FINANCIAL OR BUSINESS INTERESTS OF OFFICERS OR EMPLOYEES OF THE SENATE

HEARINGS

BEFORE THE

COMMITTEE ON RULES AND ADMINISTRATION UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

FIRST AND SECOND SESSIONS

PURSUANT TO

S. Res. 212 and S. Res. 221

RESOLUTIONS AUTHORIZING AN INVESTIGATION INTO THE FINANCIAL OR BUSINESS INTERESTS OF ANY OFFICER OR EMPLOYEE OR FORMER OFFICER OR EMPLOYEE OF THE SENATE

JANUARY 30 AND 31, 1964

PART 2

Testimony of Ernest C. Tucker and Albert G. Young

Printed for the use of the
Committee on Rules and Administration

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[Executive hearings of January 30 and 31, 1964, released to the public February 1, 1964.]

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FINANCIAL OR BUSINESS INTERESTS OF OFFICERS OR EMPLOYEES OF THE SENATE

THURSDAY, JANUARY 30, 1964

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C.

The committee met, pursuant to recess, at 3:15 p.m., in room 301, Old Senate Office Building, Senator B. Everett Jordan (chairman) presiding.

Present: Senators Jordan (presiding), Cannon, Pell, Clark, Curtis, Cooper, and Scott.

Also present: Gordon F. Harrison, staff director; Hugh Alexander, chief counsel; L. P. McLendon, general counsel; James Duffy, associate counsel; Burkett Van Kirk, associate counsel; Bill Whitley, staff assistant to Sentaor Jordan; Walter Mote, minority counsel; and William Ellis Meehan, investigator; and Samuel Scott, investigator.

The CHAIRMAN. Mr. Tucker, have a seat.

Mr. Tucker, it is necessary that I read to you this opening statement.

A quorum being present, the committee will please come to order.

The committee is acting by direction and under the authority of Senate Resolution 212, agreed to October 10, 1963, and Senate Resolution 221, agreed to November 1, 1963.

Senate Resolution 212 authorizes and directs the Senate Committee on Rules and Administration—

> to make a study and investigation with respect to any financial or business interests or activities of any officer or employee or former officer or employee of the Senate, for the purposes of ascertaining—
>
> (1) Whether any such interests or activities have involved conflicts of interest or other improprieties; and
>
> (2) Whether any additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interest or activities.

Witnesses have been interviewed by the staff and heard both in executive and in public sessions. Considerable evidence has been obtained and testimony received to date.

Witnesses who have appeared previously, or who will be called in the future, possess information which the committee believes is material and pertinent to the provisions of the resolutions or direction and authorization, and which will aid the committee in fulfilling its legislative purpose.

The Chair advises each witness that he is entitled under the rules of procedure of the committee to retain and be accompanied by counsel. The counsel may advise the witness of his legal rights during the course of his testimony. Should the witness not fully understand any ques-

tion, the witness might ask for clarification. Counsel, however, shall not coach the witness or answer for the witness.

The committee will proceed to hear the testimony of Mr. Ernest C. Tucker.

Mr. Tucker, if you will please rise, I will administer the oath, please, sir.

Do you solemnly swear that the evidence you are about to give before this committee in the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TUCKER. I do.

The CHAIRMAN. Thank you, sir.

Have a seat.

Counsel may proceed.

Mr. MCLENDON. Will you state your full name and your business address?

TESTIMONY OF ERNEST C. TUCKER, ACCOMPANIED BY NICHOLAS CHASE, COUNSEL

Mr. TUCKER. My name is Ernest C. Tucker. My address is 2000 P Street NW., Washington, D.C.

(At this point, Senator Jordan withdrew from the hearing room.)

Mr. MCLENDON. Do you have your personal counsel present with you?

Mr. TUCKER. I do.

Mr. MCLENDON. Will he state his name and address for the reporter?

Mr. CHASE. Nicholas J. Chase, 1216 Wyatt Building, Washington, D.C.

Mr. MCLENDON. Mr. Tucker, are you a licensed lawyer?

Mr. TUCKER. Yes, sir; I am, in the District of Columbia.

Mr. MCLENDON. How long have you been practicing law in the District of Columbia?

Mr. TUCKER. Since approximately 1951.

Mr. MCLENDON. What association, if any, do you have in your law practice with Robert G. Baker?

Mr. TUCKER. Mr. Baker is an associate in our office.

Mr. Baker graduated from law school, I believe, somewhere in 1953, and he has maintained an address at that office building. He is not a partner with either myself or any other associates in my office.

Mr. MCLENDON. Will you explain to the committee what your arrangement with Baker is with respect to the earnings and division, of the two of you?

Mr. TUCKER. There is absolutely no arrangement whatsoever, Major. There have been occasions over the years where Mr. Baker and I have worked on a small case, and he has had some earnings from it. We have no actual arrangements whereby he shares any fee with any associate in the office.

Mr. MCLENDON. Well, if you are employed jointly on any particular undertaking would you in such a case treat it as the combined earnings of the two of you?

Mr. TUCKER. No, sir.

Mr. MCLENDON. How would you handle it?

Mr. TUCKER. It would strictly be in the nature of a referral fee. Mr. Baker does not share the expense of the office; he does not share the expense of the secretary. No expenses in the office is shared by Mr. Baker.

