

Clintons Seeking Reimbursement of Legal Fees



-- Clintons seeking payback for costs incurred during the Whitewater investigation. --

BACKGROUND:

At the heart of the controversial transactions commonly known as Whitewater, lies a real estate deal called Castle Grande. It is this particular deal, and subsequent events related to it, that has drawn the most intense scrutiny of financial regulators, congressional investigators and the independent counsel, Kenneth W. Starr.

In 1978, then-Arkansas Attorney General Bill Clinton and his wife, Hillary, joined a partnership with James and Susan McDougal to buy 220 acres of riverfront land and form the Whitewater Development Corp. The goal was to sell lots for vacation homes (the partnership did poorly and finally dissolved in 1992, leaving the Clintons reporting a net loss of more than \$40,000).

The story becomes more complicated in 1985, when Jim McDougal decided try to expand his land holdings again. As the owner of a Savings and Loan, Madison Guaranty, McDougal had experienced success at turning large tracts of rural land into affordable residential developments.

Using the name of Whitewater Development Corporation, this Castle Grande project consisted of 1,000 acres of scrub pine that had failed previously as an industrial development. The sales price was \$1.75 million and the plan was simple: carve out half-acre lots

and drop in wide trailers. For a small investment, and only 5% down, working-class families could buy into a "quiet and roomy" community with "plenty of trees and lots of room to stretch."

McDougal had big plans for his new development -- a shopping center and even a microbrewery. But first he needed money. As he did with many of his deals, he borrowed from his own S&L. But State regulations prohibited McDougal from investing more than 6% of his institution's assets. So, he put up \$600,000 of Madison money and then, to cover the difference, he turned to Seth Ward.

Ward kicked in the remaining \$1.15 million, money he borrowed from McDougal's S&L. Significantly, the Madison loan to Ward was non-recourse -- that is, he had no personal obligation to repay it. If federal regulators were to uncover the true nature of the Ward loan (i.e., that Ward was being used as a filter for Madison money), McDougal's entire operation could be in trouble since the institution, had, since its previous examination, been operating under orders to correct its lending practices.

So, as regulators prepared to revisit Madison Guaranty in early 1986, McDougal set in motion a complicated series of transactions intended, in part, to conceal the non-recourse Ward loan. The transactions would become known as the Dean Paul loan and were orchestrated primarily by McDougal and local municipal judge, David Hale. The transactions were designed to be confusing; complicated enough to keep the regulators from discovering the Ward loan and the true extent of Madison's full investment in Castle Grande.

The last-minute flurry of loans did not fool the examiners. After several months of close examination, Jim Clark, the Federal Home Loan

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Bank Board Examiner-in-Charge at Madison, discovered that Seth Ward was a "straw man" in the Castle Grande deal; the property had been purchased exclusively, and illegally, with Madison money. According to Clark, Madison was one of the three worst cases of insider dealing that he'd seen in his 20 years as an examiner.

Clark also uncovered some additional transactions between Ward and McDougal, including an option agreement, suggesting that Ward would receive payments for his role in the Castle Grande deal. The Ward option agreement was drafted by a lawyer at the Rose Law Firm, Hillary Rodham Clinton. Mrs. Clinton had been retained by McDougal to handle various legal needs for the S&L. The extent of her work for Madison was not fully understood until a long-missing copy of Rose Law Firm billing records surfaced mysteriously in the White House in January, 1996 -- nearly two years after they were subpoenaed by Federal investigators.

According to the billing records, Mrs. Clinton billed Madison for some 60 hours of work over a 15-month period. Nearly half, or 29.5 hours, of the work was done on matters relating to Castle Grande, including preparation of the Ward option. Mrs. Clinton, whose historic testimony was taken before a grand jury shortly after the billing records appeared, has said the records confirm that she, in fact, performed very little work for Madison -- so little, that she does not recall specific details. Mrs. Clinton has also said that she has no idea how the billing records got to the White House.

The Independent Counsel also investigated the sworn testimony of President Clinton, who, in 1996, provided videotaped testimony at the Whitewater trial of Jim and Susan McDougal and Governor Jim Guy Tucker. At the trial, David Hale testified that then-Governor Bill Clinton had, on several occasions, inquired about a \$300,000 loan Hale provided to Susan McDougal from the funds generated by the Dean Paul loan.

