

# Will Starr bring indictments in Kathleen Willey probe?

by Edward Spannaus

Rumors are rife that Kenneth Starr is about to issue indictments out of his grand jury now meeting in Alexandria, Virginia, which will center around charges of obstruction of justice and witness-tampering in the Kathleen Willey case. Should Starr be reckless enough to do this, it will provide an unwelcome glimpse into one aspect of the seamy underside of Starr's \$50 million attack on the Presidency.

An investigation by *EIR* indicates that there is much, much more than meets the eye, in the story of how Kathleen Willey came to be a cooperating witness with Starr's investigation.

The public probably best knows Willey from the highly publicized CBS "60 Minutes" interview with her broadcast last March 15. In front of a huge national audience, the former Virginia Democratic Party fundraiser and White House volunteer charged that she had been the victim of a sexual assault by President Clinton in 1993.

Willey had testified on the same subject to Kenneth Starr's grand jury only a few days earlier. However, her account has been disputed by a number of sources, and it now appears that several of the witnesses with conflicting stories are now being targeted by Starr in his continuing grand jury investigation in the Eastern District of Virginia.

## Willey witnesses targeted

In Starr's investigation, as with many Federal prosecutors, "obstruction of justice" means anything which impedes the prosecutor's case: If a witness does not tell the story that the prosecutor wants to hear—even if the prosecutor's preferred version of events is at variance with the facts and the truth—that witness becomes the target. This is what happened in Arkansas to Susan McDougal and to many others, including Sarah Hawkins and Stephen Smith, who themselves were harassed and threatened with indictment if they refused to lie in the service of Starr's unrelenting crusade against the President.

According to some sources, Starr is preparing indictments of at least two witnesses who contradict Willey's story, and, according to a recent *Washington Post* article, Starr is looking into whether the President's failure to turn over White House correspondence from Willey, in response to a subpoena in the Paula Jones case, constitutes obstruction of justice.

One target is Julie Hiatt Steele, who has flatly contradicted the story told by her former friend Willey. The Nov. 1 *New York Times* reported that not only have Steele and her brother and daughter been summoned before Starr's grand jury, but also her lawyer and her accountant. Starr has subpoenaed Steele's bank records and her credit history, and FBI agents working for Starr have questioned her neighbors and tracked down friends across the country.

Steele was a long-time friend of Willey and her late husband. In March 1997, at Willey's urgent request, Steele had falsely confirmed to *Newsweek's* Michael Isikoff, Willey's story that President Clinton had groped her in 1993. However, Steele later thought the better of it, and told Isikoff in July that Willey had asked her to lie about the incident and about Willey's reaction to it. Isikoff went ahead and wrote the story anyway.

In January 1998, Steele provided an affidavit for President Clinton's lawyers, stating that Willey had asked her to lie. Then in March, FBI agents appeared at her door. "I don't think they believed me," Steele said. "They wanted to believe Kathleen." In June, she was subpoenaed by Starr, and in August she received a letter telling her that her status had changed from that of being a witness to being a subject of Starr's investigation. At the end of October, Steele's daughter was hauled before Starr's Alexandria grand jury and questioned for six hours.

Still another target is Democratic fundraiser Nathan Landow, whom Willey claims tried to influence her to give a false account of the alleged incident. The *Washington Post* says that Starr's prosecutors have called "witnesses tied to unrelated business and political dealings by Landow in an effort to find previous incidents of intimidation or witness-tampering." Landow, as was Willey's late husband, is much closer to Al Gore than to Bill Clinton; a former chairman of the Maryland Democratic Party, Landow was instrumental in financing Gore's bid for the Presidency in 1988.

Starr is also said to be investigating Willey's claims that she was menaced last January by a stranger who appeared near her home in Richmond, Virginia, who knew that her car had been vandalized in October and that her cat had disappeared.

In his September report to the Congress, Starr cited the

Willey incident as one of the matters still under investigation. But what Starr did not mention in his report, was that one of his star witnesses, Linda Tripp, also contradicts Willey's account. In her many appearances before Starr's grand jury, Linda Tripp repeatedly stated that the 1993 incident had not occurred the way that Willey described it. Tripp said that Willey had carried out a "flirtatious" relationship with the President and that she was trying to get him alone, and that she would often dress seductively to attract Clinton's attention. Tripp described Willey as happy and excited after the alleged incident, and that Willey hoped to carry the relationship with Clinton further after her husband's death. Tripp was adamant that Willey was not a victim of sexual harassment.

