

Gazette Project

Interview with

Ernest Dumas,
Hogeye, Arkansas,
19 October 2001

Interviewer: Roy Reed

Roy Reed: This is Roy Reed and Ernie Dumas at my house on October 19, 2001. This is one more in a series of interviews about the *Arkansas Gazette*, and I want to get Ernie to tell me how Jeff Gerth [reporter for *The New York Times*] came to town to gather material for his first Whitewater story in 1992. But fill in the background on that beforehand.

Ernest Dumas: All right, there's a lot of background to this, Roy. This goes back to 1978. In the senate race of that year, David Pryor, who was the governor, and Congressman Ray Thornton and Congressman Jim Guy Tucker were the candidates in the Democratic primary. It was not long after the filing had closed, and we had those three candidates. I was *The New York Times*' stringer at that time, and I received a call from a guy named Jeff Gerth, G-E-R-T-H. He was a fairly new reporter at that time. I think he had been at the *Village Voice* and some other jobs, but he worked for the financial section of *The New York Times*, at that time, based in New York, I think. He said he wanted to come to Arkansas and do a story about the Stephenses, Jack and Witt Stephens, and he knew that I had written a series of articles about them the previous year, about their rise to power

and the financial and political empire they had built. He had a copy of my series, but he wanted me to do some research for him. I agreed to do it, and it involved simple leg work, like getting annual reports of Union Life Insurance Company, which was owned by Jack Stephens, and I've forgotten what else. He would be down in Little Rock shortly. So he called one day. This would have been, I guess, in the late spring of 1978, and he was at the Little Rock airport. He said he was on the way to the Capitol, and he wasn't going to go to the hotel first. I asked him what to do with this material I had gotten for him, and he said, "Just take it down to the hotel and leave it for me at the desk," and that he'd be in touch later. I did. This was maybe late morning, 11:00, because he'd flown from New York to Little Rock. So it was late in the afternoon, maybe about 4:30, 5:00 as I recall, he called and said, "Want to go have a beer with me?" and so I did. He told me, "I've gotten my story. I've been out to the Public Service Commission." I don't know whether he told me PSC, or he just said the Capitol, but it was the PSC where he had been all day. He went straight from the airport to the Public Service Commission, and, obviously, he knew exactly what he was going there to get. He wouldn't tell me what the story was, but he said it was going to blow Ray Thornton out of the Senate race. It sounded like a good story, but he, obviously, did not want me to know what the story was because I might feel compelled to give it to the *Gazette*. But he said it was a blockbuster story. So he hung

around a couple of days and kept trying to reach the Stephenses.

Obviously, it involved the Stephenses—Jack and Witt, who were Ray Thornton’s uncles—and he couldn’t reach them, or at least he couldn’t reach Jack Stephens anyway. He might have gotten a hold of Witt, and Witt just said, “My brother takes care of all of that, and you’ll have to talk to him.” That’s probably what happened. But he couldn’t reach Jack, so he was finally calling me to see whether I could help him. I said I couldn’t, that Jack Stephens wouldn’t talk to me. He [Jack Stephens] was furious at me for the series I did on the Stephenses, and that my interceding wouldn’t help him at all. He [Gerth] would call every day, and it would just get him more and more frustrated. He was hung up down here in Little Rock, and he couldn’t finish the story. He told me, “All I want is for him to say, ‘No comment.’ I don’t care whether he talks to me or not, but I have to give him a chance to respond to this material I have.” He asked for advice, and I would say, “Well, why don’t you call so-and-so?” I said, “Why don’t you just go down to the Stephens building about 7:00 in the morning. It’s a tiny place. Park across the street, and when Jack arrives at Stephens Inc., stop him on the parking lot and ask him. Then you’ve trapped him. You got it.” I don’t know whether he did that or not, but he finally headed back to New York. He was just frustrated. He was going to New York, and he’d try from up there. He did, and about once a week, he would call, more and more frustrated. As I

