

HOUSE BANKING

Screened by NARA (RD-F) 07-25-2018  
FOIA RD 56806 (URTS 16302) DOCID:  
70104924



U.S. Department of Justice

Office of the Deputy Attorney General

Washington, DC 20530

June 19, 1995

Honorable James E. Leach  
Chairman, Committee on Banking  
and Financial Services  
United States House of Representatives  
Washington, DC 20515-6050

Dear Chairman Leach:

I am writing in response to the Committee's request to the Attorney General requesting the production of documents regarding Madison Guaranty Savings and Loan and related matters. As you are aware, since receiving that letter, we have had several telephone conversations and one meeting with Jackson R. Sharman III, regarding the scope of the request. Although the substance of those conversations has been the subject of several letters from Mr. Sharman, please accept this letter as the Department's response to that correspondence as well.

Read literally, the Committee's request would encompass all Madison related documents in the possession of every component of the Department of Justice, including the Federal Bureau of Investigation. As you know, however, many of those documents relate directly to matters under investigation by the Independent Counsel and were created under his direction and supervision; others were created as part of Departmental investigations, the supervision of which was assumed by the Independent Counsel. Accordingly, until the Independent Counsel has had an opportunity to evaluate the full breadth of the Committee's request and the impact of such a production on his investigation, we have limited our production to the seven specific categories identified by the Committee.

With that caveat we are responding to your request by providing copies and an index of the following material to both the majority and minority staffs of the Committee:

1. Enclosed are all of Webster Hubbell's telephone messages that, on their face, appear to relate to the Committee's inquiry. In addition, the Department is producing all of Mr. Hubbell's 1993 telephone messages from the following entities: the RTC, the FDIC, and the White House. We do so, however, to

insure that our production is as complete as possible; the Department does not represent that these latter messages relate to the subject matter of the Committee's inquiry.

Similarly, we have enclosed copies of all of Mr. Hubbell's 1993 calendar entries for meetings with representatives from the White House, the RTC, and the FDIC. Once again, we do not represent that these meetings concerned matters related to the Committee's inquiry.

We have also enclosed all of Mr. Hubbell's relevant notes, memoranda, or E-mail messages that were reduced to written form. I am advised that Mr. Hubbell's office maintained no telephone logs.

To the extent that the Department maintains electronic telephone records, they are contained in tape form. Because of the volume of telephone calls made by Department employees, we have not attempted to reduce that data to written form. We will attempt to accommodate specific requests for information once the Committee has had the opportunity to review documents. We have, however, enclosed the 1993 bills for Mr. Hubbell's cellular telephone.

2. I am advised that United States Attorney Paula Casey did not maintain a telephone log during 1993, nor did her office maintain message pads for her. We have enclosed bills for Ms. Casey's cellular telephone from August 1993, when Ms. Casey took the oath of office, to December 1993. To the extent that they exist, we also have produced calling card bills for Ms. Casey from that same time period.

3. Enclosed are documents relating to the recusal of United States Attorney Paula Casey. Copies of some or all of these documents were located in several offices within the Justice Department. In order to avoid unnecessary duplication, we have attempted not to provide multiple copies. Nevertheless, we have provided all copies of documents bearing or attached to handwritten notes.

4. We do not believe that the Department possesses any documents responsive to this request that are not included in category 1 above.

5. There do not appear to be any documents responsive to this request.

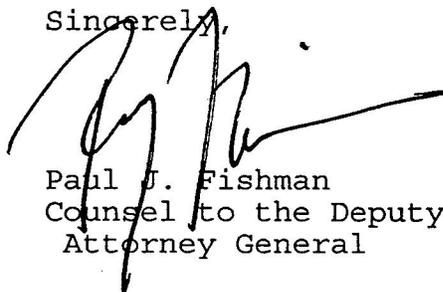
6. The Department is in the process of reviewing these documents and will consult with the Independent Counsel to determine if any responsive material can be produced at this time.

7. Department of Justice documents relating to the transmittal of RTC referrals are enclosed.

As I discussed with Mr. Sharman, we have not produced documents such as FOIA requests or responses, Congressional correspondence, or documents relating to ongoing FOIA litigation. To the extent that newspaper clippings maintained by Department employees could be deemed responsive to the Committee's request, they have been provided only if they were attached to an otherwise responsive document or themselves contained responsive markings or notes.

Needless to say, the Department will continue to cooperate with the Committee's requests as fully and expeditiously as possible, and we will produce any additional responsive records that come to our attention. If you have any questions, please feel free to contact me.

Sincerely,



Paul J. Fishman  
Counsel to the Deputy  
Attorney General

Enclosures

cc: Hon. Henry B. Gonzalez (w/enclosures)  
Hon. Kenneth Starr (w/enclosures)

TO: FILE

FROM: Stephen A. Kubiowski

RE: Conversation with Jack Sharman on 6/13/95

DATE: June 14, 1995

On Tuesday, June 13, 1995, at approximately 7:05 PM, I spoke with Jack Sharman and Jim Clinger of the House Banking Committee. I indicated that the OIC had received the Committee's press release discussing the Committee's proposed hearings date. I told him that the release raised serious matters which would bear directly on our investigation, and that Judge Starr would want as much detail as possible regarding (1) the subject matters to be covered, (2) the proposed order of subject matters covered, and (3) the witnesses to be called on each subject matter. Jack told me he needed 15 minutes to jot down some notes so he could be coherent, and got back to me shortly at which point a more substantive conversation ensued.

