

4/21/94  
Press Conference

PHOTOCOPY  
PRESERVATION

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 22, 1994

PRESS AVAILABILITY  
BY THE FIRST LADY

The Briefing Room

3:37 P.M. EDT

MRS. CLINTON: Well, let me thank all of you for coming. I know this is a busy day. It got busier than I thought it would when we first made this decision early this morning, and I appreciate your gathering.

I have, in the last couple of days, wanted to do this in part because I realized that despite my traveling around the country and answering questions, I did not really satisfy a lot of you in having your questions asked and answered. And last week, I think it was Helen said, I can't travel with her, so how can I ask her questions? So, for that reason, we are here and, Helen, you get the first question.

Q Since Whitewater's been in the news so much, I feel it's fair to ask you the same question I put to the President some time ago -- and you are a co-partner. Do you know of any money that could have gone from Madison to the Whitewater project or to any of your husband's political campaigns?

MRS. CLINTON: Absolutely not. I do not.

Q Actually, on the same theme with your commodities profits -- it is difficult for a layman, and probably for a lot of experts, to look at the amount of the investment and the size of the profit. Is there any way you can explain how you --

MRS. CLINTON: Well, I can certainly tell you what happened. And I appreciate your asking me about it because I've tried to follow the accounting in the press about it, and I want to explain as clearly as I can what occurred.

Back in 1978, in October, one of our best friends, Jim Blair -- who had been a friend of my husband's and mine for sometime -- talked to me about what he thought was a great investment opportunity. He is

someone who has been an investor ever since he was a teenager, with usually very good results. And he had followed closely what had been happening in the cattle market. And I only knew a little bit about that, although living in Arkansas, particularly northwest Arkansas, as I did, I was familiar with a lot of ranchers and people who were in the cattle industry. And when Jim said, I think there's going to be a great opportunity to make money, and explained why, and asked me what I thought we could afford to invest, I told him \$1,000.

So I opened an account at his very strong recommendation, and proceeded to trade over the next months until July. You know, not all my trades made money; some of them lost money. I talked to Mr. Blair very frequently. In fact, Jim would call me on a regular basis, and I would make a decision whether I would or would not trade, and then the trade would be placed. Often, he placed it for me. And there was nothing wrong with that; he was on the spot, he was often in the offices of the broker.

I stopped trading in July of 1979. And I did stop trading in large measure because I could not keep up with it. It takes a lot of nerve to be in the commodities trading, and I just found out I was pregnant. And so, when he called again, I said, you know, I just don't want to do this anymore. And I think he may have even called a few more times saying, it's really still doing well --trade again. And I didn't, and I'm glad I didn't because he and other friends of mine who were trading ended up losing money.

So it was a good investment offered by somebody who knew a lot, who could provide a lot of good advice. And I was lucky and made the decision to stop when I did.

Q Mrs. Clinton, can you talk about the second account?  
You had two --

MRS. CLINTON: I'll get there in just a minute --

Q Do you wonder since then if maybe your broker might have, because of your position and your husband's, might have given you some kind of unfavorable -- or a favored advantage?

MRS. CLINTON: There's really no evidence of that. I didn't believe it at the time. As I said, I made and lost money in that commodities account. It was my money; it was at risk. The account was in my name; I got the reports. We've released all of the documents we could find from that period from that account. So, no, I had no reason to believe that. And as Mr. Leo Melamed, the former head of the Chicago Mercantile Exchange, said when he looked at all of my trading records, there isn't any evidence that anybody gave me any favorable treatment. And even Mr. Blair, who ended up losing money, I think would find it

very hard to argue that he got any favorable treatment. I just don't think there's any evidence of that.

Q Mrs. Clinton, you say you stopped trading in July of 1979. Could you talk about the second account that was opened? There was a second account with the Stephens Company in which I think you invested \$5,000. And at first the White House claimed you lost money on it, but later you put out a document showing you actually made \$6,000 on it and didn't close it until a few months after Chelsea was born.

MRS. CLINTON: That's right. I'm glad you asked that because I really want to clarify it. I think there's been a lot of confusion. There were two accounts. The first account -- the one that I was just talking about -- was the REFCO account. I traded in that from October '78 to July of '79, when I found out I was pregnant, and I stopped trading. Now, I closed that account for good in October of '79, and I took some of the money that I had made and put it into an account at Stephens. And at that point, I made that a discretionary account. My REFCO account was a nondiscretionary account, which meant that I had to approve and give the go-ahead for every trade.

In the discretionary account at Stephens, my broker made most of the decisions, and I think did a good job for me. He diversified the money that I gave him and put it into money market and stocks and bonds and \$5,000 into some commodities.

Now, what happened then is, in retrospect as I've been able to reconstruct it now, is that my broker made these decisions; he checked with me maybe a couple of times a month, but because it was discretionary, he did not have to get my approval. So money would be moved from one investment to another investment. And during the course of the time between October of '79 and probably May of 1980, he had me in and out of three different commodity accounts in much smaller numbers than what I had been in charge of doing in my REFCO account.

In February of 1980, my daughter was born -- at the very end of the month. And I remember talking to my broker sometime after that and said, I just want to get out of commodities altogether. I don't ever want to have to worry about it. So he got me out of the positions that I had been in, so that by May, I was no longer doing any kind of commodity trading in the Stephens account. Now, what happened, though, is that he took the money that I now know I made -- I really didn't think I'd made any money in commodities -- and he bought some stock and he did some other things for me.

Now, in the fall of 1980, my husband lost his election, we moved. So by 1981, when I gathered all my documents together to give to my accountant, I had a year-end statement from Stephens which did not report anything about commodities; I had a year-end statement from the

Peavey Brokerage Company which reported a lose; and I had no year-end statement from either Clayton or the company called ACLI. So I think what happened is we bundled all of the documents we had -- because I took all of the reports that I had, gave them to the accountant -- and I believe that in the absence of a year-end statement, the accountant and my husband and I missed the fact that we had actually made some money in the ACLI account.