recall, once he said that Craig Campbell, who was Jack's assistant, had told him that Jack would play golf with him. So my recollection is that Gerth flew to Little Rock to play golf with Jack and gets down here and finds out Jack is in Augusta, Georgia, and so he had to fly back to New York again frustrated. Now we're moving right along and approaching the Democratic primary for Senate, and he wants this story in the paper before the election. He finally persuades *The Times* to run the story anyway, persuades the editors there that the Stephenses are dodging him, and they're not ever going to talk to him. So they agreed to run the story, and they did. They run it, as I recall, on a Monday, and the story is confusing and arcane, as Gerth's stories tend to be. Basically, it was an account of how the Stephenses were paying for their own gas produced through Stephens' production company and their own wells, paying them a higher price for gas than they were paying other people who had gas, royalty owners, in the same field. They were paying themselves a higher price than other people who had royalty rights. But the story – I've forgotten whether it mentioned Ray Thornton at all, or if it did, it was way down at the bottom. Gerth thought Thornton ought to be up at the top because this was why he was writing [the story]. It was the Senate race. Nevertheless, the story appeared in *The Times*, and we jumped on it in Little Rock. I had alerted Bob Douglas that *The New York Times* has got this blockbuster story that is going to blow Ray Thornton out of the Senate

race. So when Gerth tells me it's going to run tomorrow, I alert Bob, and we're all excited about this big blockbuster story that's going to change the course of the Senate race. The story moves, and it just dissipates.

RR: Moving on the wire.

ED: Yes, we get *The New York Times* wire, and it comes across the wire. Shelton gives it to me and says, "All right, you do our story for it." And so I go out to the PSC, and I get the same material and do a story for us. We run it, I think, on the front page there at the bottom. It's picked up and becomes a little issue in the Senate race over there in western Arkansas, that his uncles were making money off the ratepayers, I guess, in that little gas company. It's Arkansas Oklahoma Gas Company, owned by Witt and Jack and serving Crawford and Sebastian counties. Well, they were convinced that story beat Ray Thornton because he was barely knocked out of the run-off by Jim Guy Tucker. He finished third in those counties, where he expected to be strong. So they're convinced that's what did him in, and they're furious. Of course, they assume correctly, I think, that Gerth was tipped by Sheffield Nelson, their old arch enemy, who is by now the president of Arkansas Louisiana Gas Company.

RR: And who started his life as Witt's protégé.

ED: Witt had hired him and made him his personal aide at Arkansas Louisiana Gas Company and then had the board of directors name him as his replacement, as his successor, but they had since had a falling out and now there's implacable hatred between the Stephenses, on one hand, and Nelson. So the assumption is that

Nelson is the one who somehow gets to know Gerth and tips him to come down here and do this story. They're convinced of it, and I think that's true.

RR: Nelson, meanwhile, had become a bigwig in the Republican party.

ED: He had not at that point. No, he was not a Republican.

RR: Still a Democrat?

ED: He's still a Democrat. Nelson's a Democrat until 1990. The other side of that story I got later from Wendell Rawls, who at that time was a *New York Times* reporter, and had won the Pulitzer Prize at the *Philadelphia Inquirer* and had recently become an investigative reporter at *The New York Times*. He had developed a great friendship with Jack Stephens arising out of the big stories in 1977 involving Bert Lance, Jimmy Carter's director of the Office of Management and Budget – big, running stories at the time. Rawls was deeply involved in investigating Bert Lance, and Jack Stephens had had some financial relationships with Bert Lance and had been a confidential source of Wendell Rawls. So Rawls tells me much later about that. What happened was Jack Stephens called him in Washington and said, "Do you know a Jeff Gerth at *The Times*?" He said, "Well, yes." He said, "Well, he's down here, and he's got some kind of story. He's trying to reach me, and we think he's trying to influence the Senate race. What do I do about it?" And so Rawls says, "Don't answer your phone. Don't ever let Jeff Gerth get you on the phone because *The New York Times* has a policy that they will not run any kind of scandal story without getting the other side, and so they just [won't] run it. It is an ironclad rule. Fairness dictates it, and *The New*

