

## Hubbell details life of fraud

By Elizabeth Allen

Celebrity indictments, stealing and conspiracy theory — continuing education for accountants has rarely been so fascinating.

But for an attentive audience of more than 100 accountants, bankers and regulators, Webster Hubbell's tales of how and why he bilked the Rose Law Firm out of \$400,000 were entertaining and refreshingly frank.

"I thought it was cool that he was able to talk about it," said Cari True, an accountant with Fisher, Herbst & Kemble. "It was probably hard for him to do that."

Hubbell, Hillary Clinton's former law partner, spoke to the Texas Society of Certified Public Accountants gathered at the San Antonio Airport Hilton Hotel. He was introduced by **Gary Zeune**, a CPA who lectures on fraud by presenting ex-convicts to explain how they did it.

**Zeune** showed a cartoon in which a bank accountant watched some robbers holding up the tellers. The accountant was muttering, "Amateurs."

"Who are the only people who can steal you blind?" Zeune said. "People you trust."

Admitting his guilt is part of Hubbell's penance for the billing thefts that came to light after he joined the U.S. Justice Department as associate attorney general following Bill Clinton's 1992 election to the presidency.

Easy lines of credit, mounting debts and an unwillingness to say no to his family led Hubbell down the path of fraud, he explained.

"I kept telling myself that I would (quit stealing) as soon as I got out of financial trouble," he told the group.

The law firm's lax internal financial controls created a system that was easy to exploit, he said.

"There were no controls. No one looked at our bills," he said. "All they cared was, was Hubbell billing enough? And I was billing plenty."

Hubbell said that one deception began outside his office when a potential client told him he would only pay \$60 an hour.

When Hubbell objected, saying "that's a little low, even for Arkansas," the reply was "I don't care how many hours you bill me for; you can bill me for 24 hours a day if you want." The client could brag about hiring a lawyer for \$60 an hour at his company's annual meetings, and nobody would dig too far into the legal bills' total.

Then came the job offer in Washington D.C., which Hubbell saw as a way out.

"I felt like I was escaping my own criminal conduct," he said. "I should not have gone."

He moved his family, downsized his lifestyle, "and then there was an investigation that had nothing to do with me and it was called Whitewater."

The investigation reached his old law firm, where the partners offered up Hubbell's billing records.

The subsequent prison time Hubbell served — 18 months — changed his attitude toward justice forever, he said.

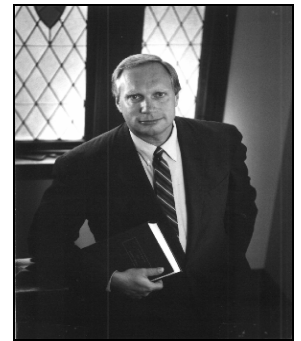
The ever-tightening limitations on what a felon cannot do for a living, both on a federal and state level, is "creating an underclass of untouchables people who have no opportunity," he said.

"I saw a Lockheed Martin vice president with a Ph.D. in math being told that he couldn't teach math in prison because it was related to his profession," he said.

In his current work for a nonprofit justice reform group, Hubbell said he spent time trying to teach a young man who had been incarcerated from the age of 13 how to address an envelope.

The war on drugs is wasting tax money and lives and the system should

offer more alternative sentences for nonviolent criminals, he said. "As you can see, I've become very



progressive now that I've left the Justice Department and entered the penal system," he said, to laughter from the audience.

After Hubbell's talk, CPA True said Hubbell lent perspective to his talk that more upstanding folks cannot. "I didn't even realize all the consequences that go along with a fraud like that."

Bill Wantuck, chief operating officer and chief financial officer of First Federal Savings Bank in Bryan, said he has heard convicted felons speak before, and that "it's a good refresher to kind of remind everyone that it's a lot easier than you think to cross that line."

Several said they were impressed with Hubbell's candor and his message that regular people can get drawn into fraud by greed and rationalizations.

"Accountants are natural skeptics," said Frank Haugh, regional accountant with the Office of Thrift Supervision in Irving. "He made me feel at ease when I met him."

And San Antonio accountant Ray Geistweidt voiced what struck a chord with several attendees: "He just couldn't say no to his family."

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