Jack began with two caveats. First, he stated that the Committee's plans were only a "working plan" which was subject to amendment by Chairman Leach, even at the last minute. Second, he stated that the Committee would request, to the extent possible, that any information given the OIC regarding their proposed hearings be "kept in our quarters" alone.

According to Jack, Chairman Leach's plan is to cover most of the issues "in one fell swoop" during a two week period in August. The theory would be that, to the extent possible, the Committee would "march through" the issues chronologically beginning with the operation of Madison Guaranty. Jack noted, however, that supplemental hearings in September or October would not be precluded if the Committee did not cover all the ground it wanted to.

The following is an outline of Chairman's Leach's "working plan," as described to me by Jack and Jim:

I. Operations of Madison Guaranty

A. Scope: This segment would discuss Madison's operations and its relationship with the Whitewater Development Corp. and CMS.

- (1) One related subject that might be discussed during this segment is the Maple Creek transaction.

B. Witnesses: According to Jack, the "stage-setting" witnesses would be Jim Clark, a bank examiner who wrote the 1986 report on Madison, and Charles James, an accountant for the Whitewater Development Corp. until 1985. Other witnesses to be called would be Jim McDougal, Susan McDougal, and "perhaps" David Hale.

(1) On Maple Creek, Jack contemplates calling Lex Dobbins and Tom Butler, both of whom are state employees.

## II. State Regulatory Issues

A. Scope: This segment would generally focus on conflicts issues concerning the Rose Law Firm, including RLF's representation of Madison with respect to any stock offering plans.

(1) Jack did not think that the bond underwriting contracts between the ADFA and Lasater & Company would be covered.

B. Witnesses: The principal witness for this segment would be Beverly Bassett Schaffer. Dan Lasater may be called, though Jack indicated that this was a "question mark."

## III. April 1985 Fundraiser/Campaigns Generally

A. Scope: This segment would focus primarily on the April 1985 fundraiser at Madison, although the 1990 gubernatorial campaign may also be discussed.

(1) According to Jack, "any" campaign related issues would be covered in this segment.

B. Witnesses: The principal witness would be Betsy Wright, though Jack indicated Bruce Lindsey might be called as well.

(1) Jack specifically stated that Lindsey, if called, would be the only WHS witnesses who would be called to testify on any subject area.

(2) Jack noted that Jim McDougal might need to testify on this issue, in addition to Wright. The Committee has not contemplated calling any other witnesses on this issue at this point, though Jack indicated that could change.

IV. Creation/Submission/Handling of Both Sets of Criminal Referrals

A. Scope: This subject would generally cover the creation, submission, and handling of all the criminal referrals, from September 1992 and onward. The substance -- as well as the handling -- of the referrals would be reviewed. The administrative leave and/or suspension of certain RTC employees would also be covered.

(1) Jack indicated that the WHS contacts issue, to the extent it bore on the handling of the referrals, might be covered in this segment. However, he was very clear that the Committee would not "retread" ground on an area which had already been "gone over last year."

(2) Jack emphasized that the Committee has not yet made any formal document request to the WHS, although it might in the future.

B. Witnesses: The principal witnesses would be the "K.C. Three": Jean Lewis, Richard Iorio, and Lee Ausen. Jack could not indicate which RTC-Washington D.C. or DOJ witnesses the Committee might call, as the Committee is still in the process of interviewing possible witnesses from those agencies.

(1) Jack noted however, that anyone at DOJ (or formerly at) is fair game as a witness, upto and including Webb Hubbell.

V. Foster Death/Foster Documents

A. Scope: These issues will not be covered by the HBC in any degree.

VI. Inspector-General Transcripts

A. Scope: Jack stated that the Committee was still pursuing this issue, but was unsure whether it would warrant being discussed in the forum of a Congressional hearing.

Following our conversation regarding the above outline, I expressed my concern that the Committee's program may be "ambitious" for a two week period. Jack agreed that such might be the case, but stated that Chairman Leach does not want to "torture every conceivable investigatory issue." Rather, Chairman Leach simply want a "thorough airing" of the issues.

I asked Jack when Chairman Leach's plan would be more than tentative. Jack couldn't say, but suggested that speaking with the OIC regarding these issues now, rather than later, would help resolve my question.

Jack indicated that he would be in depositions this morning until 2:00 PM, but would be willing to meet with us after that, if need be.

