

Clinton Aides See Risk in Shielding Land Deal Files

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WASHINGTON—Advisers to President Clinton have warned him that in using the legal process to keep secret investment records from his years in Arkansas, he runs the risk of damaging his credibility in the controversy over the tangled Whitewater real estate venture, officials inside and outside the White House said Thursday.

Some advisers to the President concede that failing to reveal the existence of a subpoena for records of the Clintons' real estate investment for two weeks was a "huge mistake" that damaged Clinton politically.

Further complications for the White House arose Thursday night when it was learned that Atty. Gen. Janet Reno has indicated in recent days that she would seek

appointment of an independent counsel to investigate the Whitewater matter—if Congress reinstates the law making possible such action.

At a press briefing Thursday, Reno underscored her refusal to name an outside prosecutor under Justice Department regulations to investigate Whitewater. She contended that she still would be responsible for the case if she selected the person, and that she would prefer to leave the case in the hands of the three career attorneys now handling it.

Under the independent counsel law, which expired in December, 1992, the attorney general could ask a three-judge panel to select a counsel and chart his mission for cases involving high-level Administration officials. The Senate has passed a bill reinstating the law,

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and it is awaiting a vote by the full House.

At the White House, the strategy for now is to try to mount a vigorous public defense while protecting all documents from release to congressional investigators and the media.

First Lady Hillary Rodham Clinton is particularly adamant about shielding family records from disclosure, according to knowledgeable sources. She prefers to endure the pain of the current outcry rather than allow what she deems an abhorrent invasion of privacy, they said.

Some top White House aides argue that even though the Clintons may be justified on legal grounds in withholding the papers, it is politically untenable for them in the current climate.

The case involves the Clintons' investment in Whitewater Development Corp., a project to develop vacation property in the Ozark Mountains of Arkansas. The Clintons were 50-50 partners with James B. McDougal, owner of the failed Madison Guaranty Savings & Loan.

Whitewater and Madison Guaranty are the subject of a Justice Department criminal investigation that seeks to learn whether S&L funds were illegally diverted to the real estate deal or to Clinton's Arkansas political campaigns.

One senior adviser to the President has warned that the Clintons will "keep bleeding" through continued questions about their financial affairs until they share their personal records with Congress and the public.

Another top aide said Thursday that the Clintons were in a political vise, squeezed by demands for their papers and a desire to protect their privacy as well as the integrity of the ongoing criminal investigation of McDougal, their former business partner.

"You're trying to balance in all of this the President's and First Lady's rights," said the aide, who asked that he not be identified.

"Even if they are the President and the First Lady, just because someone makes a charge, they don't have to turn over everything they own; that's a matter of principle. But we recognize that from a political point of view, we've made it look bigger than it is."

That is a lesson that countless politicians have learned, and Clinton in particular should know that a public figure, especially a President, has virtually no private life and cannot dodge questions merely by asserting a right to privacy, officials said.

Other White House advisers insist that the Clintons have done no wrong and that the calls for full disclosure of their private papers are nothing more than a Republican-driven witch hunt that should be resisted at all costs.

"We're voluntarily turning over more records than anyone has asked for," White House political adviser Paul Begala said. "This is like shadow boxing. There are no charges. There are no allegations. This whole thing just mystifies and frustrates me."

The Clinton strategy is one used by public officials in a number of cases in the past to shelter what they consider private aspects of their lives. Even when successful, it can lead to drawn-out battles, sometimes with significant political damage.

Leading Republicans on Thursday accused the Clintons of "colluding" with the Justice Department to conceal evidence of possible crimes and of stonewalling congressional investigators.

"It's mind-boggling to think that the White House and the Justice Department would work together in a matter that might involve some criminal activity," Senate Minority Leader Bob Dole (R-Kan.) said in one of a series of television interviews. "I don't know of any precedent for this."

A senior House Banking Committee staff member said it appears that the White House is using a grand jury subpoena as a

means of limiting, not furthering, disclosure of relevant material.

"They're trying to set up a wall, to say they're not targets and they're cooperating to get the bad guys," the aide said. "They're just going to pour everything they can into the grand jury and then say any release would threaten a pending investigation."

Bruce R. Lindsey, the White House point man on the Whitewater affair, said that when the Clintons' personal lawyer, David E. Kendall, approached the Justice Department on Dec. 23 to offer to turn over papers on the case, he was told that the agency was in the process of seeking a subpoena.

Kendall and Justice Department lawyers then negotiated the terms of the request for documents to broaden it to include more information than the White House originally intended to produce.

Lindsey called that evidence of the Clintons' good-faith effort to provide more information than required; Republican critics charged that it is an attempt to protect a larger cache of Clinton papers.

Reno, at her press briefing, cited the possibility that the independent counsel law, which she strongly supports, will be revived as an argument against her naming one herself.

Samuel Dash, who served as chief counsel to the Watergate committee, said that eventually Clinton and Reno will be forced by public and political pressure to name an independent investigator.

"Historically we have seen that the Justice Department, even operating with integrity and good purpose, when it investigates its own Administration, the public won't accept the result. Most people will say it was just a whitewash and a cover-up," he said.

"We learned from Watergate and Iran-Contra—which were true scandals, while this one may not be—that whenever you put a cloud on the President, it always festers



Reuters

President and Mrs. Clinton on Thursday walk to helicopter waiting to take him back to Arkansas for his mother's funeral.

when it looks like they're trying to keep the facts from coming out," he said. "The only way out is to put it under an independent investigator. They will find that politically, strategically and honestly, that's the only way to do it."

Times staff writers Robert L. Jackson and Ronald J. Ostrow contributed to this story.