

Arkansas 'Starr chamber' heats up, as Senate Whitewater hearings play on

by Edward Spannaus

With the Republican Party tearing itself apart, President Clinton's reelection in November seems virtually assured at this point. The noisiest weapon in the Republican arsenal right now is the ongoing Whitewater investigations, both in Congress and, more importantly, that of special prosecutor Kenneth Starr in Arkansas.

The Whitewater caper, whose British origins have been documented by *EIR* over the past two years, works in tandem with other British-run efforts to destabilize the Clinton Presidency. For the British, the principal concern is, of course, not Republican-versus-Democratic electoral wrangling, but Clinton's historical initiatives breaking with British geopolitics—which have been most evident in the President's peace initiatives in Bosnia, the Middle East, and Northern Ireland, all of which the British and their assets are attempting to disrupt.

Arkansas indictments

On Feb. 20, Whitewater special prosecutor Starr, a former official in the Bush Justice Department, announced new indictments in Arkansas, which charged two small-town bankers with having fraudulently obtained \$12,000 in bank funds, which were then funnelled into Bill Clinton's 1990 reelection campaign for governor of Arkansas. Herby Branscum, Jr. and Robert M. Hill were named in 11 felony counts.

Starr's key witness against Branscum and Hill will be the former president of the Perry County Bank, Neil Ainley. Branscum and Hill were on the bank's board of directors. Ainley was previously indicted on five felony counts, and then cut a deal with Starr, in which he was let off with two years probation and a mere \$1,000 fine, in return for his testimony against the others.

Unnamed sources told the *Washington Times* that the latest indictments are a "major step" in Starr's efforts to target Clinton campaign officials, and from there, to attempt to tie Clinton himself into wrongdoing. Other sources reported that Starr is focussing on a 1990 meeting in which Hill supposedly gave \$7,000 to Clinton for his reelection campaign. However, it is conceded that it was not illegal for Hill to give the contribution to Clinton, nor for Clinton to accept it.

Branscum's attorney charged that Starr has exceeded his authority in bringing the indictments, and said that Starr is interested in Branscum and Hill "only because they have ties

to the Democratic President of the United States." The attorney said that Branscum is "a pawn in a high-stakes chess game, the result of which may very likely determine the next President of the United States."

In defending his jurisdiction, Starr disclosed that he had obtained a broader grant of jurisdiction last summer from Attorney General Janet Reno and the U.S. Court of Appeals panel which appointed him. The expanded grant of jurisdiction permits Starr to delve into Clinton's 1990 gubernatorial campaign, and his 1992 Presidential campaign. It also allows him to look for various offenses, such as obstruction of justice and conspiracy, which permit a prosecutor to go beyond the normal statute of limitations. Seven paragraphs of the expansion order remain sealed.

New York Post financial columnist John Crudele, who regularly publishes leaks from Starr's office, wrote on Feb. 23 that his sources have told him that "Starr has unearthed enough financial wrongdoing to virtually ensure the defeat of Clinton—if the information is released."

On the day following the Hill-Branscum indictments, the lead editorial in the *Wall Street Journal* gloated: "The Republicans have the primary timetable. . . . But Mr. Clinton has the testimony timetable."

The *Wall Street Journal's* Whitewater timetable runs like this: The Clintons' business partners, the McDougals, and Arkansas Gov. Jim Guy Tucker go to trial on March 4; an appeals court has ruled that the Paula Jones sexual harassment case can proceed; the Banking Committee hearings of Sen. Alfonse D'Amato (R-N.Y.) come up for a renewal vote on Feb. 27; and Rep. Bill Clinger (R-Pa.) has issued 28 subpoenas in the Travelgate probe. "Meanwhile," says the *Journal*, "the Starr and Smaltz investigations tick away"—referring to Donald Smaltz, the little-noticed special prosecutor investigating former Agriculture Secretary Mike Espy.

Mena under investigation?

As *EIR* has previously reported, Smaltz is the "sleeper" in the Whitewater probe, who is working in tandem with Starr in Arkansas. This may have bearing on another report from Rupert Murdoch's *New York Post*, again written by Crudele, on Feb. 16, which says that Starr has subpoenaed records of the Arkansas Development Finance Authority (ADFA), and also material connected with the creation of what Crudele

calls "the mysterious Coral Reinsurance Co. Ltd." Crudele had written last year about Coral's connection to ADFA, and reported that Coral is closely linked to Hank Greenberg's American International Group (AIG), which *EIR* has identified as a major worldwide dirty-money operation.

Crudele wrote that his sources have told him that the subpoena to ADFA means that Starr's investigation is looking toward the Mena, Arkansas drug-running operation, and, further, that Coral Reinsurance was laundering drug money coming out of Mena.

