

Starr digs himself even deeper, in payola scandal

by Edward Spannaus

In an apparent effort to fend off growing conflict-of-interest charges being levelled against him, Whitewater prosecutor Kenneth Starr has admitted a key element of the witness-tampering charges which are now threatening to collapse his entire scandal-ridden "Get Clinton" operation.

In a letter sent to Attorney General Janet Reno on April 16, Starr acknowledged that there were a number of "FBI-supervised contacts" between his key witness, David Hale, and Parker Dozhier, the owner of a bait-shop in Hot Springs, Arkansas. Dozhier was, according to other sources, being paid \$1,000 a month in funds from "Get Clinton" moneybags Richard Mellon Scaife, channelled through the American Spectator Educational Foundation. In his letter to Reno, Starr was attempting to refute the suggestion made by Deputy Attorney General Eric Holder, that Starr would have a conflict of interest in investigating the witness-tampering allegations made regarding Hale, because of Starr's conflicts of interest involving Scaife.

The Holder letter was sent to Starr on April 9, and it requested that Starr investigate allegations that Hale — Starr's primary witness in the Arkansas "Whitewater" probe against President Clinton — "may have received cash and other gratuities from individuals seeking to discredit the President" during the same time that Hale was a cooperating witness in Starr's investigation. Holder labelled this "possible witness-tampering," and he also stated that Starr would probably have had an obligation to disclose this information to those he was prosecuting. This presumably refers to the fact that under both Federal criminal statutes and the Federal rules of criminal procedure, a prosecutor is supposed to advise a defendant of any information which is either exculpatory to an accused person, or which could be used to impeach the testimony of a witness.

But Holder went further: He also told Starr that Starr might have a conflict of interest in investigating these allegations, because the monies paid to Hale allegedly came from funds provided by Richard Mellon Scaife. Holder therefore generously told Starr that the Justice Department was prepared to conduct such an investigation, if Starr determined that he had a conflict of interest, or even the appearance of such a conflict.

According to some sources, there was a huge fight within the Justice Department over the letter to Starr — as to whether to send it at all, and how detailed it should be. This fight was also reflected in the fact that the letter was signed by Holder, the Deputy Attorney General, and not by Janet Reno herself.

The Kendall letter

A more detailed letter was sent to Starr the next day, by President Clinton's personal lawyer David Kendall. The Kendall letter upped the ante, by describing Starr's conflicts of interest involving Scaife, Scaife's close friend Theodore Olson, and others, in much more depth than Holder had done.

Kendall's letter did not give Starr the benefit of the doubt; it requested that Starr "immediately refer this sensitive investigation back to the Department of Justice," because "I do not think that you or your Office can credibly or appropriately conduct this investigation." Kendall lays out a series of reasons for saying this:

"First, your Office has already made a judgment on the veracity and reliability of David Hale," by relying heavily on his testimony, by publicly embracing Hale as a "model witness," and seeking a sentence reduction for him.

"Second, you and persons in your Office are important witnesses in any thorough investigation of this matter"; Ken-

dall notes that a witness says that FBI agents from Starr's office brought Hale to visit Dozhier.

"Third, your Office has in fact prejudged a key aspect of this matter." Kendall quotes Starr's top deputy Hickman Ewing having already made a categorical denial of the Hale payments allegations.

"Fourth, you have well-publicized connections to Richard Mellon Scaife, whose contributions funded the so-called 'Arkansas Project' . . ."

"Fifth, any investigation of the David Hale allegations will inevitably involve the critical scrutiny of close friends of yours. For example, Mr. Theodore Olson is a friend and former law partner of yours. . . ." Kendall notes that Olson is the lawyer for both David Hale and the *American Spectator*. Kendall also cites Terry Eastland, "who also counts himself a 'good friend' of yours," and is now the publisher of the *American Spectator*.

