulators said today.

In a summary report prepared by the Inspector General of the Federal Deposit Insurance Corporation, investigators said the firm, the Rose Law Firm of Little Rock, had failed to disclose a conflict involving Webster L. Hubbell's representation of Madison Guaranty Savings and Loan Association after it was seized by the Government.

Mr. Hubbell was a Rose partner until he left to become the Associate Attorney General in 1993. The report by the F.D.I.C. found that while Mr. Hubbell represented the regulators, he had failed to disclose that he had also been involved in a lawsuit brought against Madison by Seth Ward, his father-in-law. Mr. Ward's company, POM Inc., had borrowed significant amounts from Madison.

The report also found \$156,286 in questionable billings by the Rose Firm.

A different Government audit by the Resolution Trust Corporation covering a period that overlaps with that in today's report has questioned about \$446,000 in billings by the firm.

The report did not implicate Mrs. Clinton in any improper billing practices. As a partner in the firm she received a share of its profits.

Mr. Hubbell was recently given a 21-month prison sentence after pleading guilty to charges that he bilked clients and his former firm of nearly \$500,000. The report today traced nearly \$42,000 of that amount to improper bills he submitted to the Government.

Ronald M. Clark, a partner at the Rose Firm, disputed the report's findings and said the firm had not violated ethics rules or overbilled the Government.

Mr. Clark also made public a report commissioned by the law firm that concluded that it had not violated ethics rules. The report was produced by Roger C. Cramton, an ethics professor at Cornell Law School, and William H. Webster, the former Director of the Federal Bureau of Investigation and Central Intelligence.

Madison had been owned and operated during the 1980's by James B. McDougal, a partner of the Clintons in the Whitewater land venture. The Rose firm briefly represented Madison in the mid-1980's and then did the legal work for regulators after the institution was seized in 1989.

Investigators have been examining whether any federally insured deposits were funneled to the Whitewater land venture or to one of Bill Clinton's campaigns for governor.

LAW OFFICES
WILLIAMS & CONNOLLY

725 TWELFTH STREET, N.W.

WASHINGTON, D. C. 20005

(202) 434-5000

FAX (202) 434-5029

EDWARD BENNETT WILLIAMS (1920-1988)
PAUL R. CONNOLLY (1922-1976)

VINCENT J. FULLER
RAYMOND W. BERGAN
JEREMIAH C. COLLINS
ROBERT L. WEINBERG
DAVID POVICH
STEVEN M. UMIN
JOHN W. VARDAMAN
PAUL MARTIN WOLFF
J. ALAN CALBRAITH
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CHARLES A. SWEET

January 8, 1996

Letters to the Editor
The Washington Post
1150 15th Street, N.W.
Washington, D. C. 20071

Dear Editor:

An article in yesterday's Washington Post suggests that the recently discovered Rose Law Firm billing records "may contradict" Mrs. Clinton's sworn statements to the RTC. This innuendo is wholly false. Mrs. Clinton has accurately described her limited work on the law firm's representation of Madison Guaranty, and the billing records confirm her previous statements about that work.

The RTC interrogatories asked Mrs. Clinton questions about particular aspects of the law firm's representation related to Madison Guaranty, and the billing records confirm the accuracy of her responses. The interrogatories also asked about her personal knowledge of a list of Jim McDougal's real estate projects, including Castle Grande. Her responses to those questions were accurate as well.

WILLIAMS & CONNOLLY

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Castle Grande Estates was a 400-acre mobile home development that was part of a 1050-acre tract purchased by Madison from the Industrial Development Company of Little Rock (IDC) in September 1985. Mrs. Clinton did not work on any matters related to Castle Grande Estates, and the particular RTC interrogatory response cited by the Post addressed that project. Confusion may be created by the Post's apparent reference to the entire IDC development as Castle Grande.

In the last several months, we have attempted to answer questions about work the Rose Law Firm performed with respect to the property purchased from IDC. The law firm billing title for this matter was "Madison Guaranty - IDC." Much of the publicity about the Rose Law Firm's work related to the IDC property has focused on whether the firm had a significant role in Madison's acquisition of the real estate. As the billing records confirm, Mrs. Clinton did not work on the acquisition. She supervised later legal research relating to such state law issues as water/sewer service provision and the legality of allowing a brewery tasting room to be constructed.