York Times is fair. They are not going to run that story. Don't let him get you on phone. If he does get you on the phone, claim you are somebody else. Just don't talk to him. Don't say anything. He just wants a 'no comment.'" So he figures the whole thing out right away. Of course, Jack Stephens calls him right at the end – when the story runs – and says, "You son of a bitch. You told me that this story wasn't going to run. It's in *The New York Times*, and now it's in the goddamned *Gazette* down here." Rawls said, "Well, I don't know what happened, but that's been their policy. I hadn't seen them do that before." Anyway, so that's the 1978 episode. The second chapter of this thing occurs about five or six years later, probably about 1983 or 1984. Stephens gets in touch with Wendell Rawls and tips him about a scandal involving Sheffield Nelson, so it's kind of tit-for-tat. So Rawls comes down, and the Stephenses and their people, including Emon Mahony, president of Arkansas Oklahoma Gas Company at Fort Smith – he runs the gas company for Witt and Jack. Wendell develops this big story that Sheffield has cut this sweetheart deal with his good buddy Jerry Jones. Jones has a little gas production company called Arkoma Production Company, over at Fort Smith.. He's the co-owner, and Sheffield arranges to transfer thousands of acres, as I recall, of rich, gas-producing lands in Sebastian, Crawford, and Franklin counties from Arkla to Jerry Jones to develop. Then signs a contract for Arkansas Arkla Gas Company to buy all the gas that Jones is able to produce from all this rich Arkla gas land, and he agrees, whether they need it or not, to buy every cubic foot of gas that Jones produces over there. Then

he loans him, interest free as I recall, about fifteen million dollars from the gas company to develop this land. It was an amazing deal, and Arkla had simply announced it as a wonderful deal. There was a little tiny story in the local papers, but they didn't make much of it. But Witt or Jack called Wendell and said, "This is a hell of a story. This is an awful scandal and screwing the ratepayers and the stockholders of Arkla." Wendell comes down and does this story, and it's a devastating story. It makes it pretty clear – it's much better written than Gerth's story. This one makes sense. Sheffield threatens to sue *The New York Times*, but nothing comes of that. So Witt and Jack had used Wendell Rawls to get back at Sheffield Nelson. The third chapter of this, I guess, is in 1992. Bill Clinton is running for president and has beaten Sheffield in the 1990 gubernatorial election. Sheffield switches parties in 1990 and runs against Bill Clinton for governor because he gets tired of waiting for Bill. He wanted to run as a Democrat, but Bill keeps running. So Nelson switches parties and runs. It's a very brutal race, and there's lots of bitterness. So he alerts Jeff Gerth, and according to Sheffield's account, they just happen to be talking on the phone, and Gerth is asking him what he knows about Clinton or something. It turns out Sheffield has just finished talking to Jim McDougal, and McDougal tells him about Jim Guy Tucker and some of his dealings and this Whitewater Development Company, and how Clinton had screwed him. Clinton promised to do this, and he hadn't done it and so forth. He was going to get him a job and so forth. So he tells Gerth about all of this, and arranges for Gerth to interview Jim McDougal. So Gerth gets

together with Jim McDougal, and McDougal tells him all. Maybe what he really wanted to talk about was Jim Guy Tucker, but, in the course of it, he tells him about Whitewater Development Corporation and Madison Guaranty Savings and Loan.

RR: Talk about Jim Guy.

ED: He had had some financial dealings with Jim Guy.

RR: He . . .

ED: Jim McDougal did.

RR: McDougal. Okay.

ED: He thought Jim Guy owed him some money and wouldn't pay him back or something. I've forgotten all the ins and outs of that. It later came out in court, and that was the basis of Tucker's conviction and McDougal's conviction years later. But *The New York Times* is not interested in Jim Guy Tucker. They're interested in Bill Clinton. At least that's what Gerth tells me. He calls me and tips me on the Jim Guy Tucker stuff, and I do a story for the *Arkansas Times* on the Jim Guy Tucker aspects of it, which later turned into the Whitewater indictments, the same material. But *The New York Times* wasn't interested in Jim Guy Tucker. They wanted him to follow up on . . .

RR: At this time he was Lieutenant Governor?

ED: He's the Lieutenant Governor at that time, yes.

RR: About to become governor.