Mr. MCLENDON. We notice from some of the records that you have made available to our investigators that you do have a bank account, Tucker and Baker, in which deposits have been made, and from which withdrawals have been made. Can you explain that?

Mr. TUCKER. Well, we did have, and we still have a joint bank account. That was set up, as a matter of fact, if my memory is correct, when Mr. Baker and I originally bought some stock in MGIC. And that bank account has been active since. Occasionally, I will use it. Mostly Mr. Baker uses it for his own business purposes.

Senator CURTIS. I won't interrupt the trend of thought, but just one question.

Mr. MCLENDON. Yes, sir; certainly.

Senator CURTIS. For purposes of reporting income taxes, did you file an informational partnership return?

Mr. TUCKER. No, sir; we did not, Senator, for the simple reason that there was not a partnership.

Mr. MCLENDON. If money was deposited in this joint account, I will call it, did each of you have authority to draw on that account?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And did you do that?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. I recall one particular item of some $14,000 or more that you told us represented receipts from the sale of the MGIC stock that you and Baker bought. Is that right?

Mr. TUCKER. I don't recall the figure, Major—$14,000.

Mr. MCLENDON. Did you deposit the proceeds from the sale of stock in this joint account?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. How did you divide the proceeds?

Mr. TUCKER. Well, I had originally, as I suggested at the time you asked me about that at the interview, invested approximately $3,000 in the MGIC stock. In the middle of 1959. When the capital gains period expired, I sold my interest. I made approximately $7,000 on it. And I believe, if I remember correctly, Mr. Baker sold some that he owned at that time. And the complete proceeds were put in the bank. And I took my money out.

Mr. MCLENDON. Do you still own any of the MGIC stock?

Mr. TUCKER. No, sir. I sold it in the early part of 1960.

Mr. MCLENDON. Is that the only transaction you ever had in MGIC stock?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. Was that done by you on the recommendation of Baker?

Mr. TUCKER. Well, Mr. Baker was the one who knew about the MGIC stock as a possible investment; that is right.

Mr. MCLENDON. And you made the investment upon his recommendation?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. Did you have any knowledge at that time about MGIC stock or the company?

Mr. TUCKER. No; I actually knew nothing about it.

Mr. McLENDON. Were you ever employed in connection with the company in any way?

Mr. TUCKER. No, sir.

Mr. McLENDON. Now, were you employed by the partners who owned the Carousel property?

Mr. TUCKER. Yes, sir. I was the counsel for the Novaks and the Bakers during the construction of the Carousel Motel.

Mr. McLENDON. So you were counsel almost from the time they acquired the land; is that correct?

Mr. TUCKER. No, sir. I was counsel, Major, from the time that Mr. Alfred Novak died, which I believe was the third day of March 1961. Prior to that time, I had nothing whatsoever to do with it, because Mr. Novak and Mr. Baker took care of the acquisition of the land and the operation of the motel itself.

Mr. McLENDON. Were you paid for your services in connection with the Carousel business?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. On a fee basis or upon a per diem, or what?

Mr. TUCKER. Strictly upon per diem, on the basis of the time I worked.

Mr. McLENDON. And you acted in that capacity after Mr. Novak died until the property was sold to Serv-U, did you not?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. Were you also on the payroll of Serv-U as retained counsel?

Mr. TUCKER. I was on the payroll of Serv-U as general counsel from the time of the inception, about 1962, until the present time. But I went off the payroll of the Carousel Motel about November of 1961. So there was a lapse of a period of approximately 2 months in which I was not on the Carousel's payroll.

Mr. McLENDON. I see. There is some evidence before the committee that upon the death of Mr. Novak that you asked Mrs. Novak to deliver to you, and she did deliver to you, records concerning the Carousel property that had been collected up to that time. What do you have to say about that?

Mr. TUCKER. The sequence of events on that, Major, is this: I have known and been personal friends of the Novaks for probably 15 years. Mr. Novak, I occasionally advised him in his business activities, handled a couple of small matters for him. And upon his death, Mr. Baker and I were out at the house. Mrs. Novak certainly was not in a position to take care of the records, and the construction, and so forth, of the motel. So, at that time, between Mrs. Novak, Mr. Donald Novak, the brother-in-law, and Mr. Baker, they decided that I would take care of the records and disburse the funds and so forth for the partnership. And, at that time, also, Mrs. Novak gave us the records.

Mr. McLENDON. And how long did you keep the records?

Mr. TUCKER. I have most of the records even at the present time, sir.

Mr. McLENDON. In your custody as counsel, attorney?

Mr. TUCKER. Well, when the Serv-U Corp. purchased the motel,

Mr. MCLENDON. You had the records in your possession as attorney part of the purchase agreement was that they should have all pertinent records to go along with the purchase.

for the Carousel property, and then when the property was bought by Serv-U, you obtained the same records, and still have them as attorney for Serv-U?

Mr. TUCKER. Yes—with a few exceptions.

Mr. MCLENDON. All right. There is some evidence before the committee to the effect that you qualified as administrator on Mr. Alfred Novak's estate; is that correct?

Mr. TUCKER. That is correct.

Mr. MCLENDON. Are you still the administrator?

Mr. TUCKER. That is right.

Mr. MCLENDON. And Mrs. Novak, does she have counsel representing her in connection with the administration of the estate?

