

APPENDIX 5

**ILLEGAL FINANCIAL TRANSACTIONS UNDERTAKEN BY JIM McDOUGAL
INVOLVING WHITEWATER**

I. SEPTEMBER 10, 1984 PAYMENT.

On September 10, 1984, a Tucker-Smith-McDougal check was deposited into the Whitewater corporation account at Madison Guaranty in the amount of \$7,500.¹ This deposit was needed to clear an overdraft in the account caused by the payment of \$7,500 on September 4, 1984 to the Bank of Cherry Valley, a payment on McDougal's Bank of Cherry Valley loan.²

The monies utilized by Tucker-Smith-McDougal to write the \$7,500 check to the Whitewater corporation were traced as follows: On September 10, 1984, Tucker-Smith-McDougal received a check for deposit from West Arkansas Construction Company in the amount of \$14,690.00.³ The stated explanation for this check was a payment by R.D. Randolph to McDougal for the prior purchase of land.⁴ During several different debriefings by Independent Counsel staff and RTC personnel, Randolph stated that he and McDougal had an arrangement that allowed McDougal to request payment for a previous land sale whenever

¹ Check from the account of Tucker-Smith-McDougal payable to Whitewater for \$7,500.00 (Doc. No. DEK501484); Deposit slip (Doc. No. 54-17954-00000082); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 71 (Apr. 24, 1995).

² Check No. 118 from the account of White Water Development Corporation, Inc. signed by James B. McDougal payable to Bank of Cherry Valley for \$7,500.00 (Aug. 28, 1984) (Doc. Nos. GS-00014743 through 744); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 71 (Apr. 24, 1995).

³ Check No. 496 from the account of West Arkansas Construction Co. (signature illegible) payable to Tucker-Smith-McDougal for \$14,690.00 (Sept. 1, 1984) (Doc. No. 343-00000137); Randolph 5/13/96 Int. at 2.

⁴ Randolph 5/13/96 Int. at 2.

McDougal was in need of money.⁵ Randolph also stated that McDougal would provide him with the name of the McDougal entity that Randolph should use as the payee when writing a check.⁶

The monies utilized by West Arkansas Construction Company to make the payment to Tucker-Smith-McDougal were traced to two large deposits made that were made just prior to the West Arkansas Corporation check to Tucker-Smith-McDougal on September 10, 1984.⁷ These deposits were both from Madison Financial (\$20,545.00 on August 28 and \$30,000.00 on August 31) and Randolph believed that these were payments for work performed by West Arkansas Construction on the Maple Creek Farms real estate development project.⁸ Randolph acknowledged that McDougal's requests for payments on the land sale roughly coincided with payments from Madison Financial to West Arkansas Construction.⁹ Randolph attributed this to the fact that McDougal would have known when Randolph had available cash.

II. OCTOBER 26, 1984 PAYMENT.

On October 26, 1984, a \$3,050.00 deposit was made into the Whitewater corporation account at Madison Guaranty.¹⁰ This deposit was comprised of funds from four different

⁵ Randolph recalled that McDougal never "needed a payment because he was in financial trouble or needed to make a payment." Randolph 5/13/96 Int. at 3. But see Randolph 3/9/95 RTC Int. at 36 (stating that he made a payment "whenever [McDougal] needed some money").

⁶ Randolph 5/13/96 Int. at 2-3.

⁷ Id.

⁸ Id. (stating that those checks would most likely have been issued to his company for work that it had preformed on any one of the many real estate transactions).

⁹ Id.

¹⁰ Madison Guaranty Deposit Ticket for Whitewater Development for \$3050.00 (Oct. 26, 1984) (Doc. No. DEK501501).

accounts controlled by Jim McDougal. These accounts and deposits were: Great Southern -- \$650.00; J.B. McDougal Trustee -- \$200.00; Pembroke Manor -- \$1,700.00; and Smith-McDougal -- \$500.00.¹¹ The purpose of this deposit was to cure an overdraft in the account that occurred when a loan payment was made to the Security Bank of Paragould on October 4, 1984 in the amount of \$4,811.19.¹² This payment reduced the principal owed on the Security Bank note by \$2,000.00 to a balance of \$18,800.00.¹³

The source of the funds for the Great Southern deposit into the Whitewater Development account were various lot payments from previous Great Southern lot sales over the previous month.¹⁴ The source of the funds for the Pembroke Manor deposit into the Whitewater Development account were payments from previous Pembroke Manor lot sales, and a deposit into the Pembroke Manor account from Quapaw Title, which reflected a lot sale.¹⁵ The source of the funds for the James B. McDougal Trustee deposit into the Whitewater Development account cannot be specifically traced to a single deposit. The source of the funds for the Smith-

¹¹ Id.