Mrs. Clinton also billed two hours in May 1986 for option agreement work relating to land approximately one-half mile west of, and not related to, Castle Grande Estates. The billing records also reflect conversations with Seth Ward, who was working for Madison developing real estate projects. The

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Mrs. Clinton specialized in litigation, not real estate law. She was the billing partner on the Madison Guaranty account and appears to have averaged less than an hour a week over a 15-month period in her work on the Madison representation. She accurately answered the RTC's interrogatory with respect to "Castle Grande" by stating that she did not believe that she had knowledge of it. And, quite apart from the Castle Grande mobile home development, her work on matters relating to the IDC development was quite limited, as previously indicated.

Sincerely,


David E. Kendall

** The discovery of these billing records is extremely fortunate for anyone truly committed to learning the facts about the limited nature and extent of the Rose Law Firm's representation of Madison Guaranty.

** The records confirm that:

-- The entire Rose Law Firm, including Mrs. Clinton, did limited work for Madison Guaranty.

That is not surprising because Rose was not Madison's primary law firm, nor did Rose provide savings and loan regulatory advice to Madison.

-- Mrs. Clinton spent about 60 hours total over the course of fifteen months on various Madison matters.

That averages out to less than one hour each week.

That is completely consistent with her statements that she did limited work for Madison.

-- Rose billed Madison a total of about \$20,000 over a period of 15 months, which averages out to about \$300 a week, or 3 or so hours of work total for each week.

-- During those 15 months, Madison paid the firm \$2,000 each month as a prepayment. Because the work done at the firm did not use up \$2,000 a month, Rose refunded \$6,622.53 in unused fees to Madison at the end of the 15 months.

-- Mrs. Clinton contemporaneously described the limited extent of Rose's work for Madison in a July 14, 1986 letter to Jim McDougal and John Latham:

"Madison has run a credit in its account at the end of every month. We are also aware that since that time Madison has been relying and continues to rely on a number of other law firms to provide ongoing representation, and that our representation has been for isolated matters and has not been continuous or significant."

** The records completely dispel Republican charges that Mrs. Clinton made misstatements when she said -- during the campaign and more recently -- that she did minimal work in Rose's representation of Madison before the Arkansas Securities Department.

-- The records list Mrs. Clinton as having spent about 15 hours total on the securities matter, which earned the firm a total of \$1,859.) That's about two days worth of work on a matter that lasted nine months.

-- The records are consistent with Mrs. Clinton's sworn statements to the RTC and the FDIC about the nature of her work on the securities matter: the associate did most of the work on the matter and kept her advised of what he was doing and sent her drafts of the documents he was preparing for her to review.

The vast majority of entries for Mrs. Clinton are described as conferences with Mr. Massey or reviewing documents. Approximately 22 of the 28 entries include references to conferences with Mr. Massey and/or reviewing documents.

-- The records confirm what all relevant parties have said about the nature and extent of Mrs. Clinton's contact with the Arkansas Securities Department and its Commissioner, Beverly Bassett.

Mrs. Clinton had one telephone conversation with Commissioner Bassett during the Madison representation. The conversation occurred on April 29, 1985, during the early part of the representation and one day before Richard Massey submitted to the Securities Department Madison's application to sell preferred stock. Mrs. Clinton had no meetings with Commissioner Bassett or any other employee of the Arkansas Securities Department.

** The billing records are also consistent with what was known about Mrs. Clinton's work on the IDC matter.

-- The records show that Mrs. Clinton did not work on the sale of the IDC property to Madison Financial and Seth Ward in the fall of 1985.

One lawyer at the firm did little work on the purchase in 1985; he billed about \$1000 worth of work in August, September and October 1985.

-- Mrs. Clinton and other lawyers at the firm worked on other aspects of the IDC matter, including reviewing several state law questions such as whether the proposed site of a beer brewery was "wet" or "dry" and whether IDC was a public utility and to whom it could furnish water services under state law.

-- The records also show that Mrs. Clinton did two hours' work on an option agreement with Seth Ward in May 1986. That work involved 22 acres of the IDC property and occurred more than six months after the actual sale of the IDC property that was criticized by regulators.