The money trail

The background to the Hale matter was described in the April 17 *EIR*. From 1993 through 1997, Richard Mellon Scaife, the British intelligence/CIA-trained propaganda specialist who has financed much of the "Get Clinton" media onslaught, put over \$2.4 million into the *American Spectator* for anti-Clinton investigations; at least \$1.8 million of this was poured into the "Arkansas Project," a dirty-tricks operation aimed at creating witnesses who would cook up stories about Clinton to be retailed to selected news media outlets, and to be presented in court testimony.

The payments were funnelled through the American Spectator Educational Foundation, a tax-exempt entity which owns the *American Spectator* magazine — which published the first "Troopergate" stories in late 1993. Starr's friend Theodore Olson is the lawyer for the Foundation and also a member of its Board of Directors; Olson also hosts a "Get Clinton" gathering of lawyers, judges, and editors at his Great Falls, Virginia home on a regular basis — which Starr reportedly attends.

The Scaife money was passed through the American Spectator Foundation, to Virginia attorney Stephen Boynton and another Foundation official, David Henderson, who is a longtime associate of Richard Scaife. Boynton and Henderson spent a great deal of time in Arkansas passing out money, gathering information, and hiring some private investigators; they also met with Hale many times in Hot Springs, on the premises of Parker Dozhier — who calls himself a "researcher" for the *American Spectator*. According to eyewitness accounts, Dozhier provided cash to Hale, as well as giving him the use of a car and a cabin.

Hale cooked up his stories about Clinton only after his office was raided by the FBI in mid-1993, and he was about to be indicted. He tried cutting a deal with the local Federal prosecutor, who wasn't interested, so then he hooked up with some of Clinton's bitterest adversaries in Arkansas, who put him in touch with national anti-Clinton investigators and re-

porters. In September 1993, Hale was indicted; it was only after the first Whitewater independent counsel, Robert Fiske, was appointed in early 1994, that Hale was able to make a deal. He was put in hiding in the Federal Witness Protection Program, while his grand jury testimony was used to indict Gov. Jim Guy Tucker and the Clintons' one-time business partners, James and Susan McDougal.

Hale was relocated to Shreveport, Louisiana, and kept in seclusion. Even the lawyers for Tucker and the McDougals could not find Hale to interview him — as defense lawyers are entitled to do; and a local prosecutor who was seeking to prosecute him for insurance fraud couldn't locate him either. Hale only re-emerged publicly during the Tucker-McDougal trial in 1996.

Starr's startling admission

What Starr has done, in his April 16 letter to Reno, is not only to concede that Hale did meet with Dozhier, but that these meetings were "FBI-supervised." Why did Starr make such an admission — which could blow his Tucker-McDougal convictions out of the water?

From January 1994 through August 1994, the Whitewater investigation was being conducted by Robert Fiske, who had been appointed by the Attorney General under Justice Department regulations, because the independent counsel statute had been allowed to expire in 1992. Technically, Fiske was an employee of the Department of Justice; after Congress reauthorized the independent counsel law in July, the special three-judge panel refused to authorize Fiske to continue, and instead appointed Starr.

So Starr, clever fellow that he is, wrote to Reno on April 16: "Preliminary information indicates that most if not all of the alleged FBI-supervised contacts between David Hale and Parker Dozhier occurred prior to August 1994 — i.e., while the investigation was being conducted under the auspices of the Department of Justice . . . before the point at which I became Independent Counsel."

In the bigger picture, it makes no difference whether Fiske, or Starr, was in charge; if David Hale was meeting with, and receiving gratuities from, agents of Scaife and the *American Spectator*, his testimony was tainted, and those who were convicted by his testimony had the right to have that disclosed — before Hale testified against them.

And the fact of the matter is, that Starr took over Fiske's investigation lock, stock, and barrel in August 1994. Fiske's entire staff — both the FBI agents assigned to the investigation, and the prosecutors hired by Fiske — stayed on during the transition to Starr. The investigation scarcely skipped a beat; Starr's press spokesman, Deborah Gershman, told *EIR* that the transition was "very amiable." The Tucker-McDougal indictments were ready to go when Starr took over. Starr fully utilized David Hale as his primary witness against the McDougals and Jim Guy Tucker — and thus the taint — and the stench — were fully carried over as well.