¹² Check No. 121 from the account of White Water Development Corporation, Inc. signed by James B. McDougal payable to Security Bank for \$4811.19 (Oct. 4, 1984) (Doc. No. GS-00014507).

¹³ Letter from James B. McDougal to Hillary Rodham (Oct. 4, 1984) (Doc. No. GS-00014506); Security Bank Note Payment Receipt for Bill Clinton for \$2,000.00 (Oct. 9, 1984) (Doc. No. GS-00014511).

¹⁴ Deposit ticket for \$98.00 (Doc. No. GS-00000728); Deposit Ticket for \$116.94 (Doc. No. 54-17950-00000061); Deposit of \$237.88 (Doc. No. GS-00000733); Deposit of \$123.00 (Doc. No. GS-00000735).

¹⁵ Madison Guaranty Deposit Ticket for Tucker-Smith-McDougal for \$101.99 (Oct. 25, 1984) (Doc. Nos. GS-00000894 through 895).

McDougal deposit into the Whitewater Development account also cannot be traced. It was not drawn on a Madison Guaranty account and bank records no longer exist.

III. NOVEMBER 7, 1984 PAYMENT.

On November 7, 1984, a \$12,000.00 deposit, via check from Flowerwood Farms, was made into the Whitewater corporation account.¹⁶ This deposit was in response to a Whitewater Development payment on the principal balance of Citizens Bank Whitewater loan no. 5885.¹⁷ The payment on the loan that preceded this deposit was made on November 1 in the amount of \$18,000.00.¹⁸ This amount was combined with \$1,200 from the Whitewater Development checking account at Citizens Bank for a total payment of \$19,100.00 and reduced the indebtedness to \$106,889.34.¹⁹ The \$12,000.00 deposit from Flowerwood Farms did not completely eliminate the overdraft on the Whitewater Development account at Madison Guaranty until McDougal made another deposit.²⁰

¹⁶ Madison Guaranty Deposit Ticket for Whitewater Development Corp. for \$12,000.00 (Nov. 6, 1984) (Doc. No. DEK501519); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 77-78 (Apr. 24, 1995).

¹⁷ Check No. 124 from the account of Whitewater Development payable to Citizens Bank for \$18,000.00 (Nov. 6, 1984) (Doc. No. DEK501527); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 77 (Apr. 24, 1995).

¹⁸ Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 77 (Apr. 24, 1995); Check No. 124 from the account of Whitewater Development payable to Citizens Bank for \$18,000.00 (Nov. 6, 1984) (memo section of check denoted "loan payment") (Doc. No. DEK501527).

¹⁹ Payment Slip (undated) (Doc. No. DEK001233).

²⁰ Madison Guaranty Savings & Loan checking account statement for Whitewater Development Corp. (Nov. 30, 1985) (Doc. No. DEK501517); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A

IV. NOVEMBER 20, 1984 PAYMENT.

On November 20, 1984, a \$5,566.39 deposit was made into the Whitewater corporation account at Citizens Bank with a check from Madison Marketing, a subsidiary of Madison Guaranty.²¹ This deposit brought the checking account's balance to within \$15.00 of clearing the overdraft status.²² This deposit, in conjunction with the November 7, 1984 deposit from Flowerwood Farms, replenished the account after the \$18,000 Citizens Bank loan payment was made on November 1.²³ The memo section of the check contained the notation "loan" but no additional loan documentation was located.²⁴

The source of the funds for the Madison Marketing deposit was traced to the deposits of \$25,361.06 from Madison Guaranty and \$375.29 from Madison Finance into the Madison Marketing account on November 19, 1984.²⁵ There did not appear to be any logical justification

Preliminary Report to the Resolution Trust Corporation 78 (Apr. 24, 1995).