CASTLE GRANDE

I. SAFIRE'S ALLEGATION THAT "THE [ROSE LAW FIRM BILLING] RECORDS SHOW HILLARY CLINTON WAS LYING WHEN SHE DENIED ACTIVELY REPRESENTING A CRIMINAL ENTERPRISE KNOWN AS MADISON S. & L." IS FALSE.

** Mrs. Clinton never denied representing Madison. She was asked to describe her role in representing Madison on one of the matters which the Rose Law Firm undertook -- the securities matter. Mrs. Clinton explained:

"While I was the billing partner on [the securities] matter, the great bulk of the work was done by Mr. Richard Massey, who was then an associate at Rose and whose specialty was securities law. I was not involved in the day-to-day work on the project. . . . Mr. Massey primarily handled the matter." (FDIC Affidavit)

"During the early part of Massey's work [on the securities matter], he kept me generally advised of what he was doing and may have sent me drafts of the documents he was preparing. I was not, however, an expert on securities law. I believe that Massey consulted with members of the firm's securities department." (Response to RTC Interrogatory No. 17)

"[Massey] did all the work [on the securities matter]. . . . I was what you call the billing attorney." (4/24/94 Press Conference)

** Mr. Safire appeared to accept as fact the Republican Whitewater Committee staffs' statements, made in repeated press appearances before Richard Massey testified, that he would contradict the above statements of Mrs. Clinton. Before Massey testified, Safire predicted the "imminent turning of former aides and partners of Hillary against her." However, Massey's testimony was consistent with and supported Mrs. Clinton's description of her role in representing Madison on the securities matter. Massey testified:

I was the attorney primarily doing the work on the securities matters. I did all the research and writing. I drafted all the correspondence and had all of the meetings with the regulatory authorities. Mrs. Clinton did not guide or direct the course of the work I performed on this matter. I consulted some partners in the securities section about technical matters. As the billing partner, Hillary Clinton needed to know the status of the matter in case she was asked by the client about its status. She occasionally asked me about the status and reviewed documents. The work was a "one-man job." I was the person in the trenches doing the work. I didn't "literally" do all the work,

but I did all the substantive work. No one else did any substantive work. (from notes of Massey's 1/11/96 Senate Testimony)

** The billing records support both Mrs. Clinton's and Mr. Massey's recollections that she only performed non-substantive tasks of a billing partner on the securities matter. During the 15 months that the Rose Law Firm represented Madison, Mrs. Clinton billed only approximately 15 hours of work to the stock offering matter out of a firm total of about 122 hours. Richard Massey billed about 86 of those hours. The records indicate that most of Mrs. Clinton's hours were spent talking with Massey or reviewing his work. Thus, contrary to Mr. Safire's assertion, the billing records do not show that Mrs. Clinton "actively represent[ed]" Madison on this matter.

II. SAFIRE'S ALLEGATION THAT "THE [ROSE LAW FIRM BILLING] RECORDS . . . INDICATE [MRS. CLINTON] MAY HAVE CONSPIRED WITH WEB HUBBELL'S FATHER-IN-LAW [SETH WARD] TO MAKE A SHAM LAND DEAL THAT COST TAXPAYERS \$3 MILLION" IS FALSE.

** The "sham land deal" that Safire referred to was the acquisition of certain property (the IDC property) by Madison and Seth Ward for future development.

** The billing records clearly show that the Rose Law Firm's transactional work related to the IDC acquisition was done by two attorneys (not Mrs. Clinton) in August and September 1985. Mrs. Clinton did not even start billing for any work possibly related to the IDC property until November 1985 -- after the acquisition was complete.

** After acquisition of the IDC property, Mrs. Clinton billed approximately 32 hours on the IDC matter from November 1985 through July 1986. The records indicate that the vast majority of this time was spent on work related to two issues: (1) the "wet" or "dry" status of a township where a site for a brewery was desired and (2) determining what permits and approvals would be necessary for the provision of water and sewer services. The legitimacy of that work has never been questioned.

** The records indicate that Mrs. Clinton spent approximately 2 hours on work related to preparation of an option agreement between Madison and Ward. The final report prepared by the Pillsbury Law Firm specifically rejected the implication that this option evidenced any knowledge on Mrs.

Clinton's part of any wrongdoing by Madison and/or Ward.
The report concluded:

"[W]hile Mrs. Clinton seems to have had some role in drafting the May 1, 1986 option, nothing proves she did so knowing it to be wrong."

