

VII. SUMMARY CONCLUSION

The decision to fire the Travel Office employees was a lawful one. The Travel Office employees served at the pleasure of President Bill Clinton, and they were subject to discharge without cause.

Even were cause a prerequisite for the employees' discharge, there was, at the time the firings occurred, evidence of financial mismanagement in the Travel Office. The audit of Travel Office operations by Peat Marwick KPMG had uncovered evidence relating to the handling of the petty cash account. The auditors had reported their findings to David Watkins. And, based principally upon the Peat Marwick report, the Federal Bureau of Investigation had determined that sufficient evidence existed to provide the requisite predicate for the opening of a criminal investigation. In addition, Harry Thomason and Catherine Cornelius were pressing for the removal of the career White House Travel Office staff.

Notwithstanding the lawfulness of Watkins's action, the manner in which the Travel Office employees came to be discharged raised suspicions of political motivation. The Travel Office staff had served Democratic and Republican administrations, some since the early 1960s. Nonetheless, Catherine Cornelius, Clarissa Cerda, and Darnell Martens, each for personal reasons, urged the staff's removal, with the hope and expectation that they would obtain positions of responsibility in the reorganized Travel Office. In that regard, Martens and Cornelius gave credence to, and widely disseminated within the White House, numerous, varied allegations of misconduct by the Travel Office employees -- allegations that were, to a large degree, utterly without factual foundation.

When Harry Thomason, a close friend of President and Mrs. Clinton, became aware of these allegations of misconduct, he brought them to the attention of Mrs. Clinton -- having at least three separate conversations with her about the Travel Office. Thomason's intervention generated Mrs. Clinton's concerns about the Travel Office. And, having served as the catalyst for her concerns, Thomason then forcefully conveyed Mrs. Clinton's interest in the matter to senior White House staff.

The senior White House staff -- principally McLarty, Watkins, and Foster -- and Thomason met and discussed Mrs. Clinton's views on at least three separate occasions. And McLarty, Foster, and Watkins each also had separate conversations (five more, in total) with Mrs. Clinton regarding the Travel Office. Taken individually, and viewed in isolation, Mrs. Clinton's comments on the Travel Office might have had little influence.

However, given Mrs. Clinton's position as a "principal"¹⁰¹⁶ within the Administration and Thomason's repeated intervention and invocation of Mrs. Clinton's name, these discussions (taken collectively) were of great significance to the senior White House staff. They came to feel a significant pressure to act -- a pressure that principally led to the decision to fire the Travel Office employees. Given the manner in which the Administration's concerns regarding the Travel Office were initially generated, it was fortuitous that subsequent inquiry by responsible investigative bodies disclosed improper fiscal conduct that was used to justify the firing decision.

The Administration's personnel management practices (as well as allegations that White House officials improperly invoked their authority to misuse the Federal Bureau of Investigation and Internal Revenue Service) were an appropriate subject of public inquiry. The General

¹⁰¹⁶ See McLarty GJ 7/31/96 at 140. (reflecting the testimony of Mack McLarty that he viewed Mrs. Clinton as a "principal").

Accounting Office and the House of Representatives were acting well within the scope of their authority in undertaking inquiries into the Administration's handling of the Travel Office firings. And, too, this Office's investigation of the death of Mr. Foster necessarily entailed an examination of the events leading up to the firing of the Travel Office employees.

The jurisdictional grant to this Office was directly derived from those inquiries into the Administration's management practices. The Office was charged with determining whether any federal offenses had been committed by William David Watkins or Hillary Rodham Clinton in responding to the inquires of Congress, the GAO, and this Office. In short, the question was whether there was a "cover-up" in violation of federal criminal law of the White House's alleged mismanagement of the firings.

The answer is simple: The evidence is insufficient to prove a cover-up involving any violations of federal criminal law. That is, the evidence is insufficient to prove to a jury beyond a reasonable doubt that either Mr. Watkins or Mrs. Clinton committed perjury or obstruction of justice during the course of their testimony before GAO, the Congress, and this investigation.

Mr. Watkins testified repeatedly and consistently to the pressure that he felt from the First Lady to fire the Travel Office employees -- a pressure exerted primarily through intermediaries. And he testified repeatedly and consistently that the ultimate decision to fire the employees was his alone -- testimony that stands virtually uncontradicted at the conclusion of this investigation. To the extent Mr. Watkins may have attempted to minimize Mrs. Clinton's role, his testimony was sufficiently transparent not to obscure the basic truth regarding the nature of his interaction with the First Lady.

With respect to Mrs. Clinton, the overwhelming evidence establishes that she played a role in the decision to fire the employees and provided input into that decision to Watkins,

McLarty, Foster, and Thomason. Thus, her statement to the contrary under oath to this Office was factually false.

The evidence, however, is insufficient to show that Mrs. Clinton knowingly intended to influence the Travel Office decision or was aware that she had such influence at this early stage of the Administration. To a real degree, her interest in the matter was first generated by Thomason's intervention, and then overstated by him to others. Thus, absent persuasive, corroborated, and admissible evidence to the contrary, there is insufficient evidence to prove beyond a reasonable doubt that Mrs. Clinton's statements to this Office or to Congress were knowingly false.

Accordingly, the Independent Counsel has declined prosecution, and the Travel Office investigation is now closed.

Respectfully submitted,

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