Mr. TUCKER. She didn't have counsel representing her in connection with the administration of the estate. But at the present time, since, I would say, the turn of events as far as this hearing and so forth is concerned, she did retain counsel. But prior to that time, there was no counsel representing her in connection with the estate. First of all, Major, I think in that connection it would be good to know the fact that there are no assets in the estate that actually need administering, other than the transfer of a couple of deeds and some small items of personal property.

Mr. MCLENDON. Mr. Tucker, I wanted to afford you an opportunity to clarify, if you wanted to, the record, which, as it now stands, contains the statement from Mrs. Novak that you were representing her in connection with the estate, and she became dissatisfied, and employed other counsel.

Mr. TUCKER. Well, I appreciate that very much. That is why I said there was actually nothing in the estate to administer other than a couple of pieces of property which we transferred the title, once the Novaks agree as to how it should be under the will.

Senator CURTIS. Were there no assets in the estate at the date of his death, or now?

Mr. TUCKER. At the date of his death, Senator. Most of it was held as tenants in the entirety, in which Mrs. Novak automatically succeeded to. There was no cash.

Senator CURTIS. You are referring to the Carousel property?

Mr. TUCKER. The Carousel property was not part of the estate, sir. Under Maryland law, it doesn't go under the estate.

Senator CURTIS. I see. Well, who was the beneficial owner?

Mr. TUCKER. She succeeded to that.

Senator CURTIS. Did you represent her in that?

Mr. TUCKER. Represent her in what capacity, Senator?

Senator CURTIS. In looking after the Carousel?

Mr. TUCKER. Well, at the time she owned the Carousel, subsequent to the date of Mr. Novak's death, I was counsel for the Carousel partnership; yes, sir. But I had nothing to do with the Carousel succeeding to her on his death.

Senator CURTIS. Did you ever represent Mrs. Novak?

Mr. TUCKER. No, sir.

Senator CURTIS. Did you ever have a power of attorney for her?

Mr. TUCKER. No, sir.

Mr. MCLENDON. I wanted to get this clear, Mr. Tucker. Whom did you represent in negotiations which finally resulted in the purchase of the Carousel property by Serv-U?

Mr. TUCKER. I represented Serv-U Corp.

Mr. MCLENDON. Was Mrs. Novak represented by counsel?

Mr. TUCKER. She certainly was, sir.

Mr. MCLENDON. Who was it?

Mr. TUCKER. It was at my suggestion that she retain counsel. Mr. Richard Mehler.

Mr. MCLENDON. In connection with those negotiations for the purchase and sale of the Carousel property, did you actually participate in the negotiations?

Mr. TUCKER. I don't quite understand the question.

Mr. MCLENDON. I say in the negotiations that had to be carried on with respect to the sale of the Carousel property to Serv–U, did you personally participate?

Mr. TUCKER. No, sir. I just handled the factual situation as far as getting the documents drawn up.

Mr. MCLENDON. Do you have knowledge as to who represented Mrs. Novak in those negotiations?

Mr. TUCKER. Yes, sir; Mr. Richard Mehler.

Senator CURTIS. May I ask—who recommended Mehler?

Mr. TUCKER. I recommended, together with Mr. Baker, as a matter of fact, that she employ outside counsel.

Senator CURTIS. Who brought up his name?

Mr. TUCKER. I had never met Mr. Mehler prior to that, Senator. I assume she found him on her own. As a matter of fact, she also in that same—at that same time, employed a CPA to represent her. So she was represented at that time by a CPA and a local attorney.

Mr. MCLENDON. Did you ever recommend to Mrs. Novak that she consent to the sale of the Carousel property to Serv–U?

Mr. TUCKER. No, sir.

Mr. MCLENDON. Were you called on to express an opinion about it by her or by her counsel?

Mr. TUCKER. I was called on to express an opinion, both to Mrs. Novak and her counsel concerning the obligations of the motel, because I doubt seriously whether the partners knew the complete ramifications as to their actual obligations.

Mr. MCLENDON. You were thoroughly familiar with the obligations?

Mr. TUCKER. I was familiar with the mortgage obligations; yes, sir.

Mr. MCLENDON. And you participated in negotiating the mortgage loan, had you not?

Mr. TUCKER. No, sir; I did not participate in negotiating the mortgage loan.

Mr. MCLENDON. Well, did you participate in closing the loan, in preparation of the mortgages—the notes, and closing the agreements with the bank?

Mr. CHASE. May we have that broken down, Major?

Mr. MCLENDON. All right. With the Fraternity Bank, over in Baltimore—did you handle the negotiations for the loan made by that bank?

Mr. TUCKER. The original loan, Major, for $270,000, was negotiated by Mr. Alfred Novak and Robert Baker.

Mr. MCLENDON. You had nothing to do with it?

Mr. TUCKER. No, sir.

Mr. MCLENDON. All right. Go ahead.

Mr. TUCKER. Then there came a time——

Senator CURTIS. Were you present?

Mr. TUCKER. No, sir.

Senator CURTIS. How do you know who got the loan?

Mr. TUCKER. How do I know who got it? I have all the records on it.

Senator CURTIS. I mean who secured the agreement to make the loan?

Mr. TUCKER. Well, both Mr. Novak and Mr. Baker told me about all the facts concerning it—the $270,000 original loan.

Senator CURTIS. You don't know—and you are telling us that you know that Mr. Novak helped induce the lender to make that?

Mr. TUCKER. No, sir, Senator. I am not telling you that at all.

