

Travel Office, simply to make sure I was aware of what she felt was a situation that certainly needed to be carefully reviewed and probably changed."¹⁷

Watkins's and McLarty's testimony and the newly-discovered Watkins Memorandum appeared to conflict with Mrs. Clinton's previous testimony in this Office's investigation. She had been asked during sworn testimony whether she had "any input with either Mr. McLarty or Mr. Watkins as to that decision" to fire the Travel Office employees, to which she responded, "I don't believe I did, no."¹⁸ She also denied that she had any "role" in the decision to fire the Travel Office employees.¹⁹

A. The Jurisdictional Grant to the Independent Counsel.

Although the veracity of Mrs. Clinton's testimony in a sworn deposition before this Office was within the scope of the Office's jurisdiction at the time, this Office did not have jurisdiction to investigate whether false statements were made in other investigations of the Travel Office firings conducted by the GAO and Congress. Consequently, to avoid duplicative and overlapping inquiries, the Independent Counsel, on January 10, 1996, requested that Attorney General Janet Reno apply to the Special Division for an expansion of this Office's jurisdiction or, in the alternative, to refer to the Office the additional matters (of false statements in other investigations) as "related to" the matters then under investigation.²⁰ The Independent

¹⁷ McLarty GJ 4/25/95 at 14.

¹⁸ H. Clinton Depo. 7/22/95 at 12.

¹⁹ Id. at 12.

²⁰ Letter from Kenneth W. Starr, Independent Counsel, to Janet Reno, Attorney General of the United States, January 10, 1996. See 28 U.S.C. §§ 593(c), 594(e).

Counsel informed the Attorney General that the investigation's subjects would include at least Mrs. Clinton and Mr. Watkins.²¹

On March 1, 1996, the Department of Justice informed this Office by letter that it had received a referral from the GAO alleging that David Watkins may have made false statements to the GAO in the course of an interview concerning the Travel Office firings, and that the Department of Justice would consider this Office's earlier request and the GAO's referrals regarding Mr. Watkins together.²²

On March 20, 1996, Attorney General Reno requested under 28 U.S.C. § 593(c) (1) that the Special Division expand the Independent Counsel's jurisdiction "to investigate whether any violations of federal criminal law were committed by William David Watkins, former Assistant to the President for Management and Administration, in connection with his December 1993 interview with the General Accounting Office concerning the firing of the White House Travel Office employees, and to determine whether prosecution is warranted."²³ The Attorney General determined that Mr. Watkins was a "covered" person for whom she was required to seek the appointment of an independent counsel following a preliminary investigation if she determined that further investigation was warranted.²⁴

²¹ Id.

²² Letter from John C. Keeney, Acting Asst. Atty. Gen., to Kenneth W. Starr, Independent Counsel at 2 (Mar. 1, 1996).

²³ Notification to the Court Pursuant to 28 U.S.C. § 592(a) (1) of the Initiation of a Preliminary Investigation and Application to the Court Pursuant to 28 U.S.C. § 593(c) (1) for Expansion of the Jurisdiction of an Independent Counsel at 1, In re: Madison Guaranty Savings & Loan Assoc. (In re: William David Watkins), Div. No. 94-1 (D.C. Cir. [Spec. Div.]) (filed by the Attorney General on Mar. 20, 1996).

²⁴ Id. at 2 (relying on Watkins's position as Vice President, Secretary, and Deputy Campaign Manager of the Clinton-Gore 1992 Campaign Committee to determine that he was a

The Attorney General further advised the Special Division that this Office had notified her it was already "investigating possible false statements concerning the Travel Office firings made to [Independent Counsel Starr's] office in the course of its inquiry into the suicide of former White House Deputy Counsel Vince Foster."²⁵ The Attorney General informed the Special Division that "[a]n investigation of whether such statements are false and should be prosecuted is within the Independent Counsel's jurisdiction because they were made to [the OIC] in the course of and therefore 'arise out of' [the OIC's] investigation."²⁶ Finally, the Attorney General informed the Special Division that:

[b]ecause Independent Counsel Starr is already investigating possible false statements relating to the Travel Office firings, it would be appropriate to expand his jurisdiction to include Watkins's statements to the GAO on that same subject.²⁷

On March 22, 1996, the Special Division granted the Attorney General's application and expanded this Office's jurisdiction "to investigate whether any violations of federal criminal law were committed by William David Watkins . . . in connection with his December, 1993 interview with the General Accounting Office concerning the firing of the White House Travel Office employees and to determine whether prosecution is warranted."²⁸ The Order also authorized investigation and prosecution of "any persons or entities involved in any of the

covered person); see also 28 U.S.C. § 591(b)(6)(defining a "covered" person to include "any officer of [the principal national campaign committee seeking the election or reelection of the President] exercising authority at the national level").

²⁵ Id. at 3.

²⁶ Id.

²⁷ Id. at 3-4.