ED: About to become governor. He's the acting governor while Clinton's

campaigning and will become governor if Clinton is elected. So [Gerth] writes the first Whitewater story, owing to that tip from Sheffield Nelson and so forth, and, of course, the first Whitewater story is news to the country and probably worth the story because everything about a prospective president's life, I guess, is news. I mean, you ought to know everything you can about him, and this was a tiny episode in Bill Clinton's life. As an attorney general of Arkansas in 1978, he and his wife had gotten into a land deal with Jim McDougal, and they had lost some money. It turned out to be a bad investment, and that's really about all there ever was to the story. There was just no more than that: that Bill Clinton and Hillary Clinton unwisely borrowed a bunch of money and invested it with Jim McDougal in a remote land development in Marion County or Searcy County and lost their money over a period of years. But, of course, the story becomes much more than that. All kinds of angles, everybody exploring all kinds of angles on that. Ten years later, that's all the story ever was. From the first, Gerth magnified it far beyond what it was worth and failed in that original story or subsequently to tell the other side. Gerth's failing as a reporter was that he did a lot of good leg work, but when he came across something that didn't fit or that diluted his story somehow, he just left it out. I mean, I think that's what Gerth has always done. If he comes across inconvenient facts, he leaves them out, so, basically, the stuff he writes, you can say, "Well, yes, that sentence is factual and that sentence is factual, but it's not the truth." Quite often, you'd get things that are not factual. There were a number of instances when he just got things wrong.

RR: What about your dealings with him as *The New York Times* stringer, helping Gerth research all this Whitewater thing? You told me one time that Gerth had brought you in on the thing and asked for your help, and do you remember any of the ins and outs of that?

ED: Well, I really didn't do much help on it. He had called to talk about what he had, and he called and talked about that, you know, the Whitewater stuff. When he first called me to talk about that, it was not so much the Whitewater Development Corporation. I think he might have asked me about it, do we know anything about it, and I said, "Yes. There had been stories in the paper about Whitewater. I mean, it's not been a big story down here, but when they made the first development, there was a little story in the paper about it." And then it had resurfaced a couple of times in campaigns. Opponents had made some issue out of it from time to time during the campaign. Never a big thing, because it's a hard thing for a politician to exploit, so nothing much came of it all. But it had been in the news down here. Everybody didn't know about it, but, in the news business, we were aware of it.

RR: I remember at one point, you were pretty angry at Gerth over some particular handling of the story.

ED: Well, there was a subsequent story. I've forgotten a lot of the details of the Whitewater stuff because that went on and on and on, of course, but not long after the Whitewater story appeared, he did another big blockbuster that also went on the front page of *The Times*, about Hillary's trading in cattle futures. This was

kind of a follow-up. It came out of the Jim McDougal interview. In the course of his interviews, discussions, with McDougal, McDougal also told him how Hillary had made \$98,000 off a \$1,000 investment in cattle futures. Gerth called me and said did I know anything about that, and I said, “No, that’s news to me. I’ve never heard of it.” He said, “Are you sure nothing’s been in the paper about it?” I said, “No. Anything at all would have made the news down here, and so nobody had ever heard anything about that. That’s completely fresh news.” He said, “Well, I’ve pretty much pinned it all down, and she invested \$1,000. Jim Blair handled the accounts for her and did most of the trading for her, and she got out of the thing about eleven months later with a \$98,000 profit.” So I said, “Well, that’s a good story.” I thought it was a good story, but when the story appeared, it had major errors in it, grievous errors, and just left out some important facts. To give you a couple of examples, the lead was that Hillary Rodham Clinton, when she was the first lady, had used an executive vice president of Tyson Foods to help her earn a \$100,000 on cattle futures trading. Turn a \$1,000 investment into a \$100,000 profit. That was the lead, that this Tyson Food executive had assisted her in making all this money. And then the next two or three paragraphs suggested that, as the result, the Clinton administration threw, I think it was something like \$9 million in state loans to Tyson Foods, loans and grants of \$9 million to Tyson Foods and that Clinton rewarded Tyson executives with state patronage plums, state appointments, and waived regulations for them. It went on in some detail about Tyson’s polluting plants up there in the hills and how the

state didn't do much at all. The whole story was the favoritism done [for] Hillary and the payoff for Tyson. When I saw the story, I said, "Well, that's a hell of a story." Then I looked at it and said, "Wait a minute. What's Tyson doing getting \$9 million in grants and loans from the state? What program is that? I've never heard of a program like that, particularly for a big company like Tyson Foods getting loans from the state." So I called the state agencies that might have been responsible and they had never heard of the loans and had no program like that.

RR: Who?

