

Clinton's Early Link to Asia

International Clients, Ties to President Embroil Lawyer in Funds Flap

By Anne Farris
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LITTLE ROCK—Lawyer C. Joseph Giroir Jr. was not among the high-powered U.S. corporate executives asked to accompany Commerce Secretary Ronald H. Brown to China two years ago. But when the group landed in Beijing, Giroir was there to hear Brown announce a \$1 billion deal for his client, Indonesia's Lippo conglomerate.

A former law partner of Hillary Rodham Clinton, Giroir also went along in September 1995 when Lippo's vice chairman, James Riady, and controversial Democratic fund-raiser John Huang had a pri-

vate 20-minute audience with President Clinton at the White House. Giroir, a Riady family attorney, brushes off the session as purely social, but the White House drew criticism when it said Riady brought up his projects and the importance of U.S. investment in Asia.

Giroir offers a similarly benign explanation for the 50 calls he exchanged with Huang, a former Lippo vice president, while Huang served in an international trade post at the Commerce Department.

Though Giroir says the contacts were on personal matters, some occurred when Commerce was

considering matters of concern to Lippo and its U.S. affiliates.

Giroir also pushed Huang in 1995 for the Democratic National Committee fund-raising job. "I knew he was honorable and I recommended him," Giroir said, recalling his conversation with Donald L. Fowler, then DNC's co-chairman. Fowler said Giroir told him hiring Huang would be a good idea but said that did not figure into the eventual decision to hire him.

Giroir, 57, is a behind-the-scenes Arkansas deal-maker whose influence on Clinton in international trade matters dates to the

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1986 PHOTO—ARKANSAS DEMOCRAT-GAZETTE

C. JOSEPH GIROIR JR.

... lawyer for Lippo conglomerate

Funds Focus Turns to Arkansas Lawyer

GIROIR, From A1

1980s. But Giroir's overseas connections and his role as a middleman in international deals have now put him in the spotlight, one of small group of Arkansans embroiled in the controversy over foreign influence on the Democratic Party. Again and again, Giroir surfaces in meetings, conversations and DNC fund-raising events that have spawned questions about Lippo's White House influence and the role of foreign money in recent DNC fund-raising. Earlier this week, Whitewater independent counsel Kenneth W. Starr subpoenaed the White House for any documents related to Giroir and a cast of others linked to Lippo. Giroir's representation of Lippo is being investigated by congressional committees.

Giroir was a major DNC money source, contributing at least \$223,000 in the last two years, some of it raised by Huang. Although Giroir's contributions have not been questioned, the DNC has returned nearly \$3 million because the donations, some solicited by Huang, were from illegal foreign sources or were found inappropriate by party officials.

Giroir has offered few details publicly about his work for Lippo and other American corporations doing business in Asia. But he was among the first here to see the potential for international brokering while Clinton was Arkansas governor, and with the Riadys encouraged Clinton to become an early Asian trade ambassador for the state. Following the advice of the Riadys, Giroir formed the Arkansas International Trade Co. to match the Lippo Group with American companies in joint ventures.

Giroir, for example, created a multimillion-dollar marriage between Lippo and the Arkansas-based retail giant Wal-Mart Stores Inc. to open a Wal-Mart superstore in Lippo Village, a development in Jakarta, Indonesia. Wal-Mart reportedly plans to use its Lippo connections to launch a global distribution effort.

"Let's just say I was a participant and involved in the structuring," Giroir said in an interview from his 19th floor office here. "The Riadys had known the Waltons [Wal-Mart's owners] from when they were in Arkansas. I simply facilitated the union."

Giroir also brought together a Little Rock division of the New Orleans-based Entergy Corp. and the Lippo Group to clinch a \$1 billion deal, now shelved, to supply power equipment to China. He also helped chart Asian inroads for Arkansas-based Tyson Foods Inc., the world's largest poultry producer.