Senator CURTIS. That is what I want to know. I am not trying to be cagey in the questions. I just want to understand.

Mr. TUCKER. I am telling you, sir, that Mr. Baker and Mr. Novak handled the original loan application, which I had nothing to do with whatsoever, did not work for the corporation at that time.

(At this point, Senator Jordan entered the hearing room.)

Senator CURTIS. Do you know which one of them induced the lender to lend this $275,000?

Mr. TUCKER. No, sir.

Senator CURTIS. That was the amount of it?

Mr. TUCKER. $270,000.

Mr. MCLENDON. The first loan.

Mr. TUCKER. $270,000; yes, sir.

Senator CURTIS. So you do not know that Novak negotiated it?

Mr. TUCKER. No, sir.

Mr. MCLENDON. What about the second loan made by that same bank?

Mr. TUCKER. The second loan was an increase of the first, from $270,000 to $360,000. That was handled by Mr. Baker, subsequent to Mr. Novak's death.

Mr. MCLENDON. Did you have anything to do with it?

Mr. TUCKER. No, sir.

Mr. MCLENDON. Prepare any of the papers?

Mr. CHASE. Prepare, sir?

Mr. MCLENDON. Prepare any of the papers in connection with the loan.

Mr. TUCKER. Not to my knowledge, Major. There may have been some routine letters or something typed in my office. But as far as preparing the application and so forth, I didn't have anything to do with that.

Mr. MCLENDON. What about the last loan, the $746,000, I believe?

Mr. TUCKER. $746,000. That was after Serv-U took over.

Mr. MCLENDON. Well, that was contemporaneous with the Serve-U deal, wasn't it? Wasn't that one of the conditions of the Serv-U purchase?

Mr. TUCKER. Yes. I had a part in that application.

Mr. McLENDON. Tell the committee what part you had in that.

Mr. TUCKER. Well, Mr. Baker actually made the original contact and so forth with the lending institution. It was the same institution, of course, that had the prior mortgage. And then Serv-U, of course, submitted the balance sheet and so forth. And that is the part which I partook in—submission of the balance sheet, and helped in the preparation of the actual loan application itself, together with writing a couple of letters explaining the stock holdings and setup in Serv-U Corp.

Mr. McLENDON. Did you help Baker prepare his financial statement to be filed in connection with that loan?

Mr. TUCKER. I did not, sir.

Mr. McLENDON. Did you see it?

Mr. TUCKER. I did not, sir.

Mr. McLENDON. Did he ask any special—were you asked to express your opinion about Baker's fiancial statement by the bank?

Mr. TUCKER. No, sir.

Mr. McLENDON. Now, about the same time the loan was obtained from the Small Business Administration—are you familiar with that?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. What did you have to do with that?

Mr. TUCKER. On the Small Business loan application, after the flood disaster, I discussed with Mr. Donald Novak the amount of damage that was done. He prepared an itemization. I took his itemization, went to two general contractors, got overall estimates of the damage, which came to $54,405. Then I submitted—I prepared and submitted in behalf of the partners an application to the Small Business Administration for a disaster loan.

Mr. McLENDON. You say presented it. You mean you physically took it down to the office and presented it?

Mr. TUCKER. I think it was mailed down, as a matter of fact.

Mr. McLENDON. Go ahead.

Mr. TUCKER. And then Small Business set up a meeting, in which I went to Pocomoke City, Md., and met with the person who was processing the loan application, went over all the details with him. And then it was granted. That was my part in it.

Mr. McLENDON. What requirement, if any, was made by the Small Business Administration with respect to the Bakers and Novaks putting more money into the business?

Mr. TUCKER. At the time of the discussion with the Small Business representative in Pocomoke——

Mr. McLENDON. You were participating in it. You are talking about what you——

Mr. TUCKER. That is right. I was the only one at that meeting, Major, representing the partners.

Mr. McLENDON. All right. Go ahead.

Mr. TUCKER. There was a discussion concerning the amount of money which they had in it, which they anticipated they would put in in the future. And he told me that in his opinion the partnership should put an additional $100,000 in the operation. This I reported to the partners, the Novaks and Baker.

Mr. McLENDON. Then what happened?

Mr. TUCKER. Well, I don't recall—but maybe a month thereafter it was called for closing at Mr. Cropper's office in Ocean City, and at that

time I went down there with Mr. Baker for the closing, and they presented the deposit slip which you have reference to.

Mr. McLENDON. Who presented it?

Mr. TUCKER. Mr. Baker.

Mr. McLENDON. Were you present?

Mr. TUCKER. Was I present?

Mr. McLENDON. Yes.

Mr. TUCKER. Yes, sir.

Mr. McLENDON. Go ahead.

Mr. TUCKER. Indicating that the requirement was fulfilled. And the loan was approved.

Mr. McLENDON. And the loan then was completed, and the money disbursed?

Mr. TUCKER. Well, the money was disbursed on the 11th—I think the money was deposited on the 11th of June.

Mr. McLENDON. Did you have anything to do with obtaining the deposit slip?

Mr. TUCKER. Major, I was counsel for this group, and I had nothing whatsoever to do with the financial arrangements whereby they got the money to put in this organization, and, more specifically, in answer to your question, I had nothing to do with the hundred thousand dollar loan arranged from the American National Bank.