Q You didn't remember the profit?

MRS. CLINTON: No, I did not remember that profit. I did not. And, in fact, as you said, when some people looking at the records for me began looking at it originally, they looked at the records, and they thought I'd had a \$5,000 loss. And they came to me and said, we think you had a loss which you didn't report. And I said, I just don't remember. I thought I basically got out with what I put in. And then they went back and relooked at it again with more accountants and they came up with the gain. So it was hard to find, apparently.

Q With regard to the REFCO account, just how did the procedure go? Did Mr. Blair basically recommend to you the transactions which you either said yes or no to? Or was it based more on knowledge that you had gained, as some of your staff have suggested, from reading the papers or whatever? What happened?

MRS. CLINTON: Well, Brit, it was primarily Jim's suggestions. But I also did try to educate myself. I did try to read some things. He actually gave me a few documents to read -- because he had this theory that because of the economy in the early part of the 1970s, a lot of cattle herds had been liquidated so that there was going to be a big opportunity to make money in the late '70s; and he gave me things to read about that. And I did occasionally read publications like the Journal and others and I tried to educate myself because I took the responsibility seriously. But I relied primarily on his advice because he really spent an enormous amount of time studying the market and talking to many more people than I ever could have -- people who ran feed lots or bought beef for large supermarket chains.

So he would talk to me and he would say, here's what I think is going on; what do you think? Now, I did not make every trade he recommended. And certainly, by July, when I began to get nervous about it, I stopped taking his recommendations because I just couldn't bear the risk anymore.

Q Did it concern you at the time that because of his position with the company that he represented, that there was an ethical question raised by your accepting this level of assistance in a financial matter from him?

MRS. CLINTON: No, it did not. And the reason it didn't is that he and his wife are among our very best friends. My husband performed their marriage ceremony. I was the "best person" at the wedding. We are very close friends. And I've found it a little bit surprising that anyone would suggest that, because in 1980, right during the time that this was all going on, when my husband ran for reelection, Tyson supported his opponent. So there's really no basis for suggesting it was anything other than what it was, which was a friend who made a suggestion not just to me, but to a number of people, which I think was very fortunate for me.

Q Mrs. Clinton, you've said that there was no preferential treatment in all of this. The records indicated that your account was short of money at various points. Were there margin calls? And did you meet any of those calls? And were you aware at any time that REFCO was coordinating trades to drive prices up or down?

MRS. CLINTON: No, I was not aware of that, Andrea. I was told that after I stopped trading some months later. And I know there were lawsuits filed alleging that. I don't think any of that was ever proved, at least that I'm aware of.

When my position was under margin, I would either close out my position or use the equity that I had. And I think Mr. Melamed said, based on his review of the records, there were a couple of occasions when I was under margin. Nobody ever called and asked me for anything. They just, I guess, took the money that I had in the account and closed out the position. But that was the responsibility of the broker, and from what I know, they were doing so many trades, and there was so much volume going through that, I was a relatively small customer. I mean, it was very big money for me and my family, but it was a very small account. And I don't think they paid any attention to my particular situation.

Q Why do you think they gave you this treatment with you being such a small customer? Don't you think that was preferential treatment based upon who you were and who your husband was?

MRS. CLINTON: No, I really don't believe that. I don't think there's any evidence of that. You know, from what I know about commodity trading, and what I know about the cattle market during that period of time, they were just buying and selling on a huge basis, day in and day out. And I think that they may have not gotten around to the paperwork; they may have not thought it was worth it; they may have seen that I was a regular customer and that I covered my losses; that there was never an occasion when they really had to be concerned about it. I can't read their minds or speculate, but I had absolutely no reason to believe that I got any favorable treatment.

And the fact that I closed the account out and took my money, whereas the people whom I knew were much bigger traders, like Jim Blair and others, they lost money -- and why would Jim Blair try to help me get favorable treatment that he couldn't get for himself? I mean, it doesn't make any sense to me at all.

Q Mrs. Clinton, one of the things that has made all of this so controversial is the shifting accounts of what happened, because initially the White House explained that you were consulting Blair and many others and reading the Wall Street Journal, and then later, had to correct that, and we found out that Mr. Blair was, in fact, most often placing your trades for you -- phoning the trades in. Why was the account -- why did the account have to be corrected? Why was it not explained accurately the first time?

MRS. CLINTON: Well, Linda, I think it's because -- we're trying to reconstruct events of 15, 16, 17 years ago. There are a lot of people who are trying to help, but until relatively recently, there wasn't any one person in charge of trying to get everything together and get the information as accurate as possible. I think the people in the White House did the best job they could. I think that we did the best job we could trying to remember things, and oftentimes having to search to see whether we had any records.

I mean, I don't know how many of you keep records from 1978 or '79, but we went through a lot of effort to try to see whether we had anything so we could answer questions and then make things available. Sometimes we'd find part of something; sometimes we'd then find the rest of it.

So I appreciate and understand the concern about why we would have to add information or go back and say, well, this needs to be corrected. But the fundamental facts have not changed. The fundamental facts are, as I have said, I opened an account with my money; I made the trades; it was nondiscretionary; I took the risk; I was the one who made the decision to stop trading. And I did rely on Jim Blair. I used some other advice as well, but he was my principal advisor in this.

Q But that wasn't a question of documents, that particular fact -- the fact that he was really riding the trading for you. I guess I wanted to reask that question again. Why -- that would be something you would remember or not remember without documentary support. So why was that fact not made clear? And were you essentially riding on his coattails when you traded?

MRS. CLINTON: No, I wasn't. I was riding on the money I invested. I don't know how many of you make investment decisions, but I like to listen to people I know and trust who I think know what they're doing. And he was somebody who I very much thought knew what he was

doing and was more than willing to share his information not only with me, but with many people -- members of his family and other of his friends. And it was, for all of us, a decision to put ourselves basically at the mercy of the market. And as Jim Blair found out, he wasn't always right -- he lost a lot of money. And I was lucky I didn't. But that was my decision.