ED: Arkansas Development Finance Corporation, which is this industrial development outfit, that has gone through several modifications over the years. I think Faubus set it up originally. And so I called the Arkansas Industrial Development Commission to see whether they had any such program, and nobody knew what they were talking about. I read them this paragraph out of *The New York Times*, and they said, "No. We don't have any program like that." I think I called Archie Schaffer up there at Tyson Foods, or Jim Blair, and they said, "We never got any loan. We don't know what he's talking about." So I've forgotten now whether I sent something to *The New York Times* or what, but about a month later, they ran a correction on page two. The correction didn't make any sense. Newspapers hate to make corrections. There were actually no loans and grants, and it tried to make some explanation. But Gerth's explanation later was that he was in a rush, and he just made a mistake. And, I think, he first told Gene Lyons [a Little Rock political columnist] that maybe somebody told him that, and he just failed to

check it out or something, but nobody knows where it came from.

RR: And the entire story rose or fell on that particular fact.

ED: Yes, the magnitude of the story as a scandal. You know, I think it was the story that Hillary made money. That was the story.

RR: But here's a political payoff to help you out.

ED: And then it referred to all these appointments by Clinton. It turns out, there was a position on the Livestock and Poultry Commission that called for an animal veterinarian, a poultry veterinarian. Well, I think there's only one in the state or something. Anyway, this doctor, was a veterinarian at Tyson foods, and Clinton had reappointed him to this position at the Livestock and Poultry Commission that he had held for many years. Also, he talked about how Tyson had always been big supporters of Clinton, that they had contributed all this money to his presidential campaign. Well, of course, what he failed to point out was that Tyson had opposed Clinton until 1992. He supported him in his first race in 1978, and then worked hard against him in 1980. Supported Frank White, gave him all this money and gave money to Frank again in 1982. We had a letter to the editor in the *Arkansas Gazette* signed by Don Tyson, against Bill Clinton, why he should be defeated, a lot of it over truck weights. Clinton would not support raising the weight limits on Arkansas highways, which the industry wanted. And, you know, Tyson hadn't supported him all those years, and the whole poultry industry had been opposed to him.

RR: Yes.

ED: . . . over the years until he runs for president, and Tyson said, “All right. I’ll support the son of a bitch.” And he did. I went back up to the Pollution Control Commission and looked at the record out there. Clinton when he came back into power in 1983, for the first time passed a law, got it through the legislature somehow, allowing the Pollution Control and Ecology Commission to fine polluters. Prior to that they had to go to court to get a court order. They had to go in and ask the court to fine them, but this allowed them to fine polluters administratively. And since that law was passed in 1983 – after all the commodity trading had happened, of course – they had fined Tyson Foods eleven times. A number of them were appealed. Tyson defeated them in the courts. So there were all kinds of things on the other side you probably should have thrown in to the story. The other thing was that the story identifies Blair in 1978 as a Tyson Foods vice president. Well, in 1978, Blair was a lawyer in private practice. One of his firm’s clients, not its biggest one, was Tyson Foods. It was just one of the law firm’s many clients, and it was about 1982 or 1983 when he leaves the law firm and goes to work for Tyson – long after the cattle futures trading episode.

[End of Tape 1, Side 1]

[Beginning of Tape 1, Side 2]

ED: Jim Blair was best man at the Clinton wedding and Diane was the maid of honor at the wedding or something like that. So, anyway, none of that gets in the story, and I thought it was both inaccurate and dishonest.

RR: I had heard you use the word “dishonest” before to apply to Gerth’s reporting.

What about the original Whitewater story? Was there some point at which he came to you, and you told him the straight of thing, and he ignored what you told him and went ahead and wrote some distorted version of it?

ED: No, I don’t think so. I didn’t have any role in the first story, the first Whitewater story. Now, Gene Lyons has documented some of the failings in that story when he comes to Beverly Schaffer. Beverly Schaffer was the State Securities Commissioner during the period of the Whitewater and Madison Guaranty stuff. Madison Guaranty is a big part of that first Whitewater story. He mentions Whitewater, but then a lot of it just rehashes all the Madison Guaranty stuff. It talks about Beverly Schaffer’s role and quotes her. Of course, when he first called Beverly, she can’t remember about all this stuff. She’d never heard of Whitewater before that, Whitewater Development Corporation., and then he asked her a whole bunch of other stuff about Madison she couldn’t remember. But then she goes back, digs up all the records, and refreshes her memory. Gets all the documents out, looks at them, “Oh, yes, okay. Now I remember.” She sees what she wrote, the memo writes. So she sends him this mammoth, I think like about a ten-or eleven-page memo, going into great detail about her role in the Madison Guaranty regulation. Sends it to him.