Over time, the investigation known as "Whitewater" grew well beyond allegations

related to the Clintons' financial and legal dealings in Arkansas. Some of the key kinks in the Whitewater tangle:

- A fraudulent \$300,000 federally backed loan to Susan McDougal. David Hale, a former Little Rock judge whose company issued the loan, told investigators that Bill Clinton pressured him to do so.
- The mysterious disappearance and rediscovery of billing records showing the extent of Hillary Clinton's legal work for McDougal's savings and loan. Missing and under subpoena for two years, they turned up in January 1996 in the Clintons' private quarters at the White House.
- The firing of seven members of the White House travel office in 1993, possibly to make room for Clinton friends followed by an FBI investigation of the office, allegedly opened under pressure from the White House to justify the firings. Sometimes called "Travelgate."
- The 1993 suicide of White House counsel Vincent Foster, hard on the heels of the travel-office imbroglio and his filing of delinquent Whitewater Corp. tax returns.
- The collection of hundreds of confidential FBI files on prominent Republicans by a minor White House operative in 1993 and 1994. Sometimes called "Filegate."
- The more than \$700,000 paid to former associate attorney general Webster L. Hubbell, most of it from friends of President Clinton and Democratic Party supporters, just as the former law partner of Hillary Clinton was coming under intense scrutiny by Whitewater investigators.
- Whether or not Clinton and his close friend Vernon E. Jordan Jr. encouraged Monica Lewinsky to lie under oath about whether she had an affair with the president.

After a series of trials and political maneuvering, culminating in an impeachment trial for President Clinton in 1998, Starr basically clears the Clinton of allegations and the matter is officially closed, but not forgotten.

STORY:

WASHINGTON - Former President Bill Clinton and current Democratic senator Hillary Clinton are asking the federal government to reimburse them for legal fees stemming from the investigation of their failed Whitewater land deal, the couple's attorney said on Friday.

David Kendall did not say how much money was involved, but ABC News' World News Tonight, which first reported the Kendall statement, said the Clintons were seeking the return of \$3.5 million in legal fees.

SIGNIFICANCE:

"As explicitly authorized by the statute, and following the precedent set by presidents Reagan and Bush, the Clintons have applied for reimbursement of their legal fees incurred in connection with the Independent Counsel's Whitewater investigation," Kendall said in a statement. Reagan and George Bush were also investigated but not indicted by an independent counsel in what was known as the Iran-Contra scandal. A federal court awarded Reagan \$562,000 in 1996, while Bush received \$272,300 in reimbursed legal fees.

The Clintons were never charged with any wrongdoing in the failed Arkansas land investment scheme.

WORLD YOUTH DAY

-- There are an estimated 400,000 attendees at this year's World Youth Day.--

BACKGROUND:

In 1986 the first gathering of young people came to Rome at Pope John Paul II's request. Pictured opposite, Pope John Paul has made an unprecedented priority of visiting Catholics in more than 130 countries, and placing a strong emphasis on his relationship with young Catholics. This was the beginning of the World Youth Day gatherings that have brought as many as 2,000,000 young people from over 170 countries together to celebrate their faith. Celebrations are alternated between different international locations and the local diocese--the only exception being WYD 2000 which was held in Rome to coincide with the Great Jubilee celebrations of the Holy Year.

WYD is designed for young people ages 16-35 along with their group leaders and chaplains. Even though it is a Catholic event, youth of other Christian denominations and other religions are welcome.

Activities include addresses to the people in both English and French, with greetings in other languages, religious awareness events, charity workshops, promotion of vocations to the religious life, vigils, and masses.



This year and this past week the World Youth Day was held in Toronto, Canada. The 82-year-old pope arrived in Canada Tuesday on the first day of an 11-day trip. He rested for the first 3 days in order to recover from jet lag and frail health due to Parkinson's disease and severe arthritis. He later will travel to Guatemala and Mexico to canonize saints in each country.

STORY:

TORONTO - There are an estimated 400,000 attendees at this year's World Youth Day coming from all over the world to participate in what may be the Pope's last trip to the Americas.

At the big opening ceremony on Thursday night on the shores of Lake Ontario, the Pope referred to himself an old man with a young heart and told the crowd that material pleasure was no match for spiritual happiness. "Dear young people, many and enticing are the voices that call out to you from all sides: many of these voices speak to you of a joy than can be had with money, with success, with power. Mostly they propose a joy that comes with the superficial and fleeting pleasure of the senses," he said. He referred to the events of Sept. 11, saying that last year humanity had seen "the tragic face of human malice" and what can happen "when hatred, sin and death take command."