Q Mrs. Clinton, a number of your old friends in Little Rock -- Warren Stephens I guess is an old friend; Kurt Bradberry, Bill Bowen, people like that -- had a meeting on March 31st and they decided that, really, Arkansas is taking a beating; portrayed, in the words of one of them, as a "moral and ethical backwater," basically because people here are saying, it was done that way in Arkansas. How do you feel about what's happening down there, and what's happening to those people who feel they're being hurt by events out of their control and they feel that they're not really being -- the state is not really being defended by you and your husband? I wonder if you'd address that.

MRS. CLINTON: Well, I feel very bad about it because I think Arkansas is a wonderful place, and filled with some of the best people I've ever been privileged to know or work with. And I do think that many of the charges have been very unfair and have really lacked any historic or realistic context. I don't think it's necessary to point fingers at any other state in the Union to say that in every place there are people who have problems, and there are people who cause problems. And I think that the state of Arkansas is a place that has so much to be proud of. So I hope that we can get back to a more realistic assessment of what goes on there.

Q May I follow that?

MRS. CLINTON: Sure.

Q They've said -- specifically Bradberry and Mr. Stephens have said that to a certain extent, they feel you brought this on yourself -- the two of you -- because of campaign statements about "the decade of greed" and just things that they feel, in their words, "make it look like hypocrisy;" that you were in the go-go trading, you were trying -- as you said -- an opportunity to make money just as they were. And they felt like they had been condemned by you -- that people like that had been condemned by you during the campaign. And that now you were being shown to be doing the things you spoke against.

MRS. CLINTON: Well, Kurt and Ward have never said that to me, so I'll have to take your word for it. But I do think you raised an important question that I would like to talk about a little bit.

I was raised to believe that every person had an obligation to take care of themselves and their family. And that meant earning an

income and saving and investing. I was raised by a father who had me reading the stock tables when I was a little girl, and started doing that with my daughter when she was a little girl. I don't think you'll ever find anything that my husband or I said that in any way condemns the importance of making good investments and savings; or that in any way undermines what is the heart and soul of the American economy, which is risk-taking and investing in the future.

What I think we were saying is that, like anything else, that can be taken to excess. When companies are leveraged into debt, when loans are not repaid, when pension funds are raided -- all of the things that marked the excess of the 1980s are things that we spoke out against. I think it's a pretty long stretch to say that the decisions that we made to try to create some financial security for our family and make some investments come anywhere near there.

I also think that my husband and I made different choices than to concentrate on making money during the 1980s. We obviously wanted enough financial security to send our daughter to college, and put money away for our old age, and help our parents when we could. But we were primarily interested in, as in his case, in trying to provide opportunities for people in Arkansas and make a difference in their lives. And what I tried to do, both to help him and to work on behalf of children or education reform, was what was really important to us. So I think that is something that needs to be put again into a proper perspective.

Q In USA Today, somewhat in the same vein, you were reported to have opposed a special prosecutor, at least in the beginning, and some of the release of tax documents on the basis of privacy -- that you felt you had a right to privacy. Do you think that that helped to create any impression that you were trying to hide something?

MRS. CLINTON: Yes, I do. And I think that is probably one of the things that I regret most, and one of the reasons why I wanted to do this -- because I've had to really do a lot of thinking the last couple of months. You know, again, I was raised to really believe that what was important was what you thought about yourself and how you measured up to the standards you set for yourself. And I think if my father or mother said anything to me more than a million times, it was, don't listen to what other people say, don't be guided by other people's opinions. You know, you have to live with yourself.

And I think that's good advice. I mean, I'm glad I got it as a girl growing up, and I've passed it on to my daughter. But I do think that that advice and my belief in it, combined with my sense of privacy, because I do feel like I've always been a fairly private person leading a public life, led me to perhaps be less understanding than I needed to

of both the press and the public's interest as well as right to know things about my husband and me.

So, you're right, I've always believed in a zone of privacy. And I told a friend the other day that I feel after resisting for a long time I've been rezoned. (Laughter.) And I now have a much better appreciation of what's expected, and not only what I have done, because I am extremely comfortable and confident about everything that I have done, but about my ability to communicate that clearly and to give the information that you all need.

Now, to your other question about the special counsel -- I was not the only one of my husband's advisors who questioned the idea of a special counsel. I think those of us who did were concerned about the precedent that would be set by having such an appointment made when none of the existing standards that had always been in place had been met. There was no credible allegation, all of the things that usually are required. So I was questioning of that. But the President made the decision that we needed to get on with the business he came to Washington to do and that this was an important step to take, and I respected that decision.

Q Is it true that you represented Hayden Mackelroy (phonetic) in his lawsuit against REFCO?

MRS. CLINTON: Yes.

Q -- clients in the office?

MRS. CLINTON: Yes, I was Arkansas Counsel for Mr. Mackelroy.

Q And were you aware of the allegations against the company and against the Springdale office that he raised in his testimony? I know that you'd withdrawn from the case by then, but I wondered if you were aware of his specific allegations that trades were allocated by the brokers in Chicago on the instructions of the Springdale office after the close of business each day during the time you were trading?

MRS. CLINTON: No, not while I was trading, not at all. I did become aware of it when Mr. Mackelroy decided to bring his lawsuit, but I think there's a very important distinction. Mr. Mackelroy had a discretionary account. A discretionary account could, therefore, be influenced by the decision of the broker. I did not have a discretionary account. So even if Mr. Mackelroy's concerns were to have been found to have basis, which they didn't -- he was not successful -- that wouldn't have applied to my situation in any event.

Q Mrs. Clinton, do you know anything about Mr. Foster's

death? Do you know what he wanted to tell the President that he didn't get to tell him?