²¹ Check No. 104 from the account of Madison Marketing signed by Susan McDougal payable to Lisa Aunspaugh for \$1,000.00 (Jan. 24, 1984) (Doc. No. AAP-0002873); Madison Guaranty Deposit Ticket for Whitewater Development Corp. for \$5,566.39 (Nov. 19, 1984) (Doc. No. DEK501520); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 79 (Apr. 24, 1995).

²² Madison Guaranty Savings & Loan checking account statement for Whitewater Development Corp. (Nov. 30, 1984) (Doc. No. DEK501517).

²³ Madison Guaranty Savings & Loan checking account statement for Whitewater Development Corp. (Nov. 30, 1984) (Doc. No. DEK501517); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 77 (Apr. 24, 1995).

²⁴ Check No. 103 from the account of Madison Marketing signed by S. McDougal payable to Whitewater Development for \$5,566.39 (Nov. 19, 1984) (Doc. No. GS-00007591).

²⁵ Madison Guaranty Deposit Ticket for Madison Marketing for \$25,736.35 (Nov. 19, 1984) (Doc. No. GS-00019297).

or reason for the \$5,566.39 deposit from Madison Marketing to Whitewater Development as there was no apparent work that was ever performed by Madison Marketing on behalf of Whitewater Development. There is no evidence to suggest that Whitewater Development received advertising assistance of any type from Madison Marketing and there was no evidence that Madison Marketing billed Whitewater Development for any individual advertising work. McDougal stated that the amounts paid to him and Susan McDougal were monies that were owed to them, which reflect the savings that were realized by not utilizing an outside advertising agency.²⁶

V. DECEMBER 7, 1984 PAYMENT.

On December 7, 1984, a \$9,310.00 deposit into the Whitewater Development account was made with amounts from four McDougal related entities.²⁷ These accounts and deposits were: Pembroke Manor -- \$7,100.00; Tucker-Smith-McDougal -- \$1,600.00; Rolling Manor -- \$330.00.00; and James B. McDougal Trustee \$280.00.²⁸ The purpose of this deposit was to

²⁶ J. McDougal 9/3, 4, 5, 17/96 Ints. at 8; see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 78-79 (Apr. 24, 1995).

²⁷ Deposit ticket for Whitewater Development in the amount of \$9,310.00 (Dec. 7, 1984) (Doc. No. DEK501511); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 79 (Apr. 24, 1995).

²⁸ Deposit ticket for Whitewater Development in the amount of \$9,310.00 (Dec. 7, 1984) (Doc. No. DEK501511); Check No. 159 from the account of Tucker-Smith-McDougal signed by James B. McDougal payable to Whitewater Development Corp. for \$1,600.00 (Dec. 6, 1984), Check No. 114 from the account of James B. McDougal, Trustee payable to Whitewater Development Corp. for \$280.00 (Dec. 6, 1984), Check No. 198 from the account of Rolling Manor Inc. signed by James B. McDougal payable to Whitewater Development Corp. for \$330.00 (Dec. 6, 1984) (Doc. No. GS-00002081); Check No. 120 from the account of Pembroke Manor Inc. signed by James B. McDougal and payable to Whitewater Development for \$7,100.00 (Dec. 6, 1984) (Doc. No. GS-00007607); Check (Doc. No. GS-00001824); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater

cover two separate bank payments (\$6,000 to Citizens Bank on November 29, 1984 and \$3,276.18 to the Bank of Cherry Valley on December 10).²⁹ The deposit covered an overdraft in the account that had existed since the payment of the \$6,000 to Citizens Bank.³⁰

The source of the funds for the Pembroke Manor deposit into the Whitewater Development account (\$7,100.00) was traced to the closing of a Pembroke Manor lot sale at Quapaw title, which resulted in a check being written to Pembroke Manor on December 6, 1984.³¹ The source of the funds for the Tucker-Smith-McDougal deposit into the Whitewater Development account was various lot payments from previous Tucker-Smith-McDougal lot sales. The source of the funds for the Rolling Manor deposit into the Whitewater Development account was various lot payments from previous Rolling Manor lot sales. The source of the funds for the James B. McDougal deposit into the Whitewater Development account could not be traced as this was not a Madison Guaranty account and bank records no longer exist.

Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 79 (Apr. 24, 1995).

²⁹ Payment (Doc. No. DEK501525); Check No. 127 from the account of White Water Development Corporation, Inc. signed by James B. McDougal payable to Bank of Cherry Valley for \$3,276.18 (Dec. 4, 1984) (Doc. No. GS-00014758); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 79-80 (Apr. 24, 1995).

³⁰ Madison Bank account statement for Whitewater Development in the amount of \$9,310.00 (Dec. 7, 1984) (Doc. No. DEK501508); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 80 (Apr. 24, 1995).

³¹ Deposit ticket for Whitewater Development in the amount of \$7,100.00 (Doc. No. 54-17964-00000011); Check Pembroke Manor (Dec. 6, 1984) (Doc. No. GS-00000917); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 80 (Apr. 24, 1995).

VI. JANUARY 10, 1985 PAYMENT.

On January 10, 1985, a \$4,660 deposit was made into the Whitewater corporation account at Madison Guaranty with funds from five different accounts controlled by McDougal.³² These accounts and deposits were: Rolling Manor -- \$1,500; Flowerwood Farms -- \$1,430; Pembroke Manor -- \$730.00; Tucker-Smith-McDougal --\$600.00; and Smith-McDougal -- \$400.00.³³ The purpose of this deposit was to fund the account for a loan payment that was made on January 11 to the Bank of Cherry Valley account in the amount of \$5,071.23.³⁴

The source of funds for the Rolling Manor, Flowerwood Farms, Pembroke Manor, and Tucker-Smith-McDougal deposits was from various lot sales from the respective real estate ventures. The source of the funds for the Smith-McDougal deposit could not be specifically traced as it was not a Madison Guaranty account and bank records no longer exist.

VII. JANUARY 28, 1985 PAYMENT.

On January 28, 1985, a deposit of \$1,000.00 was made from Flowerwood Farms into the Whitewater Development account at Madison Guaranty.³⁵ This advance occurred on the same

³² Madison Guaranty Deposit Ticket for Whitewater Development Corp. for \$4,660.00 (Jan. 10, 1985) (Doc. No. DEK501625); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 80 (Apr. 24, 1995).

³³ Id.

³⁴ Check No. 128 from the account of White Water Development Corporation, Inc. signed by James B. McDougal payable to Bank of Cherry Valley for \$5,071.23 (Jan. 4, 1985) (Doc. Nos. DEK501631 through 632); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 80-81 (Apr. 24, 1995).

³⁵ Madison Guaranty Deposit Ticket for White Water Development for \$1,000.00 (Jan. 28, 1985) (Doc. No. DEK501629); Whitewater Development Madison Guaranty account statement (Jan. 28, 1985) (Doc. No. DEK501623); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A

day that \$1,000.00 was transferred from the Whitewater Development account at Madison Guaranty to the Whitewater Development account at Citizens Bank.³⁶ It was then combined with monies from the Whitewater corporation account at Citizens Bank and used for a \$2,303.78 payment on the Citizens Bank loan.³⁷

The source of the funds used for the deposit was traced to a \$28,500.00 deposit into the Flowerwood Farms account from Bill Henley.³⁸ A review of Henley's accounts revealed that the funds originated with a \$46,000.00 check from Madison Real Estate to Bill Henley on January 11.³⁹ The check to Henley bore an inscription that indicated that the payment was for commissions owed to Henley from his real estate sales efforts from various Madison Real Estate developments.⁴⁰

Preliminary Report to the Resolution Trust Corporation 82 (Apr. 24, 1995).

³⁶ Citizens Bank Deposit Ticket for Whitewater Development account (Jan. 28, 1985) (Doc. No. DEK005668); Whitewater Development Citizens Bank account statement (Jan. 28, 1985) (Doc. No. DEK501623); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 81-82 (Apr. 24, 1995).