²⁸ Order at 1, In re: Madison Guaranty Savings & Loan Assoc. (In re: William David Watkins), Div. No. 94-1 (D.C. Cir. [Spec. Div.] Mar. 22, 1996).

matters" described in the Order "who are reasonably believed to have committed a violation of any federal criminal law arising out of such matters."²⁹

Also on March 22, 1996, the Department of Justice notified this Office that, in light of the jurisdictional expansion relating to David Watkins, "the allegation that Hillary Rodham Clinton obstructed a proceeding or made false statements to the GAO" was "clearly related to your expanded jurisdiction."³⁰ Accordingly, the Department advised the OIC that "we refer [the allegation] to you, pursuant to 28 U.S.C. § 594(e)."³¹

After the OIC sought clarification about whether this referral also encompassed an investigation of whether Mrs. Clinton made false statements or obstructed justice in connection with "statements made by her or on her behalf to the Congress of the United States concerning the May 19, 1993 firing of the employees of the White House Travel Office,"³² the Department of Justice advised that "[i]n light of the expansion of your jurisdiction that occurred on March 22, 1996, . . . we believe that th[is] matter is [also] related to your current jurisdiction. Accordingly, we refer it to you pursuant to 28 U.S.C. § 594(e)."³³

Following the Department of Justice's referral of matters relating to Mrs. Clinton, the Independent Counsel notified the Special Division of the referrals, as required under 28 U.S.C. §

²⁹ Id. at 2.

³⁰ Letter from John C. Keeney, Acting Asst. Atty. Gen., to Kenneth W. Starr, Independent Counsel (Mar. 22, 1996).

³¹ Id.; See also 28 U.S.C. § 594(e)(authorizing the Attorney General or the Special Division to refer matters "related to" the jurisdiction of the Independent Counsel).

³² See Letter from Kenneth W. Starr, Independent Counsel, to Janet Reno, Attorney General (Mar. 28, 1996).

³³ Letter from John C. Keeney, Acting Asst. Atty. Gen., to Kenneth W. Starr, Independent Counsel (Mar. 29, 1996).

594(e), and, "in an abundance of caution and to avoid any challenge to this Office's jurisdiction" on the ground that a referral order from the Special Division was necessary, also requested that the Court enter an order, pursuant to 28 U.S.C. § 594(e), referring the same matters to the Office.³⁴ On April 4, 1996, the Special Division issued an order under seal referring to this Office the questions of "[w]hether Hillary Rodham Clinton committed a violation of any federal criminal law (other than a Class B or C misdemeanor or infraction), including false statements or obstruction of justice, relating in any way to information provided on her behalf or statements made on her behalf to the General Accounting Office concerning the May 19, 1993 firing of employees of the White House Travel Office,"³⁵ and relating to "information provided by [Hillary Rodham Clinton] or on her behalf or statements made by her or on her behalf to the Congress of the United States."³⁶

B. Investigative Steps Taken by the Office of the Independent Counsel.

Following the expansion of the Independent Counsel's jurisdiction by the Special Division to include the Travel Office matter, the Independent Counsel assembled a team of attorneys, agents, paralegals, and support staff to conduct the investigation. This report is the culmination of the investigative work of more than ten attorneys, including Assistant United States Attorneys detailed by the Department of Justice to this Office, several other career prosecutors, and senior OIC staff.

³⁴ Notice of Acceptance of Referral and Application for Order of Referral Pursuant to 28 U.S.C. § 594(e), In re: Madison Guaranty Savings & Loan Assoc., (In re: Hillary Rodham Clinton), Div. No. 94-1 (D.C. Cir. [Spec. Div.] April 1, 1996).

³⁵ Order at 1, In re: Madison Guaranty Savings & Loan Assoc., (In re: Hillary Rodham Clinton), Div. No. 94-1 (D.C. Cir. [Spec. Div.] April 4, 1996) (under seal).

³⁶ Id. at 1-2.

The Independent Counsel enlisted the services of experienced criminal investigators and FBI agents already detailed to the OIC. These agents identified, located, and interviewed witnesses, reconstructed and analyzed evidence of the relevant events during the time periods before and after the Travel Office firings, and reviewed and analyzed the multiple investigations of those firings.

The OIC gathered and thoroughly reviewed the existing record on the Travel Office firings created by the House Government Reform and Oversight Committee, General Accounting Office, Office of Professional Responsibility, Office of Inspector General of the Department of the Treasury, Federal Bureau of Investigation, and the White House Travel Office Management Review investigations. Expanding on this record, the OIC identified, interviewed, and took sworn testimony of more than 127 witnesses regarding their knowledge of matters within the scope of the OIC's Travel Office Investigation.

Several federal grand juries in the District of Columbia were involved in the investigation of these matters. Between April 1996 and January 1999, these grand juries issued 125 subpoenas seeking witness testimony, as well as 89 subpoenas seeking the production of documentary evidence. The document subpoenas resulted in the production of over 55,000 pages of documents. In addition, there were five voluntary productions totaling more than 3,000 pages of documents.

C. Lack of Cooperation by Witnesses.

Many witnesses encountered during the investigation were not forthcoming. A description of specific examples is set forth in greater detail at Appendix A.

Witnesses' lack of cooperation took several forms. For example, some witnesses asserted unfounded claims of privilege. The White House Counsel's Office asserted that an attorney-