Beyond that, Willey herself contradicts her current story. In her deposition in the Paula Jones case in January, Willey testified that she had told Clinton that "we were having a financial crisis and my husband had asked me to sign a note for a large amount of money."

But, when she was questioned about the events of that day during a 1995 deposition in another case, Willey testified that she had not had *any* conversations with anyone in Washington about her financial troubles. And in sworn answers to written interrogatories in 1995, Willey stated that she "did not talk with anyone at the White House about the money, the paper, or the threats."

Moreover, Willey maintained a friendly relationship with Bill Clinton long after the alleged incident, which she now claims left her feeling angry and betrayed. Two days after the alleged sexual advances, she phoned for Clinton and left a message, the note of which said: "Kathleen Willey—she called this morning and said you could call her anytime." In September 1995, Willey invited Clinton to an engagement party for her daughter—hardly the way one would respond to a sexual predator. Most of the handwritten notes, up through late 1997, are signed: "Fondly, Kathleen."

But, other things were going on in Willey's life during the 1993-97 period, which may shed light on how Willey became a protected witness for Kenneth Starr.

## Willey's legal problems

Up until early 1997, it appears, Willey had never claimed to anyone that the President had groped her or sexually assaulted her. The first known surfacing of her new story is the anonymous call she made to Paula Jones's lawyers in January 1997, saying that something similar had happened to her, as supposedly happened to Paula Jones. Although the caller did not give her name, she gave enough identifying information, such as that her husband had committed suicide the same day, so that Jones's former lawyers have no doubt that it was Willey.

The background is as follows. Her husband, Edward Willey, Jr., was a Richmond real estate and zoning lawyer; his own father had been a powerful figure in the Democratic Party and the Virginia State Senate for many years. In the late 1980s,

Edward Willey, Jr. came under Federal and state investigation for suspicion of bribery and corruption in connection with local zoning matters.

The Willeys also failed to pay Federal taxes for five or six years. In 1993, faced with IRS tax liens of more than \$500,000, Ed Willey took \$274,000 from a condemnation trust fund being held for clients, and used the funds to pay the IRS. The funds were being held for a Richmond produce dealer, Anthony Lanasa, and Lanasa's sister.

Kathleen Willey later testified that her husband told her that the people involved were "not nice people," that he had been threatened, that he could go to jail, and that they both faced the threat of bodily harm. In desperation, they both signed a promissory note on Nov. 15, 1993, promising to pay the full amount two weeks later. On the due date, on Nov. 30, 1993, Ed Willey's body was found in a wooded area, adjudged a suicide.

Willey started calling Lanasa's lawyer in the middle of the night, blaming him for her husband's suicide; eventually an arrest warrant was issued for Kathleen Willey on harassment charges.

*EIR* has learned that the attorney who was appointed the receiver over the client files in Willey's law office, met with agents of both the FBI and the Virginia State Police in connection with the estate. This suggests that there was a law-enforcement investigative interest in Willey's affairs still at the time of his death.

The creditors subsequently sued Kathleen Willey for the full amount of the promissory note which she had signed, and she was ultimately held liable for it by Virginia's highest court. The case against Willey was still active in late 1997.

Lanasa and his sister say that Kathleen Willey still owes them \$400,000, and that she has not paid any of the money. "I ain't got a nickel yet," Lanasa is quoted as saying. "She did everything she can to evade me, and she knows she owed it. She had a life insurance policy [and] she gave it to her kids so she wouldn't have to pay me."

According to court papers, what happened was this: To avoid having her share of the proceeds from the life insurance policy attached by creditors, Willey "disclaimed" the benefits, which then went to her children—who are using the funds to support her. Lanasa and his sister claimed that this was a fraudulent transfer of funds, but, in a strange ruling, the Virginia Supreme Court held that it was lawful.

*Time* magazine reported in March that Starr had given Willey immunity from prosecution, which "may help protect her from prosecution in connection with any financial or tax improprieties." This also suggests that Willey was still facing an IRS investigation or other legal problems, arising out of either involvement in her husband's dealings, or relating to the transfer of the insurance proceeds. This sort of vulnerability could have been a powerful incentive to induce Willey to change her story and to become a witness for Kenneth Starr against the President.