³⁷ Citizens Bank account statement for Whitewater Development (Doc. No. DEK005669). The account statement of February 27, 1985 shows that one check was written on February 6, 1985 in the amount of \$2,303.78; see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 82 (Apr. 24, 1995).

³⁸ Deposit ticket for Flowerwood Farms account (Doc. Nos. GS-00000048 through 49); Check from Bill Henley (Doc. No. GS-00000050); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 82 (Apr. 24, 1995).

³⁹ Check from Madison Real Estate to Bill Henley (Jan. 11, 1985) (Doc. No. 56-00083123).

⁴⁰ Id.

VIII. MARCH 13, 1985 PAYMENTS.

On March 13, 1985, a \$2,500 deposit, via check from Tucker-Smith-McDougal was made to the Whitewater Development account at Madison Guaranty.⁴¹ The check combined with a \$3,300.00 deposit from three of McDougal's entities (Rolling Manor -- \$1,900; Pembroke Manor -- \$900.00; and Smith-Tucker-McDougal -- \$500.00) to alleviate an overdraft primarily caused by two checks drawn on the Whitewater Development account.⁴² The first of these checks was written on February 28, 1985 and was in the amount of \$1,000.00 and was made payable to the Whitewater Citizens Bank account.⁴³ This deposit was combined with other lot payments and was used by the Citizens Bank account to make a payment on the Citizens Bank loan in the amount of \$2,303.78 on March 5.

Additionally, on March 13, a Whitewater Development check was written to Wade in the amount of \$3,000.00 and was deposited, by Wade, into his account at Arkansas Federal Savings and Loan ("AFSL"). Wade stated that he could not recall the reason for his receipt of this money from Whitewater Development or McDougal. No bank records were available for AFSL as this

⁴¹ Madison Guaranty Deposit Ticket for Whitewater Development for \$2,500.00 (Mar. 12, 1985) (Doc. No. DEK501653); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 83 (Apr. 24, 1995).

⁴² Whitewater Development Madison Guaranty account statement (Mar. 29, 1985) (Doc. No. DEK501646); the source of the funds for the Rolling Manor and Pembroke Manor deposits were various lot payments from previous lot sales. The source of the funds from the Smith-Tucker-McDougal deposit cannot be traced as this account was not a Madison Guaranty account and no bank records exist to properly trace the origination of the funds.

⁴³ Check from the account of Whitewater Development Madison Guaranty account to Whitewater Development Citizens Bank account (Doc. No. DEK 501642 through 501643); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 83 (Apr. 24, 1995).

institution failed and all records from this time frame were lost in the resulting takeover and transfer of ownership.

The source of the funds used by Tucker-Smith-McDougal to write the check was traced to two Tucker-Smith-McDougal deposits.⁴⁴ On January 31, a check from R&F Investments in the amount of \$3,936.00 was deposited in the Tucker-Smith-McDougal account at Madison Guaranty on March 11, 1985.⁴⁵ A check from First Mortgage, Inc., in the amount of \$1,150.00 was also deposited in this same account.⁴⁶

IX. APRIL 9, 1985 FLOW-THROUGH TRANSACTION.

On April 9, 1985, a \$24,455.90 deposit was made to the Whitewater Development account at Madison Guaranty with a check drawn on Flowerwood Farms.⁴⁷ The memo section of

⁴⁴ Madison Guaranty account statement for Tucker-Smith-McDougal (Jan. 1985) (Doc. No. 054-00138849); Madison Guaranty statement for Tucker-Smith-McDougal (Mar. 1985) (Doc. No. AAP-0010994); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 84 (Apr. 24, 1995).

⁴⁵ Madison Guaranty Deposit Ticket for Tucker-Smith-McDougal for \$3,936.00 (Jan. 31, 1985) (Doc. No. GS-00002099); Check No. 322 from the account of R&F Investments signature illegible payable to Tucker-Smith-McDougal for \$3,936.00 (Jan. 31, 1985) (Doc. No. 54-17972-00000093); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 84 (Apr. 24, 1995).

⁴⁶ Check No. 5923 from the account of First Mortgage, Inc. (signature illegible) payable to Madison Guaranty Savings & Loan \$1,150.00 (Feb. 25, 1985) (Doc. Nos. 54-17983-00000141 through 142); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 84 (Apr. 24, 1995).