Mr. McLENDON. Did you know at the time you saw Baker hand this deposit slip to the representative of the Small Business Administration that it represented $100,000 that was restricted so that the money could not be used?

Mr. TUCKER. I had no such information, Major.

Mr. McLENDON. When did you first obtain that information?

Mr. TUCKER. When this information came out in the newspaper.

Mr. McLENDON. That is the first time you heard of it?

Mr. TUCKER. Yes, sir. Major, subsequent to my talk with you the other day, I went back to the office and checked the records more closely. Paragraph 11 of the Small Business requirement said, in effect, that the partners shall invest $160,000, in addition to the price of the land. At the time of the closing of this loan, the partners had in fact, according to the records which I have in my office, invested $174,000.

Mr. McLENDON. Well, I thought the testimony was that the representatives of the Small Business Administration looked at the balance sheet and said the owners need to put an additional hundred thousand dollars.

(At this point, Senator Scott entered the hearing room.)

Mr. McLENDON. They did use the figure $160,000, which would include some money that was already in there. But the point was they were asking for the deposit of another hundred thousand dollars, was it not?

Mr. TUCKER. That is correct. But I am just telling you that the records show that they actually had deposited $174,000, which was $14,000 more than the $160,000 requirement.

Mr. McLENDON. All right.

Senator CANNON. Is that exclusive of this $100,000 deposit slip?

Mr. TUCKER. Yes, sir.

Senator CANNON. So that they had a net equity of $174,000 invested in that business at the time they made the loan?

Mr. TUCKER. Yes, sir—plus the cost of land, which was between $90,000 and $95,000.

Mr. MCLENDON. Now——

Senator CURTIS. Excuse me. There are a couple of questions that will help me follow this a little better. Were you an owner of any part of the Carousel?

Mr. TUCKER. None whatsoever, Senator.

Senator CURTIS. Were you the owner of record for any other person that owned part of it?

Mr. TUCKER. Of the Carousel Motel? None whatsoever.

Senator CURTIS. And you had no beneficial interest?

Mr. TUCKER. No beneficial interest.

Senator CURTIS. Was all of your employment in a legal capacity?

Mr. TUCKER. I was counsel for the partnership, and that is all.

Senator CURTIS. Were your services limited to legal services, and did you do anything of managing the business?

Mr. TUCKER. Well, in connection with legal services, certainly there was certain management of funds, there were certain disbursements, advice which I gave, consultation which I had with Mr. Novak, Mrs. Novak, and Mr. Baker concerning their accounts and so forth. I dump it all into the legal services which I was performing, although you could break it down.

Senator CURTIS. Now, did you at any time own any interest in Serv-U?

Mr. TUCKER. No, sir.

Senator CURTIS. Were you ever an officer of Serv-U?

Mr. TUCKER. Yes, sir.

Senator CURTIS. Owned no stock?

Mr. TUCKER. Owned no stock. Other than as a trustee.

Senator CURTIS. But you were the holder of stock for others?

Mr. TUCKER. I was and I am trustee of stock for others; yes, sir.

Senator CURTIS. Is that a written trust agreement?

Mr. TUCKER. No, sir. The legal ownership of the stock is in my name, but I recognize the trust agreement involved.

Senator CURTIS. And who is the beneficiary of the trust?

Mr. TUCKER. Mr. Baker, 28½ percent, Mr. Black, 28½ percent, which makes a total of 57 percent.

Senator CURTIS. You are the trustee for all of their interest in that?

Mr. TUCKER. Yes, sir.

Senator CURTIS. And you have represented them at corporate meetings, as trustee?

Mr. TUCKER. Yes, sir.

Senator CURTIS. That is all at this time.

Mr. MCLENDON. Mr. Tucker, returning to the sale of the Carousel property, did you, in your capacity as attorney, or otherwise, participate in any manner in the appraisal of the Carousel property for the purpose of determining its market value?

Mr. TUCKER. No, sir.

Mr. MCLENDON. Did you have knowledge that it had been appraised by anyone?

Mr. TUCKER. You mean someone came and made an appraisal of the Carousel property?

Mr. MCLENDON. Yes.

Mr. TUCKER. I have no knowledge of that, Major, no, sir.

Mr. McLENDON. Did you have knowledge——

Mr. TUCKER. Let me retract that. During the application for the remortgaging, I believe, I think Mr. Bert Cropper, a local real estate appraiser and contractor, put some appraisal on the motel for the purpose of submitting the application to Fraternity Federal. But that was in the capacity, I think, of the appraisal of the building which he had constructed, and an appraisal of the ground which he had sold to the original partners.

Mr. McLENDON. And that was for the benefit of the bank, was it not?

Mr. TUCKER. I think that was for the benefit of Fraternity Federal.

Mr. McLENDON. That is the bank that was going to loan the $746,000?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. Now, this Cropper you are talking about is not the same man who represented the Small Business Administration?

Mr. TUCKER. No, sir—brothers.

Mr. McLENDON. What was Mr. Cropper's appraisal?

Mr. TUCKER. Anything I would tell you would be a guess. And I don't believe you want me to guess.

Mr. McLENDON. No. I don't want you to guess. But if you can approximate it, it might be of benefit to the committee.

Mr. TUCKER. Major, I would have to go to that file. I might be so far out of line that it would not even be funny.

Mr. McLENDON. All right. I won't insist on it. Then did you have knowledge of the fact that the Tecon Corp. of Dallas, Tex., had inspected the property and made a proposal to buy it?