Pope John Paul met with a group of 14 children from Canada, Germany, the United States, China, India, Sudan, Kenya, Peru, Jordan,

Australia, Tahiti and Bosnia and rested on Friday ahead of the main events for the weekend.

Saturday, there was a walking pilgrimage to a park and then an evening vigil with the Pope. Sunday, a Papal Mass, open to all members of the public, and in which the pope said the sexual abuse scandals rocking his church caused "a deep sense of sadness and shame," but he urged Catholic youth to support the vast majority of priests who do good, concluded WYD.

SIGNIFICANCE:

The pope arrives in the Americas at a difficult time. The church in the United States, and, to a lesser extent, Canada and Mexico, is facing controversy over a stream of revelations that priests sexually abused minors, and that in many cases, bishops failed to remove abusive priests from ministry.

The pope addressed the crisis most directly on April 23 when, in a special meeting with the American cardinals to deal with the controversy, he said, "People need to know that there is no place in the priesthood and religious life for those who would harm the young." Yes, World Youth Day 2002 comes after a hard year of scandal for the Roman Catholic Church and is perhaps part of a process that will help restore faith, or at least respect, in the Catholic Church.

The first step was taken last month at a news conference in Dallas. More than 300 bishops approved a national policy on clergy sex abuse, issued a call for bishops who have failed to protect children to resign, and established a panel to monitor and assist the Office for Child and Youth Protection. Governor Frank Keating of Oklahoma will head this national panel.

Thursday, eight additional members were appointed to the advisory panel. This brought the size of the panel to 12 members. A final member will be named later this week. The panel includes only practicing lay Catholics, and is made up of a cross-section of the country's political, business, and academic leaders.

Keating said the full national board would meet Tuesday at the bishops' conference

headquarters in Washington, DC, to discuss qualifications for a director of the Office for Child and Youth Protection. The person named to the post should have a law enforcement background and preferably will be a former police officer or prosecutor, Keating said.

Among the board's tasks is to commission the church's first major study of the scope of clergy sexual abuse, as well as establish a system for reaching out to and counseling every victim. It will be the job of local review boards that deal with each individual case to recommend the removal of top church officials who protected abusive priests.

Not only is there controversy over the clergy child abuse, but the church also faces internal strife, for instance, the church's belief that bread and wine is literally transformed into the body and blood of Jesus at Mass, as well as the church's positions on suicide, homosexuality, and women's ordination. Polling of American Catholics has repeatedly shown that a majority supports the ordination of women and married men and disagrees with church teachings on a variety of matters of sexual ethics.

Some were in attendance at the WYD. Protesters were giving away temporary tattoos that said, "Ordain Catholic Women," buttons that read, "I'm popped out," and condoms with an angel and the message, "If abstinence isn't working for you ..." written on them.

Even with all of these issues to resolve, the WYD's success, though not as high as predicted or nearly as high as the last WYD in Rome might be the perfect catalyst in restoring lost confidence in the Catholic Church. (Organizers are blaming the lower-than-expected attendance at WYD on a fear of travel since Sept. 11, and on the cost of getting to Canada; also, thousands of youngsters from Africa have been denied visas by Canada—Canada feared they might not return home). Indeed, it is quite amazing that so many young people would travel so far in an expression of faith.

**** Written with the help of cnn.com ****

WHO YOU NEED TO KNOW:



James A. Traficant Jr.

"You're looking at the No. 1 target of the Justice Department, and I hate those bastards, and I think that America's starting to hate them too." James A. Traficant Jr. is not taking his expulsion from the House quietly. The Representative from Ohio has been very vocal about the injustice in today's justice system.

He was born in Youngstown, Ohio, May 8, 1941. He has a bachelor's degree in education from the University of Pittsburgh, 1963; a master's degree in administration from Youngstown State University, 1973; and a master's degree in counseling from Youngstown State University, 1976. He began his political career as executive director of Drug Program, Inc. in Mahoning County, Ohio. Then became sheriff in the same county from 1981-1985. As sheriff, he was tried and acquitted of federal corruption charges in 1983. He was elected as a Democrat to the House in 1985 and has retained his seat during the past nine elections. He has a wife and two daughters.

The 61-year-old congressman made a name for himself with his colorful one-minute speeches on the floor of the House -- usually punctuated by a cry of "Beam me up." His Web site features him swinging a 2x4 emblazoned with the phrase, "Bangin' away in DC."