MRS. CLINTON: You know, I don't know that he wanted to tell the President anything. That's the first I've heard of that. My memory is that the President actually talked to Vince Monday night before he died. And when I talked with the President afterwards, he was stunned because the conversation was a very normal kind of a conversation. So I don't know --

Q I understood they made an appointment to talk not the next day, but Wednesday. And that would be the day after he died.

MRS. CLINTON: I don't know.

Q My question -- I'd like to follow up, too -- the first one has to do with Susan McDougal. She said that she brought the documents of Whitewater over to you at the Governor's Mansion. Did you receive all the documents? And, if so, what became of them?

MRS. CLINTON: I don't believe that we received all the documents in that way. Over the past several years, we have made a very deliberate effort to try to obtain documents, and every document that we have obtained has been turned over to special counsel, no matter where it came from.

Q And my follow-up has to do with the death of Mr. Foster, the way his office was sealed, and people who were in it. There's been a lot of criticism of the papers in Mr. Foster's office, that some may have been removed.

MRS. CLINTON: Well, I know there's been a lot of concern and criticism about that. I cannot speak to that in any detail, but I know that the special counsel is looking into the circumstances surrounding Mr. Foster's death. And I assume he will issue a report about that, which I hope will put all these matters to rest once and for all.

Q You said just now that you decided that \$1,000 was as much as you could risk. Can you tell us what your understanding was of how much you could be at risk with the little amount of money that you and your family had then? We were told earlier that \$1,000 was what you were asked to put in. And, second of all, can you give us some explanation -- given that a cattle contract at the time, just one contract, was \$1,200 -- for the mystery of \$5,300 that was made really in the course of one day, or at least a few days, in the first trade?

MRS. CLINTON: No, I can't. I do not remember any of those details. I've given you every record that I have about that.

The \$1,000 was what I wanted to start with. And it was what I thought was a good beginning, a good investment for me. And once I had made the initial return that I did, I reinvested that. This was a roller coaster. And what I believed was that I was getting very good information and that I would end up making money. But there were a couple of days when I lost money. And I knew that I would be responsible for any losses that I suffered. But I did reinvest and I covered the losses by closing positions. And then I eventually stopped trading.

Q When you first started with the \$1,000, did you believe you were putting at risk more than \$1,000?

MRS. CLINTON: I believed that was certainly possible, yes.

Q Then why take such a risky investment?

MRS. CLINTON: Because I didn't think it was that big a risk because I thought that Jim and the people he was talking with knew what they were doing. And I read a letter to the editor that somebody sent me in one of your newspapers, I think, which talked about a woman who invested \$1,000 during the same time and made \$750,000. Well, she had a stronger stomach than I did; I couldn't do that.

Q Can I ask you one more question about the \$1,000, which is why the White House is reluctant to provide that figure when the news of your commodities trading first came out?

MRS. CLINTON: Because we didn't have the records at hand yet and I didn't want somebody saying what I invested until we could actually get the records; because I thought that somewhere, buried in some box, I had some records left. I also thought, perhaps, I had my 1978 checks left; which, apparently, I do not have. That's why.

Q Mrs. Clinton, the records you've released to us already showed that you withdrew a large amount of money -- I think like \$15,000 -- from the REFCO account at one point and used -- on the same day made a \$10,000 interest payment on the Whitewater investment, which would have reduced your tax liability. Was that the reason that was done?

MRS. CLINTON: I don't have any memory of that, Gwen. I'm not saying it was; I just don't have any memory. There would have been nothing wrong with it -- it was my money -- but I don't have any memory of that.

Q I'm not saying there's anything wrong with it, but your intention in making this investment was not to offset some of the liability for the Whitewater real estate investment?

MRS. CLINTON: No, I mean, we went into Whitewater to make money, not to lose it. The embarrassing thing to me is that we ended up losing money and it keeps being beaten like the deadest horse there is, over and over again.

But in '78, '79 and '80, we were still hopeful that we were going to make money on our investment in North Arkansas. And the payments we were making, which were to service the loans primarily, we knew we would have to do as part of our obligations under the joint and individual liability we had for the mortgage.

But when the 1980s began, and real estate just took such a nosedive in Arkansas, I thought then -- and I think the President did, too -- that it was going to be very hard. But we had to hang on because we couldn't get off the mortgage. We had signed -- all four of us were individually responsible. If all the others had had some terrible accident, the one remaining would have been absolutely responsible for the entire debt.

And so it was a situation we got into with the belief that it would be a good investment and one that was, frankly, for us a passive investment; because up until then, if you had a little retirement community or retirement land in north Arkansas, people from the Midwest and South would buy the lots as fast as they could get them. And we didn't have anything to do with the operation or management of it; we just basically thought that eventually the payments by the owners of the lots would begin to pay us back and make a profit. And that never happened.

Q The Whitewater Development was set up, as you say, as a 50-50 partnership between the Clintons and the McDougals, meaning that you were liable for 50 percent of the losses or --

MRS. CLINTON: No --

Q -- 50 percent of the gains. And yet, by your own accounting, you lost half or even maybe a third of what the McDougals lost. This is according to the Lyons report. Doesn't that discrepancy represent some sort of gift or gratuity?

MRS. CLINTON: No. And let me say that, yes, the ownership of the corporation was 50-50. The liability on the underlying debt was 100 percent for each one of us. I mean, there was no gift in that. When my husband and I signed that mortgage, and when we resigned guarantees, we assumed the whole responsibility. I mean, if Jim had gone into bankruptcy early on, if Susan had left, we would not have only 50 percent of the obligation, we would have 100 percent of the obligation.

Q But why was it that the McDougals lost so much more

money than you did? I don't understand that.