⁴⁷ Madison Guaranty Deposit Ticket for Whitewater Development for \$24,455.90 (Apr. 9, 1985) (Doc. No. DEK002107); (Doc. No. 54-17988-0000014); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 85 (Apr. 24, 1995).

the Flowerwood Farm check contained the notation "loan."⁴⁸ This deposit served to clear a large overdraft in the Whitewater Development account that had been in existence since April 1, 1985 when a check for \$25,000.00, made payable to Ozarks Realty, cleared the Whitewater Development account and caused an overdraft of \$24,470.90.⁴⁹ The Flowerwood Farms deposit would have given the account a \$0.00 balance except for the \$15.00 overdraft charge that was assessed on April 1, 1985 with the payment of the Ozarks Realty check.⁵⁰ Wade could not explain the reason for Ozark Realty's receipt of the \$25,000.00 from Whitewater Development and McDougal.⁵¹ Ozarks Realty, after depositing the Whitewater Development check, wrote a check to Wade for \$25,000.00, which was deposited into Wade's personal account.⁵²

The source of the funds utilized by Flowerwood Farms to write the check to Whitewater Development originated with a loan that Flowerwood Farms procured from the Stephens Security Bank in the amount of \$135,000.00.⁵³

⁴⁸ Check No. 194 from the account of Flowerwood Farms, Inc. signed by James B. McDougal payable to White Water Development for \$24,455.90 (Apr. 9, 1985) (Doc. No. GS-00007668).

⁴⁹ Madison Guaranty Savings & Loan checking account statement for Whitewater Development Corp. (Apr. 30, 1985) (Doc. No. DEK002105); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 84-85 (Apr. 24, 1995).

⁵⁰ Madison Guaranty Savings & Loan checking account statement for Whitewater Development Corp. (Apr. 30, 1985) (Doc. No. DEK002105); Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 85 (Apr. 24, 1995).

⁵¹ Wade 3/30/95 Int. at 18.

⁵² Id.

⁵³ Loan documents for Stephens Security Bank loan to Flowerwood Farms for \$135,000 (Doc. Nos. 54-17988-00000376 through 377); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report

The loan proceeds from the Stephens Security loan were expended by McDougal in the following fashion: \$53,053.41 was paid to 1st Commercial Bank to pay off a commercial loan stemming from the 1983 purchase of real estate; \$32,181.99 was paid to Madison Guaranty to make a payment on a commercial loan related to a purchase of real estate in 1984; \$24,455.90 was paid to Whitewater Development as described above; \$11,763.11 was paid to International Paper as a payment on McDougal's loan with International Paper related to real estate; \$9,189.69 was paid to Tucker-Smith-McDougal to make a payment on the 1980 Tucker-Smith-McDougal purchase of property; \$1,906.81 was made payable to "Pulaski County Collector Ken Taylor" for unidentified real estate taxes for the years 1983-1984; \$1,449.09 was used to purchase a cashiers check which was made out to the Bill Clinton Campaign Fund; \$1,000 was made payable to Designer Construction, reason unknown.⁵⁴ In summary, Flowerwood Farms spent \$130,644.

X. MAY 1, 1985 FLOW-THROUGH TRANSACTION.

On May 1, 1985, a \$30,000 deposit was made into the Whitewater Development account utilizing a check from Madison Financial.⁵⁵ This deposit corrected an overdraft of \$29,744.87 that had been in existence since April 23, 1985 when a Whitewater Development check written to "James B. McDougal" for \$30,000 cleared.⁵⁶ The memo section of the check had the notation

to the Resolution Trust Corporation 85 (Apr. 24, 1995).

⁵⁴ RTC Crim. Ref. No. C-0004 at 16 (Aug. 31, 1992).

⁵⁵ Madison Guaranty slip for Whitewater Development in the amount of \$30,000 (May 1, 1985) (Doc. No. DEK002112); Check No. 1940 from Madison Financial signed by Greg Young to Whitewater Development for \$30,000 (April 30, 1985) (Doc. Nos. GS-00007678 through 7679); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 94 (Apr. 24, 1995).

