

Starr's dirty dealings bared in McDougal trial

by Edward Spannaus

"If Kenneth Starr wishes to bring me back into a courtroom to test my beliefs, then he will get more than he bargained for," said Whitewater defendant Susan McDougal shortly after Starr's office had indicted her for criminal contempt of court and obstruction of justice last May. As McDougal's trial in Little Rock, Arkansas winds up its fourth week, McDougal is being true to her word: She has indeed put Starr and his deputies on trial, and has thereby exposed the dirty underside of Starr's thuggish operation.

From Starr's standpoint, the McDougal trial has gotten totally out of hand: On March 30, the judge granted McDougal's request to call as a defense witness Julie Hiatt Steele, a tangential figure in Starr's Washington investigation, who was vindictively indicted by Starr after she contradicted Kathleen Willey, one of Starr's cooperating witnesses in his sex investigation against the President.

"This is mammoth," proclaimed a stunned Mark Barrett, one of Starr's assistant prosecutors, after the judge allowed Steele's testimony. "I think we've been on the defense since the case began," Barrett told reporters outside the courthouse, "but this is a different level."

Starr's master plan

In Starr's view, Susan McDougal, her late husband James McDougal, and other Arkansans who were caught up in his dragnet, were simply pawns in his bigger game of getting at President Clinton. Starr was quite blunt about this in his Nov. 19 testimony to the House Judiciary Committee: "In August 1994, when I first arrived in Little Rock . . . we devised a plan," Starr stated. First, based on the testimony of (paid-off witness) David Hale and others, "we would take steps . . . to seek an indictment of Jim and Susan McDougal and others involved." If they were convicted, "we would then obtain their testimony and determine whether they had other relevant information . . . that would either exonerate or incriminate the Clintons as to Madison and Whitewater matters."

Starr's script worked with James McDougal. Fearful of dying in prison (which he did anyway), James's resistance crumbled a few months after his conviction, and he told Susan that he was going to lie about the Clintons to save his skin, and urged that she do the same.

But Susan refused to play along, and as a consequence she suffered the following: 1) She was indicted, tried, and sentenced to two years in prison on Whitewater-related

charges, and served four months of that (after the previous 18 months) until she was released for medical reasons. 2) She served 18 months in prison for contempt of court. 3) She was indicted and tried on embezzlement charges in California—a result of collusion between Starr and California state prosecutors—but was acquitted by a jury last November. And, 4) she was indicted a third time last May, on charges of criminal contempt and obstruction of justice brought by Starr's office.

McDougal always maintained that Starr's deputies wanted her to lie about Clinton to the grand jury, and she feared that if she went into the grand jury and told the truth—which was not what Starr wanted to hear—that she would be charged with perjury. Time and time again, McDougal said that she would be willing to tell her story to a Congressional committee or in open court, but that she would not go behind closed doors with Starr's grand jury and subject herself to indictment for telling the truth.

Starr on trial

Starting on March 23, Susan McDougal did exactly what she said she would do. When she took the stand, the first three questions her lawyer asked her, were the same questions that she had refused to answer in front of the grand jury. She said that she had never discussed the \$300,000 David Hale loan with Bill Clinton, that she had never had a substantive discussion with Clinton about a real estate development funded by the loan, and that as far as she knew, Clinton had testified truthfully during her trial.

McDougal also described how her former husband had made up stories about Clinton to avoid going to prison, and how he had told her to do the same thing, saying, "If you don't tell this story, you're going to jail." McDougal said that Jim had first refused to cooperate with Starr, but changed his mind after being convicted of fraud in their 1996 trial. "He told me this is something he had to do because he did not want to die in jail," she said.

McDougal was on the stand for five days; on the last day of her testimony, under cross-examination, she testified: "According to what I know, everything that I know, Bill Clinton answered truthfully . . . about all the . . . questions he was asked that had anything to do with me."

On that same day, the judge granted McDougal's motion to bring in Steele as a defense witness. During a hearing without the jury present, Steele said that Starr's deputies had indicted her for making false statements even though she had told the truth. This is exactly what McDougal had feared for herself, and the judge acknowledged that Steele could testify in front of the jury to help McDougal's lawyers attempt to show the jury the *modus operandi* of Starr's office.

On April 2, Steele told the jury how Starr's office had pressured her to back up Willey's story, and how Starr's agents had questioned her daughter, her brother, her friends and neighbors, and even asked sexual questions of her daughter's boyfriend.