Last Wednesday, the House voted 420-1 to expel Traficant due to his conviction on 10 federal corruption charges, including bribery and racketeering. He still maintains his innocence and representing himself, is to be sentenced this Tuesday in a federal court in Cleveland.

Traficant has said he will run for re-election as an independent even if it is from behind bars. "I'm running, and I wouldn't be surprised if I'm elected from a jail cell because people know I got railroaded back here," he said.

ENTERTAINMENT:

More From Traficant

Most regard the federal courts as a serious and important place where serious and possibly important people wage battles over serious and important matters. But, due to the antics of Ohio Representative James A. Traficant Jr., the federal courts seemed more like a stand up comedy show than anything else.

U.S. Rep. James A. Traficant Jr. pleaded not guilty "by reason of sanity" Friday to a 10-count indictment charging him with racketeering, bribery and tax evasion. The congressman bullied his way through most of the hearing in classic Traficant style before being warned by the judge that his antics would not be tolerated.

The congressman -- who corrected officials who called him "congressman" and insisted he be referred to only as "pro se Traficant" -- began his day in court when he threw open the courtroom doors, swaggered in wearing a form-fitting blue suit and bell-bottom pants, and bellowed, "And where shall I sit?"

During a 95-minute hearing, US District Judge Lesley Wells repeatedly warned Traficant about the complexity of the charges and the difficulties of self-representation. Traficant, in his typical bigger-than-life polyester style, interrupted the judge, made inflammatory remarks and wise cracked, all the while insisting that he was more than capable of defending himself.

-When asked if he understood that, if found guilty of conspiracy or accepting bribes, he could be fined up to \$250,000 per charge, Traficant said, "Wow, that's high!"

-Did pro se Traficant understand that another charge could result in a \$100,000 fine? "Good, the costs are coming down," he answered.

-Did he understand that he could go to prison for 10 years? "Ten years in prison? I don't know if I'll live that long."

-When asked if he understood that certain charges could result in forfeiture of property? "I understand fully, I'm being screwed here."

At no time did he utter his trademark exclamation, "Beam me up."

SPORTS:**TOUR DE FRANCE**

Lance Armstrong has won his fourth Tour de France. Now a member of an exclusive group of five riders to have won cycling's showcase race four times, Lance dictated the rules to his rivals and was never in any serious trouble on Sunday.



The Texan, who returned to the sport from a near-fatal cancer to win his first Tour in 1999, was so strong this year that he even announced his tactics to his opponents beforehand. He was such a class above the rest that there was nothing Spaniard Joseba Beloki, second seven minutes 17 seconds behind, or third-placed Lithuanian Raimondas Rumsas could do to stop him. Armstrong had shown signs of vulnerability in long time trials this season, losing the two he had entered prior to the Tour.

So when he lost the 55 kms solitary effort between Lanester and Lorient to Colombian Santiago Botero in the beginning of the race, his rivals might have had some hopes that the U.S. Postal team leader was weaker than in previous seasons.

But it was just strategy on Armstrong's part as he had trained especially hard for the mountains at the expense of his natural time trial skills.

THIS WEEK IN HISTORY:**MORMONS SETTLE
SALT LAKE VALLEY**

After 17 months and many miles of travel, Brigham Young led 148 Mormon pioneers into Utah's Valley of the Great Salt Lake. Gazing over the parched earth of the remote location, Young declared, "This is the place," and the pioneers

began preparations for the thousands of Mormon migrants who would follow.

Seeking religious and political freedom, the Mormons began planning their migration from the east after the murder of Joseph Smith, the Christian sect's founder and first leader. In 1827, he declared that he had been visited by a Christian angel named Moroni, who showed him an ancient Hebrew text that had been lost for 1,500 years. The holy text, supposedly engraved on gold plates by a Native American prophet named Mormon in the fifth century A.D., told the story of Israelite peoples who had lived in America in ancient times. Over the next few years Smith dictated the writings and in 1830 this became The Book of Mormon, the basis of the Church of Jesus Christ of Latter-day Saints.

The religion rapidly gained converts, and Smith set up communities in Ohio, Missouri, and Illinois. However, it was heavily criticized for its unorthodox practices, which included polygamy. In 1844, the threat of mob violence prompted Smith to call out the militia in the Mormon town of Nauvoo, Illinois. He was charged with treason by Illinois authorities and imprisoned with his brother Hyrum in the Carthage city jail. On June 27, 1844, an anti-Mormon mob with blackened faces stormed in and murdered the brothers.