RR: Gerth?

ED: To Gerth in New York, and Gerth later acknowledges that he got it, but he didn’t make any reference to it in the story. It still stands, the little comment she made

that she doesn't remember, and when you get her memo in detail, it shoots most of the stuff down in the story. I mean, she's got it all documented, what she did – exactly what she did – the dates and everything, and copies of the memos. She quotes from the memos she did at the time, and it just changes the whole thing. So he just ignored it. Gene Lyons has pursued that angle in great agonizing detail and has talked to Gerth about it and to Beverly Schaffer about it.

RR: Back up a little bit and consider the Whitewater story. In 1992, when the first Whitewater story was written, the *Arkansas Gazette* had been dead for a year.

ED: Yes. About eight or nine months.

RR: If the *Gazette* had still been publishing, at least the old *Arkansas Gazette* before Gannett took over, what would be the normal routine for an out-of-state reporter coming in to work on an investigative story? Would he go to the *Gazette* and talk with . . .

ED: That's usually the case. I mean, that's typically what had happened over the years. Political reporters, like me and John Brummett, in political season we'd spend a lot of time, of course, with the reporters from the big city papers who would always come down. You've done that. A great source is the local political reporter. That's typically what would have been done, and you give him all this stuff, what you know about it.

RR: Is there any chance the Whitewater story would have turned out any differently if the *Gazette* had still been alive?

ED: I think it might have. I think it might have turned out quite a bit differently. The

Gazette would have been the chief source for all the national media, and there would have been people, not only Gerth from *The New York Times*, but other reporters as well, I think, would have gotten an accurate and balanced account.

RR: What difference would that have made if the *Gazette*, instead of – presumably, they all went to the *Democrat*[-*Gazette*] as it was.

ED: Of course, the *Democrat* had very little institutional knowledge of it. The problem with the *Democrat* was that they were unable to help anybody because there was nobody over there who had more than two or three years experience. In 1992, all the reporters – and that’s still the case – about two or three years is the max, and they’re gone. There are a handful of reporters who have been around more than two or three years.

RR: What about the editor of the *Democrat* at that time, John Robert Starr?

ED: Well, of course, they could have gone to Starr and gotten a different side of it. He would have been . . .

RR: They probably did.

ED: I guess they did. I don’t know if they went to Starr or not, or Meredith Oakley. Oakley, I guess, is the one over there with some institutional memory, although she wasn’t a political reporter back there. She was a North Little Rock and federal courts reporter, so she wouldn’t have had too much knowledge of all of that, the early days. Then she became a political reporter sometime in the 1980s.

RR: John Robert, of course, was well known as a critic of Bill Clinton.

ED: Yes, although my recollection is that Starr kind of said, “There’s not much here.”

I mean, I think I recall Starr writing in his column that, “Well, there’s not much here, this Whitewater. There’s nothing there. This guy’s bad, but there’s nothing to Whitewater. This guy’s just bad.” He disliked Clinton for other reasons, mainly because Clinton was no longer paying court to him, and he thought Clinton embarrassed him when he ran for president after telling Starr he wouldn’t. I mean, that’s ninety-eight percent of the thing with Starr. He said that Clinton wasn’t going to run, and then Clinton embarrassed him by running.

RR: But if the old *Gazette* had been still operating in 1992, the out-of-state reporters – and eventually there were dozens of them, weren’t there, who came to town?

ED: Oh, there’s still a lot of them. I still talk to a lot of them. *Baltimore Sun*, *Chicago Tribune* . . .

RR: You mean still pursuing Whitewater?

ED: Well, yes. The *Gazette* was dead, but I was still around. I still got a lot of calls and spent a lot of time with reporters from out of town, *Baltimore Sun*, for example. I talked to a couple of reporters at the *Baltimore Sun* over time, and I think they had a better perspective of it. Mainly, it was *The New York Times* and the *Washington Post* and the *Los Angeles Times*.

RR: What do you think the problem was with *The Times*, the *Washington Post*, and the *L.A. Times*?