JAMES A. LEACH, IOWA, CHAIRMAN  
BILL McCOLLUM, FLORIDA  
MARGE ROUKEMA, NEW JERSEY  
DOUG BERENSON, NEBRASKA  
TUBY ROTH, WISCONSIN  
RICHARD H. BAKER, LOUISIANA  
RICK LAZIO, NEW YORK  
SPENCER BACHUS, ALABAMA  
MICHAEL CASTLE, DELAWARE  
PETER KING, NEW YORK  
EDWARD ROYCE, CALIFORNIA  
FRANK D. LUCAS, OKLAHOMA  
JERRY WELLER, ILLINOIS  
J.D. HAYWORTH, ARIZONA  
JACK METCALF, WASHINGTON  
SONNY BONO, CALIFORNIA  
ROBERT NEY, OHIO  
ROBERT L. ENRICH, JR., MARYLAND  
BOB BARR, GEORGIA  
DICK CHRYSLER, MICHIGAN  
FRANK CREMEANS, OHIO  
JON FOX, PENNSYLVANIA  
FREDERICK HEINEMAN, NORTH CAROLINA  
STEVE STOCKMAN, TEXAS  
FRANK L. BIONDO, NEW JERSEY  
J.C. WATTS, OKLAHOMA  
SUE W. KELLY, NEW YORK

U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON BANKING AND FINANCIAL SERVICES  
ONE HUNDRED FOURTH CONGRESS  
2129 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6050

HENRY B. GONZALEZ, TEXAS  
JOHN L. LAFALCE, NEW YORK  
BRUCE F. VENTRO, MINNESOTA  
CHARLES E. SCHUMER, NEW YORK  
BARNEY FRANK, MASSACHUSETTS  
PAUL E. KANJORSKI, PENNSYLVANIA  
JOSEPH P. KENNEDEY, MASSACHUSETTS  
FLOYD H. FLAKE, NEW YORK  
KWEISI MFUME, MARYLAND  
MAXINE WATERS, CALIFORNIA  
BILL ORTON, UTAH  
CAROLYN B. MALONEY, NEW YORK  
LUIS V. GUTIERREZ, ILLINOIS  
LUCILLE ROYBAL ALLARD, CALIFORNIA  
THOMAS M. BARRETT, WISCONSIN  
NYDIA M. VELAZQUEZ, NEW YORK  
ALBERT R. WYNN, MARYLAND  
CLEO FIELDS, LOUISIANA  
MELVIN WATT, NORTH CAROLINA  
MAURICE HINCHEY, NEW YORK  
GARY ACKERMAN, NEW YORK  
KEN BENTSEN, TEXAS  
BERNARD SANDERS, VERMONT  
2021 225-7502

June 19, 1995

The Honorable Henry B. Gonzalez  
2413 Rayburn House Office Building  
Washington, DC 20515

Dear Henry:

I appreciate the concerns you expressed about hearings during the August recess.

A number of Members on both sides have also indicated that two weeks' of hearings in August decimate prearranged family time and commitments in their districts. In view of these concerns, I have decided to restrict the August hearings to the week of August 7-11. Given the scope of the issues involved, the elimination of the second week of proposed hearings very likely precludes the prospect of concluding Committee consideration of Whitewater in one hearing segment.

Sincerely,

  
JAMES A. LEACH  
Chairman

JAL:dmd

cc: All Members, Committee on Banking and Financial Services  
The Honorable Abner J. Mikva  
Office of the Independent Counsel



U.S. Department of Justice

Office of the Deputy Attorney General

---

Washington, D.C. 20530

July 20, 1995

Mr. Jackson R. Sharman, III  
Oversight and Investigations  
Committee on Banking and Financial Services  
212 O'Neill House Office Building  
Washington, D.C. 20515

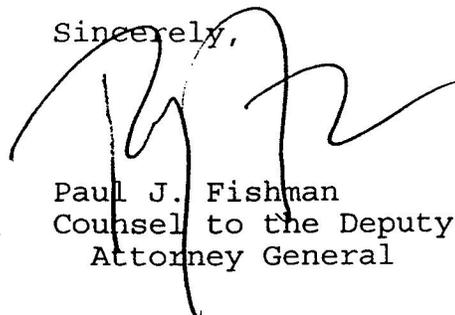
Dear Mr. Sharman:

On June 19, 1995, the Department of Justice made its initial document production in response to the House Committee on Banking and Financial Services's May 15, 1995, request to Attorney General Reno and FBI Director Freeh for documents pertaining to Madison Guaranty Savings & Loan Association ("Madison Guaranty") and related matters. As we have discussed on a number of occasions, the Department has continued to review additional documents in its possession to ascertain which, if any, may be responsive to that request. Enclosed are additional documents within the categories described in your earlier requests.

In addition, we have collected Department documents pertaining to the Committee's request for the following two categories of documents: (1) communications between the Department and James Hamilton or David Kendall about obtaining the files removed from Vincent Foster's Office after his death; and (2) Don Mackay's November 1993 meeting at the Kansas City office of the Resolution Trust Corporation. As you know, I have remained in consultation with the Office of the Independent Counsel ("OIC") to ensure that the Department's document production does not interfere with any ongoing inquiry by the OIC. OIC has advised us that they will let us know as soon as possible whether they will object to our producing these two categories of documents at this time.

Be assured that the Department will continue to cooperate with the Committee's request as fully and expeditiously as possible. If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Fishman', written over the typed name and title.

Paul J. Fishman  
Counsel to the Deputy  
Attorney General

cc: Joe Reilly  
Hon. Kenneth Starr