"The [May 1, 1986] option did not assist in the closing of the [1985] acquisition."

The option "was created many months after the transaction closed. . . . [and] does not prove any awareness on the part of its author of Ward's arrangement with Madison Financial."

"[T]he theories that tie this option to wrongdoing or to the straw-man arrangements are strained at best."

** When the Rose Law Firm was researching the legal issues related to the brewery location and the provision of water and sewer services on the property, Mrs. Clinton did have certain contacts with Seth Ward who, according to the Pillsbury report, was a "consultant" for Madison. The records and other documentary evidence suggest that most of Mrs. Clinton's contacts with Seth Ward related to the brewery and water/sewer issues.

Chris Lehoue

Non-responsive

Billing Records

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** The records confirm that:

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That is not surprising because Madison used other law firms for most of its legal work.

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That averages out to less than one hour each week.

That completely confirms her statements that she did limited work for Madison.

-- Billings by the entire firm total only about \$20,000 over a period of 15 months, which averages out to about \$300 a week, or a total of 3 or so hours of work by all lawyers working on Madison matters for each week.

-- During those 15 months, Madison paid the firm \$2,000 each month as a prepayment. Because the work done by the firm did not use up \$2,000 a month, Rose refunded \$6,622.53 in unused fees to Madison at the end of the 15 months.

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In answering interrogatories to the RTC, Mrs. Clinton stated: "I was not involved in any meetings with state regulators on these matters. I may have made one telephone call to the Arkansas Securities Department to find out to whom Mr. Massey should direct any inquiries regarding an S&L matter. I do not remember to whom I spoke."

In April 1994, Commissioner Bassett stated that Mrs. Clinton "made on telephone call early in the process, probably sometime after we had received their letter but before I wrote my letter to the Rose Law Firm. And it was perfunctory, very brief, non-substantive conversation, basically consisting of 'We've sent something out there. We have a letter. Who should we work with?'"

Susan Thomases' notes of her February 24, 1992 telephone conversation with Webb Hubbell refer to "one t[elephone] c[onversation] in 4/85 at beginning of the deal with [Commissioner Bassett]".

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LAW OFFICES
WILLIAMS & CONNOLLY

725 TWELFTH STREET, N.W.

WASHINGTON, D. C. 20005

(202) 434-5000

FAX (202) 434-5029

EDWARD BENNETT WILLIAMS (1920-1988)
PAUL R. CONNOLLY (1922-1978)

VINCENT J. FULLER
RAYMOND W. BERGAN
JEREMIAH C. COLLINS
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Sincerely,

A handwritten signature in cursive script that reads "David E. Kendall". The signature is written in dark ink and is positioned above the typed name.

David E. Kendall

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January 8, 1996

VIA FACSIMILE AND HAND DELIVERY

The Honorable Alfonse M. D'Amato
Chairman
United States Senate Committee on Banking, Housing,
and Urban Affairs
Senate Hart Office Building
Room 520
Washington, D.C. 20510-6075

Dear Senator D'Amato:

You and your agents have stated that the recently released Rose Law Firm billing records for the Madison Guaranty representation impugn or contradict Mrs. Clinton's statements to investigators. The Associated Press reports today that you stated on yesterday's Brinkley show that the billing records "show 'tremendous inconsistencies' with Mrs. Clinton's sworn statements to federal regulators"

These are serious charges that are wholly unfounded and completely false. Since you have made these allegations, in fairness you ought now to state the specific factual basis for them.

I don't believe you can.

Sincerely,



David E. Kendall

I. SAFIRE ALLEGATION: THE ROSE LAW FIRM BILLING RECORDS SHOW MRS. CLINTON WAS LYING WHEN SHE DENIED ACTIVELY REPRESENTING MADISON.