ED: In the case of *The New York Times*, they put a lot of trust in Jeff Gerth, who did most of the reporting early on, then a guy named Steve Labaton. Labaton, if anything, was worse than Gerth, and they were kind of a tandem. They worked

well together, and if you didn't have Labaton and Gerth working on it, I think *The Times* coverage was pretty good. It was just the stories they did. Labaton was the same way. He'd cover a trial down here, and to read Labaton's account in *The New York Times* would be astonishing. Even the *Democrat-Gazette's* account of these trials was much better than Labaton's because Labaton would be focused in one direction, and material on the other side would never get in the paper. The other one was Susan Schmidt at the *Washington Post*, who also saw a chance to win awards or whatever. I think she had the same problem, which is a common problem, too often, with investigative reporters. You've got this mindset of a scandal, and if you come across something that diminishes your story after you've been working on it all this time, the impulse is to let it slide by and not mention it.

RR: I've wondered what would have happened if, instead of Gerth doing the story, Wendell Rawls had still been at *The Times* and been assigned the story. Rawls has his own Arkansas sources going back some years. How do you think the story might have been different?

ED: Well, I think it would have been different. I think he would have some fun writing the story. He probably would have written about the Whitewater thing, not so much Whitewater, but Clinton's relationship with Jim McDougal. That was a story worth telling because McDougal, by that time, was in trouble, and he had been indicted for fraud at Madison Guaranty. But he had beaten the rap. They tried him. The Republican U.S. Attorney, Chuck Banks, had tried him and McDougal was able to persuade the jury that, yes, he did a lot of goofy things and

they were dumb and they weren't right, but that he'd never had any intention to defraud the company, and he got in over his head. I think that's still probably right. I don't think McDougal intended to defraud anybody. He just had all these dreams and he was going to make money and he just kept getting in over his head. The times didn't make any difference. Good times and bad times, you just pursue the same strategy. He was making one investment after another, borrowing over here and trying to do all these things, but I don't think he was ever intending to get rich fraudulently because he never was. He never really had any money.

RR: There's a sidebar to all this. The only people who actually made money out of this whole debacle was Sheffield Nelson and . . .

ED: That's right. Out of Madison Guaranty, they were the only people, as far as I know, Sheffield Nelson and Jerry Jones. There might have been one other person. Campobello Estates, in fact, was the investment that brought Madison Guaranty down, according to the federal audit. McDougal had this great dream. He loved F.D.R. [Franklin Delano Roosevelt]. Great student of F.D.R. Knew everything about F.D.R. Could quote his speeches. He could get up and deliver F.D.R.'s fireside chat and so forth. He memorized a lot of those things. He liked to carry a cigarette holder and so forth because Winston Churchill and F.D.R. were his heroes. I guess he'd seen "Sunrise at Campobello." I think he saw an ad in the *Wall Street Journal* or *The New York Times* that Campobello Estates was for sale, all this land at Campobello. So he had the idea that he'd go up there and buy this land and develop it, and that it would become a big vacation retreat. It

was a hare-brained idea, just as Whitewater was. So he went up there and bought this land and was going to develop it. He was using Madison Guaranty money to develop this thing, but he talked Sheffield Nelson – once his enemy many years earlier – into joining him. Back in the 1960s, they had been on opposite sides of the young Democrats. McDougal was a liberal, and Sheffield was the Faubus man, but they'd overcome that, and they'd become pals. In about 1984 or so, he got Jerry Jones and Sheffield Nelson to go together with him to develop, under a partnership, Campobello. Sheffield at that time was a big Democrat, too, kind of a liberal Democrat. They didn't put up much money, but they were limited partners in this big undertaking. So when the thing ran into trouble and the Resolution Trust Corporation put Madison Guaranty into bankruptcy, one of the assets or liabilities was Campobello Estates. They had drained something like three or four million dollars out of Madison Guaranty into this thing. Of course, nobody was buying any lots up there because it is a god-forsaken place. Eleven months out of the year, it's almost uninhabitable.

RR: Off the coast of Maine at the bottom of the Canadian border.

ED: Yes. It's cold and windy, and it's just miserable, except for a few weeks in the summer. So it was a big flop, and they were losing everything, and they kept pouring money into it, trying to develop it. So when Resolution Trust Corporation takes over, there's a guy named Tommy Trantham. Tommy Trantham was a teammate of Jerry Jones on the Arkansas Razorbacks. He was a split end. Somehow, he gets to be the Resolution Trust Corporation's receiver.