Much attention has been focussed on Mena off and on since the 1986-88 period, when the first disclosures of drug-trafficking, arms-smuggling, and money-laundering out of Mena began to surface. To the extent that Starr is actually looking into it, it is most likely a damage-control operation, to protect the George Bush-Oliver North networks which were actually running the guns and drugs out of Mena in the mid-1980s as part of the Nicaraguan Contra operation in Central America.

Longtime Justice Department career operative Ted Greenberg, who is considered the DOJ's top expert on money-laundering, and who is also a specialist at covering up dirty intelligence operations, was hired by Smaltz about a year ago, to work on the Arkansas end of Smaltz's investigation. Over the summer of 1995, Smaltz attempted to subpoena a former pilot for Tyson Foods, who claimed that he was ferrying large amounts of cash to then-Governor Clinton. Months earlier, allegations of drug-trafficking and money-laundering by the Tyson company (whose head, Don Tyson, is close to Bill Clinton) were made by the London *Sunday Telegraph's* Ambrose Evans-Pritchard.

The current ADFA subpoenas, Crudele wrote on Feb. 16, "bring the Whitewater investigation to a whole new level. . . . And with Coral now in the grand jury's equation, the special prosecutor [Starr] is getting very close to a full-blown investigation of whatever was going on at the Mena, Arkansas airport." However, as shown by his own coverage of the Mena operation over the past few years, Crudele is well aware that the Mena operation was not a Clinton, but a Bush operation.

House Banking Committee Chairman Jim Leach (R-Iowa) has also been looking into the Mena operation for a number of months; he sent a cautionary letter to his committee members last year warning that "the Mena-related allegations involve improper conduct spanning several administrations," i.e., the Reagan-Bush administrations.

Willy Horton and Whitewater

Meanwhile, the Senate Whitewater hearings drag on, with a floor fight over how long to authorize an extension of the hearings, taking place as of this writing.

The Republicans' cause was not helped by a brief uproar which broke out in the Senate hearings on Feb. 22, with the surfacing of a fundraising letter sent out by Floyd Brown, the

chairman of the Clinton-baiting Citizens United group, which bragged that Brown's top investigator is running the Senate Whitewater investigation.

Portions of the letter were read into the hearing record by Chris Dodd (D-Conn.). It states: "Our top investigator, David Bossie, is on the inside directing the probe, as special assistant to Senator [Lauch] Faircloth [R-N.C.] on the U.S. Senate Whitewater committee." The letter also boasts that Brown is conducting briefings on Whitewater for members of Congress, and it solicits contributions.

When the letter was brought up, committee Chairman D'Amato repeatedly tried to duck the question of Bossie's role, claiming, "He's certainly not our top investigator, and he's not on the committee."

However, *Roll Call* newspaper had reported on Jan. 29 that Bossie "appears to have an active role in directing the probe, conferring frequently with D'Amato and special counsel Michael Chertoff in the hearings, even though he is not technically a member of the Whitewater committee staff." *Roll Call* said that Bossie has been on the personal staff of Faircloth since last July, at an annual salary of \$50,000. Faircloth also played a key role in forcing the replacement of former Whitewater special prosecutor Robert Fiske with Bush-baby Starr.

Bossie's conduct had already become an issue earlier in the hearings. In 1993-94, he was working with an NBC-TV crew in Arkansas headed by Ira Silverman (who, incidentally, also played a key role in the NBC-TV's attacks on Lyndon LaRouche in 1984). Bossie was accused of "stalking" former Arkansas Securities Commissioner Beverly Bassett Schaffer, to attempt to obtain an "ambush" interview for the NBC cameras.

Bossie was co-author, with Brown, of the 1992 "Slick Willie" anti-Clinton tract; Brown is otherwise notorious as the producer of the Willie Horton ads for George Bush's 1988 Presidential campaign.

During the debate over the Brown fundraising letter, D'Amato revealed that he has been getting pressure from Brown's networks to call as a witness, would-be Presidential assailant Larry Nichols. Nichols, who operates under the direct sponsorship of the Hollinger Corp. and Evans-Pritchard, threatened President Clinton's life during a meeting in Boulder, Colorado on May 11, 1994. Nichols vowed to meet Clinton at "high noon," saying that only "one of us is getting out of town." At that point, Nichols pulled a semi-automatic handgun from his hip and waved it in the air. A photo and description of Nichols's threats were featured in the Dec. 2, 1994 *EIR*, and in the *New Federalist* pamphlet "Why the British Kill American Presidents."

Nichols was fired by Clinton from the Arkansas Development Finance Authority, where he had been in direct contact with North's "Contras" in Central America, and he is known to have played an important role in the gun- and drug-running operations out of Mena.