

Julie Hiatt Steele to testify for McDougal in Arkansas trial

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In a significant blow to Independent Counsel Kenneth Starr, a federal judge in Little Rock, Arkansas ruled March 30 that Julie Hiatt Steele can testify on behalf of Susan McDougal. McDougal's trial on charges of criminal contempt and obstruction of justice for refusing to answer grand jury questions related to the Whitewater investigation is in its fourth week.

The testimony of Steele is intended to show a pattern of harassment and intimidation of potential witnesses by Starr's prosecutors in their pursuit of President Bill Clinton. Steele faces obstruction of justice charges because she repudiated remarks she made to a *Newsweek* reporter supporting the claim of Kathleen Willey that Clinton made an unwanted sexual advance toward her in the White House. In an effort to pressure Steele, Starr subpoenaed her brother, her daughter, her accountant and former friends. Investigators even suggested that the adoption of her eight-year-old Romanian-born son was illegal.

McDougal faces up to 10 years in prison and \$750,000 in fines if convicted on charges of obstruction of justice stemming from her refusal to answer questions before a grand jury related to the investigation of the Whitewater real estate deal. She and her late husband James McDougal were partners with Bill and Hillary Clinton in the failed land development project, which became the subject of a protracted legal fishing expedition by Starr's office in its effort to find a crime with which to charge the Clintons.

In testimony last week McDougal answered the same questions in open court that she had refused to answer before the grand jury, in an effort to demonstrate that her silence was an act of defiance directed against Starr, not a cover-up on behalf of the Clintons. She said that Clinton had testified truthfully in her 1996 trial on

fraud charges relating to an illegal \$300,000 federally backed loan obtained by her husband in 1986. She further stated that the Clintons had no knowledge of the complicated web of illegal financial dealings of Mr. McDougal.

Prosecutors, who have been put more and more on the defensive as the trial has proceeded, erupted in anger after hearing the ruling by US District Judge George Howard Jr. to allow Steele's testimony. "This is mammoth," declared lead prosecutor Mark Barrett. "We're treading on dangerous ground here," associate independent counsel Julie Myers told the judge.

Defense attorney Mark Geragos said Steele's testimony will demonstrate a pattern of behavior by Starr's office. The independent counsel's treatment of Steele, he said, "mirrors the activity that went on with Ms. McDougal"--the harassment and intimidation of witnesses uncooperative with the prosecution.

Answering questions put to her by Judge Howard outside the presence of the jury, Steele described the steps leading to her politically motivated prosecution by Starr. Steele, a single-mother, 52, who lives in Virginia, is facing three counts of obstruction of justice and one count of making false statements. One of the obstruction counts is based on Steele's attempts to defend herself in the press after being denounced by Willey in an interview on the CBS program "60 Minutes." Her indictment came January 7, at the start of the Clinton impeachment trial.

Steele said she had tried to explain her situation to Starr's prosecutors and the grand jury in an objective and rational manner. "I thought I was supposed to be helping with people who might have some information about all this," she said. Steele told of the harassment she faced when she refused to take back her claim that Willey, a White House volunteer, had asked her to lie

in order to back up her claim of harassment. "Often we would hear there were agents all over Richmond [Virginia] looking for people to bring before the grand jury. They had subpoenaed every financial record imaginable, every possible paper, every document."

When she persisted in her account of events, Starr's office brought charges against her. Without any evidence, the special prosecutor asserted that Steele, a Republican, had been pressured by supporters of Clinton into changing her story in relation to Willey.

The outcome of the McDougal trial is sure to have a bearing on the Steele case, which is set to go to trial May 3. Starr's prosecution of Steele is already in serious trouble, since there is ample evidence undercutting Willey's claims. One of those contradicting Willey's allegations of sexual harassment is Linda Tripp, whose secretly taped phone conversations with Monica Lewinsky laid the basis for Starr's attempted coup against Clinton. In testimony before a Starr grand jury, Tripp said Willey was happy with Clinton's attention. Tripp had encouraged Willey to continue with her flirtations and even provided information about Clinton's schedule.



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