MRS. CLINTON: I can't answer that. We gave whatever money we were requested to give by Jim McDougal. He was the one who would say, here's what you owe on interest; here's what your contribution should be. We did whatever he asked us. We saw no records. We saw no documents. He was someone that my husband had known a very long time. He was someone who had been in real estate business with many people we knew, including Senator Fulbright. And we just assumed that whatever he needed he would ask for. And we didn't have any information to the contrary.

Q -- given that you were jointly in separately liable for all the debt and that you and your husband are both lawyers, that you would be so passive about a fairly substantial investment.

MRS. CLINTON: We were not real estate developers, and Jim had a track record. And I wasn't a cattle expert. I trusted Jim Blair, and it worked out for me. And I wasn't a real estate expert, and we lost money. Those things happen.

Q Just to get back to Linda's earlier question, one of the things that has been driving this is either the lack of explanations or the shifting explanations. And in terms of the way that your commodities trading was first described -- that you did the trades, you relied on some advice from Mr. Blair -- later it was revealed that Mr. Blair placed most of the trades, if not all of them. Can you explain what happened? Did you have a new recollection?

MRS. CLINTON: No.

Q Why the shift?

MRS. CLINTON: Well, if you just listen to what you said -- I did the trades. They were my trades. I was responsible for them. But I did them on the advice of Jim Blair, and very often he placed them for me. I'm not in any way excusing any confusion that we have created. I think we have created it because I don't think that we gave enough time or focused enough. I've been traveling, and I'm more committed to health care than anything else I do. I probably did not spend enough time, get as precise.

Different people heard different things that I said, or by the time it got passed to the third or fourth person, or one member of the press would call somebody in the White House, but somebody else would call another person -- so I think that the confusion was our responsibility. We did not give you a focused place to come, and we did not spend the time necessary.

There's not really a contradiction in what you said and what I said. But I can understand how somebody might assume that.

Q Now that we're clearing up a lot of confusions, I'll ask you about one other thing that I've had problems with. During the campaign, I think it was right after the primary debate between Jerry Brown and your husband, you made a statement in, I think, a Chicago restaurant that you never did any regulatory work for Madison Guarantee. When the letter went to Beverly Bassett Shafer (phonetic) about perhaps the legality of offering preferred stock, your name was at the bottom at that letter.

MRS. CLINTON: Right.

Q Could you explain that?

MRS. CLINTON: Yes, I'm glad you asked that because that's another thing that I feel has gotten quite confused in the telling. And let me just try to describe what happened there.

When, in 1985, I believe, maybe '86, there was an effort made on the part of various financial institutions around the country to increase their capital net worth. They began looking for ways to do that. There was a very bright, young associate in our law firm who had a relationship with one of the officers at Madison, a young man whom he had known. They began talking. And if you'll remember what happened when the S&Ls were deregulated, many states were left wholly unprepared. They did not have a regulatory system in place; they didn't even really have good laws. And all of a sudden, there was no federal regulation to speak of, and so people were asking state governments whether things could be done.

Those two young men thought that it would be legal under Arkansas law for a savings & loan to issue preferred stock. But there was absolutely no law on that, and so they couldn't be sure. But they decided that what they wanted to do was to ask the person who regulated savings & loans whether it was legal. Not if Madison could do it, that was the second step. The first step is, could you even do it in Arkansas whether you were A, B or C, not just Madison.

When they talked about doing that, the young attorney in question needed a partner to serve as his backstop, and that was one of the rules we had in our firm. He knew that I knew Jim McDougal. He also knew that Jim had been a client of our firm in the past. This was not a new representation. So he came to me and asked me if I would talk with Jim to whether or not Jim would let the lawyer and the officer go forward on this project. I did that, and I arranged that the firm would be paid a \$2,000 a month retainer. And that was ordinary and customary. That would be billed against -- unlike retainers of some really big law

firms that if you pay the retainer they keep it no matter they do any work for you, this was really an advance against billing

That was arranged. 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.

At that point, the regulatory authorities, namely Beverly Bassett Shafer (phonetic), answered the legal question. And the legal question was, yes, it is permissible under Arkansas law to issue this preferred stock. Then the question moved on to the second phase, in which I had no involvement that I have any memory of or anyone that I've talked with -- that was trying to determine whether Madison could go forward. And I think that the securities commissioner acted absolutely appropriately. She answered the legal question -- yes, it is legal to do this. But as to Madison, she laid out conditions that had to be met -- for Madison to do it -- and Madison could never meet those conditions, and so they never issued preferred stock. So the legal question was answered, but Madison got no benefit at all from the answer of that legal question.

Q Can you clarify for us what documents were removed from Vince Foster's office after he died? And why they were there in the first place?

MRS. CLINTON: Mike, I can tell you what I know, which is that I did not know that Vince had any of the documents related to our personal business in his office until after his death. What I believe he was doing with them was serving as a coordinator among our private lawyers and accountants and certain government officials, like the Office of Government Ethics, with respect primarily to our blind trust; because there were all these questions that had to be answered, and he was kind of the coordinator. The private lawyers would talk to him, and the Office of Government Ethics people would talk to him. I think that's why he had any documents of a personal nature in his office at the time of his death.

Q And to follow, why did your Chief of Staff, Maggie Williams, why was she among those who removed these documents from his office --

MRS. CLINTON: I don't think that she did remove any documents. I think that what happened is that after Mr. Nussbaum reviewed the documents, and after he did so, as I recall -- I was not here, I was in Arkansas, but I believe that that was done in the presence of officials from the Park Police and maybe some other agencies. Then Mr. Nussbaum

distributed the files according to whom he thought should have them. There were files related to ongoing work in the counsel's office that needed to be passed on to other lawyers. There were personal files of Vince's that needed to go to his family. And there were these personal files of ours that went to our lawyer.

Q I'm wondering -- another question about this rezoning of your private and public lives -- I'm wondering what kind of a toll, if any, this has taken on your and the President's personal and political lives. And do you ever look in the mirror and wish that you just never got into this?