Mr. TUCKER. Well, I gained that information from the newspapers, concerning the Tecon offer to Mr. Baker.

Mr. McLENDON. Then your answer to my question is you never heard of that until within the past few days when it appeared in the newspapers as a result of some evidence given before this committee?

Mr. TUCKER. No, I had never heard of it before.

Mr. McLENDON. Never had?

Mr. TUCKER. No, sir.

Mr. McLENDON. Mr. Tucker, at that time—I am talking about the time now the property was sold to Serv-U, was either Baker or Mrs. Novak or her brother-in-law or all of them combined, able, financially, to continue to carry the ownership of this property and the financial burden it entailed?

Mr. TUCKER. No, sir; they were not. As a matter of fact, they were on the financial ropes, and that is exactly why Serv-U purchased it. Mr. Baker persuaded his friends in Serv-U to take him off the ropes.

Mr. McLENDON. How do you know that?

Mr. TUCKER. Because I was in on some of the conversations.

Mr. McLENDON. I wanted to ask you that. Did you attend a conference in San Francisco when Mr. Baker flew out there with records and documents to persuade his associates in Serv-U to buy Carousel?

Mr. TUCKER. No, sir; I wasn't in that conference.

Mr. McLENDON. Tell us what conference you were in.

Mr. TUCKER. Well, I had a conference with Baker, and at one time I am positive Mr. Black.

Mr. McLENDON. Fred Black?

Mr. TUCKER. Fred Black.

Mr. MCLENDON. Yes.

Mr. TUCKER. Went over the records with Mr. Baker and, of course, Mr. Black and Mr. Baker combined at least had the majority control of Serv-U Corp.—57 percent.

Mr. MCLENDON. Represented by the stock held by you?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. As trustee?

Mr. TUCKER. And after that general conversation, then they took it up with the rest of the stockholders, and I wasn't in on any more of those meetings.

Mr. MCLENDON. So the fact is, then, that you testified that Mr. Baker used his influence with his associates in Serv-U to persuade Serv-U to buy this property at a little over a million dollars?

Mr. TUCKER. Well, when you say "influence," I don't want to use that in any respect other than the fact that he did persuade them.

Mr. MCLENDON. All right—persuade them. He pursuaded them?

Mr. TUCKER. Yes, sir; he certainly did.

Mr. MCLENDON. And if it were to turn out to be a fact that at that very moment he had a bona fide offer for the purchase of the property of $1,500,000, in your opinion as a lawyer you would conclude that that was not a very honest transaction, would you not?

Mr. TUCKER. Well, I don't——

Mr. CHASE. I don't like to object—but we have been in an attorney-client pattern, Major. We have waived the privilege, corporate and individual. I suggested that he had not ought to be required to pass an opinion——

Mr. MCLENDON. Well, I think it speaks for itself. But this man was a trustee for Mr. Baker—this witness was a trustee for Mr. Baker. And he can't escape all the responsibility. But I won't insist on it.

Mr. CHASE. I understood him to say he didn't know of the Tecon transaction until the past 72 hours.

Mr. MCLENDON. I understand that. My question is if that were a fact. But, nevertheless, let it go.

Senator CURTIS. May I inquire something there?

You said that Baker and Black advised the other stockholders concerning the negotiations for the purchase of the Carousel. Who were those other stockholders that they advised?

Mr. TUCKER. I think, Senator, I said that Mr. Black and Mr. Baker discussed it with the other stockholders, and I am positive that they discussed it with Mr. Sigelbaum and Mr. Levinson.

Senator CURTIS. How do you know that?

Mr. TUCKER. Both Mr. Sigelbaum and Mr. Levinson owned 13½ percent each.

Senator CURTIS. Who was president of the corporation at that time?

Mr. TUCKER. Mr. Hancock.

Senator CURTIS. How much stock did he own?

Mr. TUCKER. Eight percent.

Senator CURTIS. Was it discussed with him?

Mr. TUCKER. It was not specifically discussed with him to the point where they sought his consent; no, sir.

Senator CURTIS. Was it discussed at all?

Mr. TUCKER. With Mr. Hancock?

Senator CURTIS. Yes.

Mr. TUCKER. Not to my knowledge.

Senator CURTIS. What did you mean by it wasn't specifically discused with him to the point of closing the deal?

Mr. TUCKER. Well, what I meant by that was he may have remotely known about it.

Senator CURTIS. Is your office at 2000 P Street NW?

Mr. TUCKER. Yes, sir.

Senator CURTIS. Suite 605?

Mr. TUCKER. Yes, sir.

Senator CURTIS. What is the usual custom of handling the mail there, the incoming mail?

Mr. TUCKER. The usual custom of handling it?

Senator CURTIS. Yes. Who gets the mail?

Mr. TUCKER. Well, there are about five people there, five or six people who receive mail, and it is put on their desk.

Senator CURTIS. Who opens it?

Mr. TUCKER. The individual.

Senator CURTIS. The addressee?

Mr. TUCKER. Yes, sir.

Senator CURTIS. A secretary does not?

Mr. TUCKER. No, sir.

Senator CURTIS. The offer of a million and a half dollars for the Carousel Motel was addressed to 2000 P Street NW. My point is that it was sent to the law office rather than to Mr. Baker's Capitol office.

Mr. TUCKER. But I do not open Mr. Baker's mail.