So he arranges for the Resolution Trust Corporation to buy out Sheffield and Jerry Jones, and each of them . . .

RR: “They would buy.” Who’s “they”?

ED: Well, I guess the federal government. Trantham is the guy who was doing this thing, so Jones and Nelson come out with a big profit. They make, I think, a quarter of a million dollars each. Sheffield and Jerry Jones make a quarter of a million dollars each, while the taxpayers foot the bill. McDougal loses out. Everybody else in Madison Guaranty loses out. But Sheffield Nelson and Jerry Jones make a small killing off this albatross. Not only do they come out and make money, but *The New York Times* or the *Washington Post* or the *L.A. Times* never mention that. They write reams and reams and reams about Madison Guaranty and all its troubles, but you’ll go back and never find one mention in *The New York Times* of Campobello Estates and Sheffield Nelson and Jerry Jones. I know that because, in subsequent years, they asked me to write an op-ed piece in 1996 or 1997 about Whitewater, a Sunday op-ed piece for *The Times*, and I write it, and I mention all this with the Republican angles, and I mention Sheffield. The editor of the op-ed page calls and says, “We’ve looked in our archives, and we have very thorough coverage of the Madison Guaranty thing, and this is not mentioned.” And I said, “No, it’s not, because Labaton covered the trial and he never mentioned any of that.” Some of that was in the trial and public record. The *Democrat-Gazette* wrote quite a bit about it even, but it never appeared in *The New York Times*.

RR: Did they leave it in your op-ed piece?

ED: No, they didn't run the op-ed piece.

RR: They didn't run it?

ED: No. They said, "Before we run it, we need to check this with Steve Labaton." I said, "Well, then you're not going to run the article." Anyway, they said – who was the editor of the editorial page?

RR: At that time, it would have been Howell Raines.

ED: Yes, Howell Raines. "Check with Howell Raines," and I said, "Well, you're not going to run it. Howell will not want to run this piece because this does not fit Howell's view." And I said, "Besides," I shouldn't have said this, but, "Howell stole a book from me once." [Laughter]

RR: Did he really?

ED: Yes, he did. I think he was in Florida at that time, but he came to Little Rock. He came to do a piece on the twentieth or twenty-fifth anniversary of Central High, and we went down and had barbecue at Fisher's Barbecue. And I happened to mention I had this book. I think I got it from you. It was a little book by Rutgers or someplace. It was just a compendium of documents on 1957. It had excerpts from the court hearings, letters to the editor in the *Gazette*. It was a great scholarly asset because it was all this stuff you could rely on, documentation about Central High. I think I inherited that from you when you went to *The New York Times*. You gave me this pile of stuff, and I think it was in that pile. Anytime I've written about 1957, I could just kind of go back and get dates,

quotes, and everything out of this thing. And Howell Raines said, “I’d like to borrow this book.” I ran home and got it, brought it back to him, and he said, “I’ll get back to you tonight or tomorrow before I leave town.” And he didn’t, never did, and I never got that book back.

RR: You ought to write him a letter.

ED: At any rate, I was joking with this woman. They didn’t think it was funny. I wasn’t seriously accusing him of theft. I was lighthearted about it. But they did not run the piece. The next day I got a call from the *Miami Herald*, and they asked if I would write a piece for them about Whitewater because they had read this piece I had done for the Neiman Reports on what’s his name? Reviewing that guy’s book, *Blood Sport*.

RR: James Stewart.

ED: This guy liked that piece. He asked me if I could write a piece for that Sunday’s *Miami Herald*. This is Thursday, and I said, “Yes.” So I wrote him about a three-thousand-word piece for that Sunday, and they ran it on the front of the *Miami Herald* Sunday Opinion Section. I went into all the detail about all the Republican high jinks. I said, “Whitewater’s really a Republican scandal,” and I went into all of that stuff. Knight–Ridder ran a shortened version of it. It appeared in a bunch of Knight-Ridder papers around the country.

RR: Is there anything else about all of this – *The New York Times* and the *Arkansas Gazette* – that needs to be said in the way of keeping the record straight?

ED: No, I think that’s it. I think we’ve set the record straight.

[End of Interview]