MRS. CLINTON: No, never, never. Some days are better than other days. I think what has helped me in the last couple of weeks, aside from some good friends who have talked to me and helped me get rezoned, if you will, is my belief that this is really a result of our inexperience in Washington, if you will; that I really did not fully understand everything that I wish now I had known. And it's a learning experience -- sometimes a difficult one, but I think one that both the President are anxious to do because we think that the reason he was elected was to deal with the big issues that we want the country to deal with.

And so it is a little disappointing if we in any way contribute to a diversion from that. And that's something that I don't want to have happen in the future, and I'm certainly going to try to be more sensitive to what you all need and what we need to give you, and do it in a more efficient and effective way the first time. Because, as I said earlier, I feel very confident about how this will all turn out. This is not a long-term problem or issue in any way, but I don't want anybody to have the wrong impressions of either of us. And I don't want anything to interfere with doing what the people of this country need done.

Q -- spoken -- the politics of personal destruction. Who do you believe are the main perpetrators of that?

MRS. CLINTON: I don't want to get into that. I don't think that that bears any real useful discussion. I think that what's important is for us, not just the President and me, but the entire administration, to keep focused on what really will stand the test of history, and what we really are trying to do for the country. And I can't really help it if some people get up every day wanting to destroy instead of build, or wanting to undermine. That's something that I try not to think about or dwell on and try to do what I'm expected to do, which for me is working on health care.

Q (Inaudible.)

MRS. CLINTON: How does my husband ever make these choices? These are hard choices.

Q When was your last conversation with Vince Foster? And what was your understanding of the state of his mind?

MRS. CLINTON: I've thought about that so many times. I don't think I had any conversation with him for at least three weeks before he died, because we left for Tokyo somewhere around the 4th of July, is my best memory. And for about a week before that, I was very preoccupied with getting ready for the trip and doing the things you have to do. So I don't have any memory of having talked to Vince, and I never talked to him during the time that I was gone.

And, like every one of our friends, we've relived everything that happened or didn't happen -- the people who talked to him, the people who spent time with him, they question whether they said the right thing or whether they could have done something else. The fact that I didn't talk to him makes me wonder whether if I had called him, I could have picked up a clue. I just don't have any way of knowing.

Q Supposedly, he had been in depression -- or so we're told -- for a considerable period of time. Were you ever aware of that? Did you have any clue of what was going on?

MRS. CLINTON: No, and neither did people who spent the weekend with him, or saw him in the office that day. One of the things that I've spent a lot of time doing in the last months is trying to educate myself about depression. And my good friend, Tipper Gore, has been a great help on that, as have the people she's worked with on mental health issues. And I just hope that we get over the stigma that is still often attached to people admitting they need help or that they can't understand what's happening to them. I have no doubt now, in retrospect, and many of my friends now can reconstruct conversations or things they saw in Vince in those last weeks, but they didn't know, they didn't understand. And he didn't either feel comfortable or know himself.

So maybe out of all of this tragedy and the aftermath, all of the speculation -- maybe once we put to rest once and for all the fact that he committed suicide and that it was a tragic loss of one of the best people we've ever known, maybe it can do something to help other people understand what depression can do to you.

Q What was your personal reaction when you learned that Jay Stephens would be representing the RTC in a case against Madison?

MRS. CLINTON: My personal reaction?

Q How did you feel about the fairness of that decision by the RTC to hire him?

MRS. CLINTON: Well, I didn't understand it. But I don't know Mr. Stephens, and I assume he will be a very fair and judicious lawyer. I guess that's what I would expect.

Q You're not concerned about his being a Republican appointee and a U.S. Attorney appointed by President Bush?

MRS. CLINTON: Not if he abides by the code of professional ethics and does his job professionally, I'm not -- and you all keep an eye on him. (Laughter.)

Q Do you think, with the benefit of hindsight, that it was improper for you and your law firm to represent the federal government against a family friend, Dan Lassiter (phonetic), and against accountants for Madison S&L without fully disclosing that you had been business partners with Mr. MacDougal?

MRS. CLINTON: Well, I don't know what was disclosed and what wasn't. Those were not my cases. Those were cases that came to the firm to other lawyers. I've been told that things were disclosed quite extensively. And certainly, in Arkansas, most things are known; and the relationship with Mr. MacDougal, the fact that Mr. Lassiter (phonetic) made campaign contributions to my husband, was certainly well-known.

In both of those instances, I don't think I had anything to do at all with the representation against Madison on behalf of the federal government -- at least I have absolutely no memory of having done anything on that case.

With respect to the Lassiter (phonetic) case, I think out of that entire case, I worked two hours as a favor to one of the lawyers who was out of town who asked me to review a pleading. And I have specifically inquired whether there was any ethical conflict with respect to that, and have been assured there was not. He was not a client that we had any obligation to. Thousands and thousands of people contributed to my husband -- that is not considered disqualification -- we were not personal friends or social friends. So I don't see any basis for saying that my work for him or against him, as limited as it was, amounted to any kind of conflict.

Q The real stumbling -- was four to six weeks ago; and Whitewater has subsided off the front page in the past couple of weeks. Why today? What's changed in the past couple of days that has made you want to come out here?

MRS. CLINTON: Nothing changed, really, except, I said, Helen

spoke, so I heard that. But I just -- maybe I'm slow in kind of picking up subtle and not-so-subtle messages. But for me it was an evolutionary process. I really did -- and I see now how mistaken I was -- but I really did believe that every time I went anywhere in the country, I would have press availabilities. I would always answer the press's questions. Sometimes they'd have to wait -- Linda had to wait a long time when I finished doing local interviews and radio interviews in St. Louis; and some of the others of you have been in barns with me and other places like that; you sometimes have to wait. But I always said, are there any questions from the press? And sometimes I'd be asked Whitewater questions, sometimes not. Every time I did satellite feeds to local TV stations, I'd answer the questions.