Truth: Mrs. Clinton never denied representing Madison. She was asked to describe her role in representing Madison on one of the matters which the Rose Law Firm undertook -- the securities matter. Mrs. Clinton explained:

** "While I was the billing partner on [the securities] matter, the great bulk of the work was done by Mr. Richard Massey, who was then an associate at Rose and whose specialty was securities law. I was not involved in the day-to-day work on the project. . . . Mr. Massey primarily handled the matter." (FDIC Affidavit)

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** "[Massey] did all the work [on the securities matter]. . . . I was what you call the billing attorney." (4/24/94 Press Conference)

The billing records support Mrs. Clinton's recollection that she only performed non-substantive tasks of a billing partner on the securities matter. During the 15 months that the Rose Law Firm represented Madison, Mrs. Clinton billed only approximately 15 hours of work to the stock offering matter out of a firm total of about 120 hours. Richard Massey billed about 85 of those hours. The records indicate that most of Mrs. Clinton's hours were spent talking with Massey or reviewing his work.

II. SAFIRE PREDICTION: RICHARD MASSEY WOULD CONTRADICT MRS. CLINTON'S STATEMENTS REGARDING THE AMOUNT AND NATURE OF THE WORK SHE PERFORMED ON THE MADISON SECURITIES MATTER.

Truth: Safire's prediction, made before Massey testified proved wrong. Massey's testimony was consistent with and supported Mrs. Clinton's description of her role in representing Madison on the securities matter. Massey testified:

** "I worked with partners within my section and lawyers within my section with respect to technical matters. Mrs. Clinton was a billing attorney. She, as you'll see in the time records, she would fairly regularly contact me, ask me for updates on what was

going on with the matters. She often times would review draft documents . . ." (1/11/96 Senate Testimony, Fed. News Tr. at 15-16)

** "If I could, I'd like to characterize my belief as to the relationship that I had with Mrs. Clinton during these two matters in which I was, again, I was primarily doing the work. . . . [I]n firms with a billing attorney, they need to be knowledgeable about the status of matters for the particular clients so that if a client calls and wants to know, then she can pass that along. I think that is the nature of the cont[acts] that I had [with Mrs. Clinton]." (1/11/96 Senate Testimony, Fed. News Tr. at 17)

** "Mrs. Clinton was the billing attorney, and had a relationship with me such that she needed to know what I was doing so that she could be prepared to update the client at any time." (1/11/96 Senate Testimony, Fed. News Tr. at 54)

** BEN-VENISTE: . . . [Y]ou mentioned that things were being said about the Rose Firm in relationship to Madison Bank back in the '92 campaign -- much of it inaccurate and unfair. . . . And one of the things that was focused on . . . was the notion that somehow there was a cozy relationship between . . . Mrs. Clinton and the Securities Commissioner, Mrs. Bassett-Schaffer.

. . . .
MASSEY: That was one of the many inaccuracies, in my opinion.

BEN-VENISTE: That must have rankled you because you were the person who performed the legal work in connection with that matter.

MASSEY: Yes, sir.

(1/11/96 Senate Testimony, Fed. News Tr. at 26)

** "[T]he time records reflect some time on [Mrs. Clinton's] part that I would attribute to billing attorney-type supervision, and I think it would have involved asking me where we were on particular matters on which I was working, and telling her, and sometimes [her] asking for correspondence. . . . [M]y impression, which is not varied by the time sheets, was that these [matters] were primarily one man jobs, and I did primarily all of the research, writing, drafting

and so-forth. Mrs. Clinton had a role in the -- obviously she had a role in those matters. I view it as a supervisory role . . . In terms of who was in the trenches and doing the work, Senator, it was me." (1/11/96 Senate Testimony, Fed. News Tr. at 43)

** "And I think that the billing records, again, are indicative that I did most of the work. And it's my opinion that I did all of the really substantive work -- or substantially all of it." (1/11/96 Senate Testimony, Fed. News Tr. at 62)

** "I don't have recollection of anybody working on these matters of any substance, other than myself." (1/11/96 Senate Testimony, Fed. News Tr. at 85)

III. SAFIRE ALLEGATION: THE ROSE LAW FIRM BILLING RECORDS INDICATE MRS. CLINTON WORKED ON A QUESTIONABLE LAND DEAL.

Truth: The land deal that Safire referred to was the acquisition of certain property (the IDC property) by Madison and Seth Ward for future development.

The billing records clearly show that the Rose Law Firm's transactional work related to the IDC acquisition was done by two attorneys (not Mrs. Clinton) in August and September 1985. Mrs. Clinton did not even start billing for any work possibly related to the IDC property until November 1985 -- after the acquisition was complete. Moreover, the Pillsbury Supplemental Report characterized the Rose Law Firm's limited role in the acquisition as innocent: "the only evidence tying the Rose Law Firm to this acquisition is evidence of the innocent activity of [two attorneys, not Mrs. Clinton,] participating in the drafting of the purchase agreement [in the fall of 1985]."