Senator CURTIS. Was it registered mail?

Mr. TUCKER. I say I do not open Mr. Baker's mail.

Mr. MCLENDON. Mr. Tucker, just one final question on this aspect. There isn't any doubt about the fact that at the time the Carousel property was sold to Serv-U, that Mr. Baker was the owner of half interest in the Carousel property?

Mr. TUCKER. That is correct, sir.

Mr. MCLENDON. Isn't it a matter of fact at that very same time he was one of the two largest stockholders in Serv-U?

Mr. TUCKER. That is correct, sir.

Mr. MCLENDON. And that is stock combined with Black's, both of which were in your name as trustee, amounted to 57 percent of the stock in Serv-U?

Mr. TUCKER. That is correct.

(At this point, Senator Cannon withdrew from the hearing room.)

Mr. MCLENDON. Now, I want to ask you about the origin of Serv-U. What can you tell the committee about how that company came into existence?

Mr. TUCKER. Well, I, of course, am the counsel.

Mr. MCLENDON. Yes.

Mr. TUCKER. Not an owner. And the first information I had concerning the corporation was, I would assume, either late November or early December of 1960—1961, when Mr. Baker mentioned the fact to me that there was a possibility that a group would go into the vending machine business, and would I like to be the counsel for it, and they would pay me a retainer, and I said I would.

Mr. MCLENDON. Did he tell you who composed the group?

Mr. TUCKER. Well, at that time I don't believe the group was fully established, Major.

Mr. MCLENDON. What names did he mention?

Mr. TUCKER. At that time Mr. Hancock was mentioned. I am talking about the first time.

Mr. MCLENDON. That is what I meant.

Mr. TUCKER. Mr. Hancock, I believe, was mentioned the first time, and possibly Mr. Levinson. This is the first time I ever heard anything about it.

Mr. MCLENDON. You didn't know Levinson at that time?

Mr. TUCKER. No, sir.

Mr. MCLENDON. What did Baker say he knew about it?

Mr. TUCKER. He didn't say anything particularly, other than the fact that Mr. Levinson was in the hotel business in Nevada. That much he did say.

Mr. MCLENDON. Did he say that Levinson was a man who was able to put up capital for the company?

Mr. TUCKER. I am sorry, Major, I didn't hear you.

Mr. MCLENDON. I said, did he tell you in this discussion that Levinson was a man who was able to put up capital for the company?

Mr. TUCKER. Well, at that time capital was not discussed.

Mr. MCLENDON. If I understand you, the first persons that you heard discuss it were Hancock, Baker, and Black.

Mr. TUCKER. No, sir. I said the first person I ever discussed it with was Mr. Baker. And then Mr. Hancock came into the picture.

Mr. MCLENDON. And then Black?

Mr. TUCKER. And at a later time Mr. Black came into the picture.

Mr. MCLENDON. And then how did Levinson and Sigelbaum and Torres and Simon come in?

Mr. TUCKER. Well, they came in as stockholders, at least subscribers, at that time.

Mr. MCLENDON. Did you solicit either one of those to become stockholders?

Mr. TUCKER. I didn't know any of them, Major.

Mr. MCLENDON. Can you tell the committee who did solicit them to become stockholders?

Mr. TUCKER. Well, I don't actually know. Certainly it was either through Mr. Baker, Mr. Hancock, or Mr. Black. From my knowledge, I don't know exactly whose friends they were at that stage.

Mr. MCLENDON. And is it true that as the discussions proceeded, an agreement was reached that Hancock was to be permitted to buy 1,200 shares at $1 per share?

Mr. TUCKER. That is correct, sir.

Mr. MCLENDON. Is it true that thereafter, perhaps on the same day, he transferred 400 shares to William A. Armstrong?

Mr. TUCKER. Well, that was actually an agreement between Hancock and Armstrong, because Armstrong worked for Hancock in Florida as a manager, and if the corporation—if and when the corporation started operating, Mr. Armstrong was going to be the operational head in California, and in return for that Mr. Hancock would let him have 400 shares of his stock.

Mr. MCLENDON. But it is true, is it not, that Hancock retained 800 of the 1,200 shares, did he not, in his own name?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. And that Armstrong became the owner of 400 of the 1,200?

Mr. TUCKER. Right, sir.

Mr. McLENDON. Is it also true that B. Sigelbaum was permitted to subscribe to 1,350 shares?

Mr. TUCKER. That is correct, sir.

Mr. McLENDON. And he was to pay $22,302 for that? Do you have those figures before you?

Mr. TUCKER. May I get those figures? I think Mr. Chase has them.

Mr. McLENDON. Yes, sir.

Mr. CHASE. You want the purchase price——

Mr. McLENDON. What is the price Sigelbaum was to pay for his shares?

Mr. TUCKER. Well, Mr. Sigelbaum put in a combination of loan and subscription to stock.

Mr. McLENDON. Let's talk about the stock first.

Mr. TUCKER. $22,302.

Mr. McLENDON. For 1,350 shares?

Mr. TUCKER. Right, sir.

Mr. McLENDON. And that was certificate No. 3?

Mr. TUCKER. I don't happen to have the certificate numbers.

Mr. McLENDON. All right. Edward Levinson, at the same time—was he permitted to purchase 1,350 shares for exactly the same price that Sigelbaum paid, $22,302?

Mr. TUCKER. Yes, he was.