⁵⁶ Madison Guaranty Savings & Loan checking account statement for Whitewater Development Corp. (Apr. 30, 1985) (Doc. No. DEK002105); Check No. 137 from the account of

"loan repayment" and appeared to have been written by Susan McDougal.⁵⁷ The McDougals used the \$30,000 to purchase a cashier's check, in the same amount, made payable to Earth Movers, which was then deposited into the personal account of former Senator Fulbright.⁵⁸ The source of the deposited funds was Madison Financial. On April 30, 1985, Madison Financial issued a check to Whitewater Development in the amount of \$30,000.⁵⁹ These funds essentially flowed through this account from Madison Financial to the Fulbright account and had no effective bearing on the financial condition of the Whitewater project or the associated debt.⁶⁰

XI. NOVEMBER 8, 1985 PAYMENT.

On November 8, 1985, a \$7,500 deposit was made into the Whitewater Development account with funds from the Madison Marketing account at Madison Guaranty.⁶¹ The memo

White Water Development Corporation, Inc. signed by James B. McDougal payable to Ozarks Realty Co. for \$25,000.00 (Mar. 22, 1985) (Doc. No. DEK002099); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 98 (Apr. 24, 1995).

⁵⁷ Check No. 138 from the account of White Water Development Corporation, Inc. signed by James B. McDougal payable to Ozarks Realty Co. for \$30,000.00 (Mar. 22, 1985) (Doc. No. DEK002099).

⁵⁸ See Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 98-99 (Apr. 24, 1995).

⁵⁹ Check No. 1940 from Madison Financial to Whitewater Development for \$30,000 (Apr. 30, 1985) (Doc. No. GS-00007678).

⁶⁰ Unnumbered check from the account of Madison Marketing signed by Susan McDougal payable to White Water Development Corp. Inc. for \$7,500.00 (Nov. 8, 1985) (Doc. No. AAP-0003358); Deposit Ticket for Whitewater Development for \$7,500.00 (Nov. 8, 1985) (Doc. No. 054-01142852); RTC Crim. Ref. No. C-0004 at 14 (Aug. 31, 1992).

⁶¹ Unnumbered check from the account of Madison Marketing signed by Susan McDougal payable to White Water Development Corp. Inc. for \$7,500.00 (Nov. 8, 1985) (Doc. Nos. AAP-0003358); Madison Guaranty Deposit Ticket for Whitewater Development for \$7,500.00 (Nov. 8, 1985) (Doc. No. 054-01142852); see also Pillsbury Madison & Sutro LLP,

section of the check stated that the purpose of the check (no. 145) was the payment of a "professional fee."⁶² The Whitewater check register also includes a notation of "Madison Marketing 11-8-85" in the section for check no. 145.⁶³ The register reflected the fact that the check was written to "Security Bank of Paragould" and the notation to Madison Marketing seems to be an explanation of the source of the funds utilized for the payment. This deposit was necessary to fund the Whitewater account in advance of the Security Bank loan payment, which was subsequently made on November 15.⁶⁴ This loan payment in the amount of \$7,322.42 was made on the loan in the name of "Bill Clinton," which previously was in the name of "Hillary Rodham" at the Bank of Kingston. It reduced the outstanding Security Bank indebtedness to \$13,800.00.

The source of the funds utilized for this transfer from Madison Marketing to Whitewater Development could not be specifically traced as the Madison Marketing account had a large balance for the preceding two months.

Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 86-87 (Apr. 24, 1995).

⁶² Unnumbered check from the account of Madison Marketing signed by Susan McDougal payable to White Water Development Corp. Inc. for \$7,500.00 (Nov. 8, 1985) (Doc. No. AAP-0003358).

⁶³ Whitewater checkbook register for Check No. 145 for \$7,322.42 (Nov. 7, 1985) (Doc. No. GS-00014523).

⁶⁴ Check (Nov. 15, 1985) (Doc. No. DEK004958); see also Pillsbury Madison & Sutro LLP, Madison Guaranty Savings & Loan and Whitewater Development Company, Inc.: A Preliminary Report to the Resolution Trust Corporation 86 (Apr. 24, 1995).