Two years later, Smith's successor, Brigham Young, led an exodus of persecuted Mormons from Nauvoo along the western wagon trails in search of a sanctuary in "a place on this earth that nobody else wants." The expedition, more than 10,000 pioneers strong, set up camp in Iowa while Young led a company across the Rocky Mountains to investigate Utah's Great Salt Lake Valley.

On July 22, 1847, most of the party reached the Great Salt Lake, but Young, delayed by illness, did not arrive until July 24. Upon viewing the land, he immediately confirmed the valley to be the new homeland of the Latter-day Saints. Young and his companions began building the future Salt Lake City at the foot of the Wasatch Mountains.

FEATURE:

Dispelling the Myths Of Feng Shui

Over the past couple of years a craze has swept over the west bringing ancient ideas into modern living. This craze is Feng Shui (FUNG SHWAY), the Chinese Art of Placement. Feng Shui, a Chinese term meaning “Wind and Water,” has been practiced for over three thousand years in China.

It began as a guide for the placement of building sites for homes and villages. Practitioners would find a spot where the vital energy, Ch’i, flowed through the earth in a manner that was harmonious and supportive of human life. Once a site was chosen, building was completed as an extension of the earth so that the Ch’i could flow through the structure in a friendly and nourishing manner.

Today, Feng Shui is usually used in homes and offices that are already built, but can be modified to enhance the Ch’i and establish harmony with the environment.

Feng Shui is based on three principles. Everything is alive. All things, including material possessions and inanimate objects, have their own Ch’i qualities; they have the reactions, experiences and memories that we put into them. Everything is connected. A crowded closet can affect your punctuality, making you late for work, which could ruin that promotion, which could produce marital stress, financial stress and health issues. Everything is changing. Perspectives change and people change. By trusting a new perspective and making the changes in a home that reflect the new perspective, a fresh, new Ch’i will help realize that change. The balance and realization of these three principles, by Feng Shui, leads to a happy, healthy, and prosperous life.

Another idea is the balance of two extremes yin and yang. Yin relates qualities such as feminine, back, dark, cool, soft, wet, earth,

moon, etc. Yang is associated with qualities such as masculine, front, light, hot, hard, sky, sun etc. Feng Shui uses a perfect balance of these 2 qualities. For example, a dark cave-like room with dark furnishing and dim lighting would be changed with yang components like brighter lights and lighter colors.

Feng Shui also promotes the balance of the five elements: Wood, Fire, Earth, Metal, and Water. Human beings are an interplay of all five elements, and are therefore most comfortable when surrounded by them all. Each element has characteristics including colors, shapes, and texture that can be used to create a balance in a room.

An important concept used in Feng Shui room design is the Bagua Map. The Bagua describes eight building blocks called trigrams associated with different treasures of life (wealth, health, love etc.). Different areas of a room correspond to different trigrams; and enhancing each trigram can enhance that area of life.

If you would like to treat your Ch’i, a recommended place to start would be these basic Feng Shui Tools (Tip: pick a few, and be sure that you like your selections). 1. Change the color of a room to match an element you want to portray or emphasize. 2. Use mirrors to enlarge rooms, amplify light, and reroute Ch’i. 3. Have more lighting, natural and artificial. 4. Use crystals to regulate Ch’i. 5. Use sound makers (wind chimes, bells etc.) to “call in” positive Ch’i. 6. Add more living things. 7. Use more objects of nature. These changes work best when you personally delight in them every time you see them.

This article is based on the book “The Western Guide to Feng Shui,” by Terah Kathryn Collins. For a more comprehensive list of Feng Shui reading, please visit our website at theweeklyreport.com

Joan Marie Purvis, a Certified Practitioner of the Western School of Feng Shui, will be answering questions regarding Western Feng Shui. If you would like a question answered, please e-mail it to: twrquestions@yahoo.com.

Quote of the Week:
Paradise is where I am.

-Voltaire

Fact of the Week:
On average, our feet hit the ground 7000 times a day.

Word of the Week:
Rally (ral'i) a. v.t. to treat with good humor and
pleasantry, to tease, to use pleasantry or satiracle
merriment.

Thank You For Reading
And
Have a Great Week!

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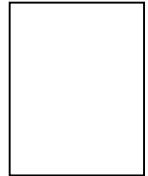
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