So I really was under the misimpression that if I answered them in Rochester or I answered them in St. Louis or somewhere else, that should be enough. And I just didn't understand enough about being accessible to all of you or being accessible in Washington. And so I came to that realization, and that's why I'm here.

Q It's not just the press that has questions --sometimes American citizens who talk to your husband at town meetings will. And one young woman in Charlotte asked him a question I'd like to pose to you. She said that in the recent news reports about the First Lady's cattle future earnings and all these Whitewater allegations, many of us Americans are having a hard time with your credibility. How can you earn our trust back? Is there a fundamental distrust of the Clintons in America?

MRS. CLINTON: Well, I hope not. That would be something that I would regret very much. I do think that we are transition figures, if you will. We don't fit easily into a lot of preexisting categories. And let me speak just about myself. I came to this role, having worked my entire life. I started working in the summers when I was 13. I always worked -- I worked through college; I worked through law school. That's what I did. And after I married, I continued to work. And after my daughter was born, with the exception of the four months I took off for maternity leave, I worked.

Now, I took time off from work to do volunteer work -- like I took a long time off from my law firm work to work on education reform; or I would take time off to work on my husband's campaigns; or I would be in Washington on the Children's Defense Fund. I would certainly take a lot of time, but I was fundamentally working. And I think that having been independent, having made decisions, it's a little difficult for us as a country maybe to make the transition of having a woman like many of the women in this room sitting in this house.

So I think that the standards or to some extent, the expectations or the demands have changed. And I'm trying to find my way

through it and trying to figure out how best to be true to myself, and how to fulfill my responsibilities to my husband and my daughter and the country. So I do think that there is some of that.

And then, additionally, as I have said earlier, I think that my fundamental belief in privacy and my feeling that we were being asked things and demands were being placed on us that had never been demanded of prior inhabitants of this house -- unprecedented, in Arthur Schlesinger's words -- didn't make sense to me. I couldn't quite figure it out. And I resisted that. And I think I resisted it in ways that may have raised more questions than they answered. And I just don't think that was a very useful road for me to go down. And I'm trying now to better understand how to fit my personal needs and my own personal beliefs, and what I want to do with this role for the country, and the contribution I want to make into a broader context so that I can be as forthcoming and accessible as you need me to be.

Q On the subject of health care reform, two of the most controversial elements of the White House plan is the employer mandate and the mandatory health alliances. Do those two elements absolutely have to be in a final package in order for the President to sign it?

MRS. CLINTON: The President has made clear for many months that the bottom line is guaranteed insurance coverage for every American -- sometimes called universal coverage. And that really is the bottom line. Now, there isn't any way that we can think of to get there without either raising taxes or having some combination of employer and employee contribution. And we favor the employer-employee contribution. We think that is fairer, it is more familiar to Americans. It is how they now -- we now -- get our insurance. So we believe that the employer-employee responsibility is the right way to go.

Now, if the Congress, as it is now doing, is looking at alternatives, comes up with another way to do it that they believe will work and can get a majority, we're certainly going to look at that.

And the reason behind the alliances is to pool purchasing power among all of us -- small businesspeople and families, farmers, everybody -- so that we can get the lowest possible cost for insurance. But it is also to ensure that everybody gets the same affordable health care -- it's what's called community rating. And we want to be sure that we can enforce community rating.

Again, if the Congress has a different way of doing it, we are going to be open and responsive to that. But those are the functions we want to perform -- financing universal coverage fairly and affordably and making sure that community rating is in place.

Q -- suggested a broad-based tax as one means of funding

health care reform beyond just the employer contribution alone. What would the White House view be of that?

MRS. CLINTON: We're not going to comment on the congressional process while it's going on. We're encouraging every committee to be as careful and innovative as they can be to come up with solutions to the health care crisis. So we want the Congress to work.

Q Federal regulators have noted that in the mid-1980s, when Whitewater wasn't generating much in the way of income, the mortgage -- and you folks weren't putting too much money in -- the mortgage still was paid. And the question was raised in a memo from one regulator to her boss, shouldn't they have wondered, shouldn't they have known? Can you take us through your thought processes or contacts with the MacDougals of Whitewater during that period of time?

MRS. CLINTON: I really don't have anything to add specifically to that, because I'm not sure exactly what you're referring to. As far as I know, Madison always made it's required regulatory reports. And as far as I know, we always put in whatever money we were requested to put in.

One of the reasons why I'm now glad we have a special counsel is that I think we will, once and for all, whenever he issues his report, know exactly what everybody did. And I can't speak for anybody else besides my husband and me.

Q Do you expect to give testimony to Congress or to the grand jury or anything on your activities in Whitewater?

MRS. CLINTON: I don't know, but we will fully cooperate as appropriate with whatever we're requested to do.

Q One of the things that Congress will be looking at when it begins the hearing, and one of the first reports expected out of the special prosecutor, is the possibility of any evidence leading toward obstruction of justice. Do you have -- can you tell us what you're Chief of Staff, Margaret Williams, and your Press Secretary, Lisa Caputo, told you back in the fall? And what you told them about the meetings with federal regulators?

MRS. CLINTON: Nothing. And I don't know what their testimony is, so I can't comment on that.

Q Is there any reason for any -- is there evidence, whatsoever, to lead anyone to suspect there's any obstruction of justice involved, or that the White House said anything that would lead the people to call off their investigation or to think about it?

MRS. CLINTON: Not that I'm aware of, no.

Q Mrs. Clinton, can you tell us what you know about stories about shredding of Whitewater documents down in Arkansas?

MRS. CLINTON: Nothing.

Q Particularly at the gubernatorial mansion?

MRS. CLINTON: Oh, that didn't happen. And I know nothing about any other such stories.

Q You know nothing about documents relating to Whitewater ever shredded anywhere that you know about or authorized or didn't authorize?

MRS. CLINTON: Absolutely not.