Giroir was born in a small town south of Little Rock and returned to Arkansas in 1965 after graduating from Georgetown University Law

School and working for the Justice Department and the Securities and Exchange Commission in Washington. At 26, he joined the Rose Law Firm as the first securities specialist in Arkansas, and by the early 1980s was the firm's chairman and held a majority interest in four small Arkansas banks. He brought in some of the firm's most lucrative clients. Giroir's financial ventures eventually caused his departure from Rose. He resigned when federal regulators concluded that his stake in a failed Arkansas savings and loan institution conflicted with Rose's representation of federal agencies overseeing the failures. Regulators accused the firm of malpractice and Rose was forced to settle a lawsuit for an undisclosed sum.

Giroir's departure led to a huge power shift at the firm, with lawyers Webster L. Hubbell and Vincent Foster gaining control along with Hillary Clinton, who had been hired by Giroir as one of the firm's first female lawyers. Both Hubbell and Foster came to Washington with the Clintons (Hubbell as associate attorney general, a post he resigned from before his indictment on charges of defrauding the firm; Foster as deputy White House counsel before his suicide in 1993); Giroir stayed in Little Rock.

One of his original Rose clients was Lippo chairman Mochtar Riady, who had formed a joint venture with Jackson T. Stephens, founder of Stephens Inc. in Little Rock, the nation's largest investment banking firm off Wall Street.

Riady and Stephens realized that Asia offered fertile trade markets. "Giroir was one of those who listened and followed Riady's advice," said one former Stephens Inc. employee.

In 1983, Riady was shopping for a U.S. bank where he could finance export deals and joined with Stephens to buy a block of stock in the holding company of Worthen Bank. Giroir represented Riady in the purchase and eventually sold his stock in other banks to the Worthen holding company and acquired his own Worthen Bank stock.

The Stephens-Lippo collaboration used its newly purchased Worthen Bank to finance trade expansion. In 1983 and 1984, the bank extended millions of dollars in credit to Stephens and Lippo-owned ventures. The loans were repaid, but a federal examination found that Worthen extended too much credit to the Stephens-Lippo ventures.

In later years, Giroir and Riady became increasingly active in encouraging then-Gov. Clinton to develop closer ties between businesses in Asia and Arkansas. "It's hard to grow on each other's backs in a small state like Arkansas. You al-

most have to expand to grow and prosper," Giroir said.

As governor, Clinton made three trade mission trips to Asia. On one in 1985, the Clintons considered detouring to Indonesia to attend a Riady family wedding, but instead were greeted in Hong Kong by Huang, who then worked for a Stephens-Lippo owned bank. Before the trip, James Riady advised Clinton aides on possible discussion topics.

In a 1986 speech to Taiwanese businessmen, Clinton said a trade imbalance between Arkansas and China could be offset by a reduced American federal deficit and more export controls without endangering national security.

Two years later, Clinton succeeded in lobbying China's finance minister for tariff reductions on Arkansas-made parking meters and yogurt.

When Clinton was elected president, the Riadys were well-established in Arkansas, and they had few illusions about the value of knowing Clinton.

"I think the idea of having President Clinton from Arkansas in the White House shouldn't be underestimated," James Riady was quoted as saying in 1993. "All of a sudden, Arkansas is already very well-known in world markets."

Giroir also realized the opportunity.

His facilitator role, while still understated, became more pronounced as international business increased. By 1994, Arkansas exports were valued at almost \$2 billion annually, and Little Rock was ranked one of the nation's 10 best cities for international investments.

He also became a regular participant during Asian delegation visits to Arkansas. In November 1994, China's Vice Premier Li Lanqing and a delegation visited Arkansas to discuss China's trade and investment policies with Arkansas companies. The delegation, accompanied by Giroir and representatives of Lippo, Tyson and Wal-Mart, toured company sites in northwest Arkansas.

On Riady's behalf, Giroir drafted a sister city agreement for Jakarta and Little Rock in 1993. He also participated in meetings with trade ministers during the Asian Pacific Economic Cooperation summit in Seattle. An Arkansas delegation hosted a reception there to celebrate the sister city agreement and the Riadys, Huang and Clinton attended as guests.

Giroir described Huang as a friend he had known since the 1980s when Huang came to Little Rock to help the Riady family run the Worthen Bank. "He was a friend of mine. He still is a friend of mine, and I wish him well," Giroir said.