After acquisition of the IDC property, Mrs. Clinton billed over 30 hours on the IDC matter from November 1985 through July 1986. The records indicate that nearly all of this time was spent on work related to two issues: (1) the "wet" or "dry" status of a township where a site for a brewery was desired and (2) determining what permits and approvals would be necessary for the provision of water and sewer services. The legitimacy of that work has not been questioned.

The records indicate that Mrs. Clinton spent approximately 2 hours on work related to preparation of an option agreement between Madison and Seth Ward. The final report prepared by the Pillsbury Law Firm specifically rejected the implication that this option evidenced any knowledge on Mrs. Clinton's part of any wrongdoing by Madison and/or Ward. The report concluded:

** "[W]hile Mrs. Clinton seems to have had some role in drafting the May 1, 1986 option, nothing proves she did so knowing it to be wrong."

** "The [May 1, 1986] option did not assist in the closing of the [1985] acquisition."

** The option "was created many months after the transaction closed. . . . [and] does not prove any awareness on the part of its author of Ward's arrangement with Madison Financial."

** "[T]he theories that tie this option to wrongdoing or to the straw-man arrangements are strained at best."

When the Rose Law Firm was researching the legal issues related to the brewery location and the provision of water and sewer services on the property, Mrs. Clinton did have certain contacts with Seth Ward who, according to the Pillsbury report, was a "consultant" for Madison. The records and other documentary evidence suggest that nearly all of Mrs. Clinton's contacts with Seth Ward related to the brewery and water/sewer issues.

STATEMENT

Mark D. Fabiani
Special Associate Counsel to the President

January 13, 1996

The January 13, 1996 edition of the Los Angeles Times ("First Lady Addresses Whitewater Controversy" by Geraldine Baum) erroneously reported two aspects of its interview with the First Lady.

First, the Times drew an inaccurate conclusion from the First Lady's actual words when the Times wrote that the First Lady had "dismissed the idea of holding a news conference to answer Whitewater questions or of appearing before the Senate Subcommittee investigating Whitewater." Second, the Times erroneously reported that the First Lady said the Committee would not be a fair forum.

The transcript of the First Lady's answers to the Los Angeles Times's questions on these matters is attached. The First Lady's answers, as recorded in this transcript, are consistent with her long-held position that she will cooperate and do whatever is necessary to answer legitimate questions and bring this matter to an end.

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Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	Rose Law Firm; RE: Client Billing and Payment History (5 pages)	02/12/1992	P6/b(6)

COLLECTION:

Clinton Presidential Records
Counsel's Office
Elena Kagan
OA/Box Number: 8293

FOLDER TITLE:

Whitewater Document Request II [2]

2009-1006-F
db729

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. letter	Rose Law Firm; RE: Client Billing Records (1 page)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Counsel's Office
Elena Kagan
OA/Box Number: 8293

FOLDER TITLE:

Whitewater Document Request II [2]

2009-1006-F
db729

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. report	Rose Law Firm; RE: Client Billing Records (9 pages)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Counsel's Office
Elena Kagan
OA/Box Number: 8293

FOLDER TITLE:

Whitewater Document Request II [2]

2009-1006-F
db729

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
004. report	Madison Guaranty Savings and Loan; RE: Client Billing Records (4 pages)	05/09/1985	P6/b(6)

COLLECTION:

Clinton Presidential Records
Counsel's Office
Elena Kagan
OA/Box Number: 8293

FOLDER TITLE:

Whitewater Document Request II [2]

2009-1006-F
db729

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005. report	Rose Law Firm; RE: Client Billing Records (4 pages)	06/10/1985	P6/b(6)

COLLECTION:

Clinton Presidential Records
Counsel's Office
Elena Kagan
OA/Box Number: 8293

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COLLECTION:

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
007. report	Rose Law Firm; RE: Client Billing Records (5 pages)	07/15/1985	P6/b(6)

COLLECTION:

Clinton Presidential Records
Counsel's Office
Elena Kagan
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FOLDER TITLE:

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Counsel's Office
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