Q Mrs. Clinton, following up on the RTC question, the memorandum reported in The New York Times from the investigator in Kansas City, says that Mr. McDougal kited checks and that the funds benefitted Whitewater partners who knew that Whitewater was not cash flowing and that notes for mortgages still were being paid.

Congressman Leach still says that he's convinced, he has no doubt whatsoever, that dollars were diverted from Madison into Whitewater and used to pay the personal loans of the then-Governor, of Mr. Clinton.

Are you convinced that no monies from Mr. McDougal or any of his related companies paid any obligations of yours or your husband's?

MRS. CLINTON: I know of nothing to support that. And I think we should wait and see what all the facts are because, you know, I just want to reiterate that we didn't even see any documents until late in the 1980s -- probably late '88 or '89. And so, I just don't have any way of telling you what went on from '78 to '88 or '89.

Now, I think we ought to wait until somebody who is a credible fact-finder, like the special counsel, look at everything and tells all of us at the same time what happened when, because we don't have any independent information to provide.

Q If I could just follow up -- the suggestion in the RTC memorandum is that the investors, presumably including you and your husband, knew or should have known that Whitewater was not cash flowing and that notes that should have been paid, whether Mr. McDougal asked you to pay them or not.

MRS. CLINTON: Well, shoulda, coulda, woulda -- we didn't. And the only thing I can say to that is when I was asked in late '88 or early '89 by the realtor who handled the sales in north Arkansas to help him, because neither Jim nor Susan McDougal were available any longer, we tried as best we could to do things like pay the taxes. And when owners of lots didn't fulfill their obligations, to try to resell the property -- things that were largely administrative at that point in time. And the fact is that by 1992, the loan was paid off. So I really don't know what that means.

Q Given what you been through, do you have any greater appreciation of what Richard Nixon might have been going through back in '74? (Laughter.) And what are your thoughts about him? How do you think history will judge him?

MRS. CLINTON: Well, I don't know that it's time to start talking like that yet. I think that -- what I think we ought to be doing is praying for President Nixon. And from my perspective, you know, it was a year ago April that my father died at the age of 81. And so, you know, I'm just mostly thinking about his daughters right now.

Q Mrs. Clinton, you have said that when you were at the Rose Law Firm, you didn't share in any of the profits that the firm earned from its representation of state agencies. When did you begin that practice? And did that also include any profits from the firm's facilitating the sale of bonds with the Arkansas Development and Finance Authority?

MRS. CLINTON: I don't remember the exact year, but I made the decision not to share in the profits around the time I became a partner from any representation of state agencies -- anything that could be considered tax money.

For a couple of years, I did share in the benefits from bond underwriting. And then I decided I shouldn't even do that, so I paid the firm back. And from that point in time I did not share in either fees from state agencies or fees generated by any kind of bond underwriting at all.

Q And did you have any part of the \$2,000 a month retainer? Did you share in that, in any of that?

MRS. CLINTON: You know, I might have to a very minimal amount for whatever little bit I did on that. But at the end of about a year, I believe, we were no longer representing Madison because, as I explained, they were not going to get to issue preferred stock. They could not do it because of the conditions that Beverly Bassett Shafer (phonetic) had imposed.

So, in fact, we returned money to Madison. I remember writing and signing the letter to Jim McDougal saying we have fulfilled the work we have done for you; we are still holding some of your retainer; there doesn't appear to be any continuing work to be billed against it. So I sent him a check back.

Q Mrs. Clinton, what do you account for the decline in the support of the Clinton health plan? Do you think that the suspicions and questions which have come out of these matters has spilled over on that and affected people's ideas about just how honestly and efficiently government can deal with life or death?

MRS. CLINTON: Mary, I think that's a real important question. I do believe that some of the opponents of health care have certainly tried to use Whitewater as a proxy for their opposition to health care. I think that in the last several days, some of the leading opponents of health care have even said things which seem to suggest that.

I find that very regrettable. I mean, if someone wants to argue about the future of health care in our country, I think the debate ought to be about health care. And I have absolutely no problem with someone saying, I don't like alliances, or I think we ought to have a different benefits package. That's what I believe democratic debate ought to be about. But I do think that some have tried to use this to undermine support for health care.

On the other hand, there has been continuing concern about the health care plan, if you go back and look at the very first time it was introduced back in the fall, because this is big issue; and I think people want to be sure we get it right. But every time you ask the specific questions about what is it people want, I think you can get a pretty good idea of where they want us to go. I mean, people do want health security, and they do want guaranteed benefits.

And the big majority of Americans think the right way to do it is through the workplace, with employer-employee contributions. And I think people want Medicare preserved and improved with prescription drugs and long-term care. And they certainly want to outlaw the insurance practices that discriminate against people with preexisting conditions and impose lifetime limits. And they want to preserve choice of doctor and choice of health plan.

So if you take the elements of the President's plan, and if you look at the polling data that I have, you sometimes get these contradictory results where, if you say to people, do you support the President's plan, they think about the last ad they've seen; or maybe they've gotten one of these incredible direct mail letters that the sky is falling. It's really just stuff that's been recycled from the fight against Medicare, just new names and new addresses. But when you get to the specifics, there are majorities of Americans for most of the

specifics. And I think that's what the Congress is sorting out right now.

So I'm not surprised, and I'm not in any way concerned that we're at this point in the process. I think this is where we would likely be as we're dealing with one of the most important social issues in our country's history.

Thank you very much.

Q Can we do this again --

MRS. CLINTON: Well, you know what? Let me say, one of the things that I didn't mention that influenced me is, a friend of mine gave me a thesis the other day -- gosh, I think it was like Tuesday or Wednesday -- about Eleanor Roosevelt's press conferences. She had 340 press conferences, right -- 340 press conferences during the time.

Q You're my tenth president's First Lady.

Q Will you be doing it, Mrs. Clinton? Will you be doing it --

MRS. CLINTON: Yeah, I think it sounds like fun.

THE PRESS: Thank you.

END4:45 P.M. EDT