Mr. McLENDON. And was Mr. Edward Torres permitted to purchase 400 shares at the same time at the price of $8,608?

Mr. TUCKER. Yes; he was.

Mr. McLENDON. And Ernest Tucker, as trustee for Baker, and Ernest Tucker as trustee for Black, was permitted to subscribe for 3,000 shares at par, $1 per share?

Mr. TUCKER. That is right.

Mr. McLENDON. And Ernest C. Tucker later became the holder of an additional 2,700 shares, which Black purchased from Simon?

Mr. TUCKER. That is correct.

Mr. McLENDON. Now, the Simon stock was never actually issued to Simon, was it?

Mr. TUCKER. That is correct.

Mr. McLENDON. 2,700 shares. But he did have an agreement that he could subscribe to that amount?

Mr. TUCKER. That is right.

Mr. McLENDON. So that with the 3,000 shares that Black and Baker acquired at par, $1 per share, they added 2,850 additional shares—2,750 additional shares that were purchased from Simon?

Mr. TUCKER. That is right.

Mr. McLENDON. Now, in connection with this financing of the company, was an agreement that several of these stockholders were to make loans to the company?

Mr. TUCKER. The capitalization of the corporation, Major, was a hundred thousand dollars, and the loan subscription from the group was $150,000, which made a total of $250,000.

Mr. McLENDON. Now, explain that, please, a little bit clearer.

Mr. TUCKER. Well, there was a hundred thousand dollars capitalization.

Mr. MCLENDON. Of stock?

Mr. TUCKER. Of stock.

Mr. MCLENDON. Yes.

Mr. TUCKER. And then there was $150,000 loaned to the corporation by stockholders, which made a total growth of $250,000 originally put into the corporation.

Mr. MCLENDON. And how was the agreement reached as to how much money the stockholders were to loan, each of them?

Mr. TUCKER. Well, that was actually worked out by Mr. Simon. But it was more or less of an arbitrary figure, I am sure, as to the actual division between stock and capital.

I am sorry—and loan.

Mr. MCLENDON. Well, Sigelbaum loaned the company $41,806, did he not?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And Levinson loaned them exactly the same amount?

Mr. TUCKER. Yes, sir, because they had held the same amount of stock.

Mr. MCLENDON. They each held the same amount of stock. Simon loaned $47,285, did he not?

Mr. TUCKER. That is correct.

Mr. MCLENDON. And Torres, $19,035?

Mr. TUCKER. That is correct.

Mr. MCLENDON. I left off the cents.

Mr. TUCKER. And that is all in the same proportion as Mr. Sigelbaum's and Mr. Levinson, if you divide the percentages out.

Mr. MCLENDON. And this was by agreement among the group?

Mr. TUCKER. That is right.

Senator CURTIS. May I ask something?

You were treasurer of the company at that time?

Mr. TUCKER. No, sir. Mr. Simon was treasurer.

Senator CURTIS. Did you at any time serve as treasurer?

Mr. TUCKER. No, sir.

Mr. MCLENDON. Mr. Simon has testified, Mr. Tucker, that he was treasurer only up to the time that he sold his stock, and that the understanding was that he was to have the checkbook, so that none of this money could be checked out without his signature.

Mr. TUCKER. I think that is substantially correct. Mr. Simon served as the original treasurer; yes, sir.

Senator CURTIS. Well, who followed him?

Mr. MCLENDON. I am going to ask that. Simon sold out after a few months, did he not?

Mr. TUCKER. That is right.

Mr. MCLENDON. Who bought his stock?

Mr. TUCKER. Mr. Black.

Mr. MCLENDON. Who succeeded Simon as treasurer?

Mr. TUCKER. Well, this is a very closely held corporation. The activities of the corporation are actually conducted by the stockholders. Dr. Walsh, recordwise, succeeded Simon as treasurer. But the average treasurer of the average corporation doesn't take any activity in its

affairs. And the disbursements and so forth, as far as checks are concerned, was actually handled by Mr. Armstrong, who was vice president of the company on the west coast, who was the operating head and handled the money. So the successor treasurer was Dr. Walsh. But he was not authorized to sign checks.

Mr. McLendon. Dr. Walsh has already filed an affidavit with this committee that he never drew a check on the company in his life, and didn't even know he was treasurer until a year later.

Mr. Tucker. That is just what I said. Dr. Walsh was not authorized to sign checks.

Mr. McLendon. My question is who had authority to draw checks on the company's bank account after Simon sold out?

Mr. Tucker. Mr. Armstrong.

Senator Curtis. Who wrote Simon's check?

Mr. Tucker. Which check, Senator?

Senator Curtis. When he was bought out.

Mr. Tucker. Mr. Armstrong.

Senator Curtis. I understood that he said that you wrote the check.

Mr. Tucker. Would you say that, again, Senator?

Senator Curtis. I thought the record showed that he said that you wrote it.

Mr. Tucker. No, sir. The check was written out in California, Senator, by Mr. Armstrong, for approximately $100,000, and I have never been authorized to sign a check on a California bank.

Senator Curtis. Was all of Serv-U's money in a California bank?

Mr. Tucker. No, sir. We maintain an account here, after Serv-U purchased the Carousel Motel. But prior to that——

Senator Curtis. Who writes on that?

Mr. Tucker. I write on that account.

Senator Curtis. Who was treasurer in name when these stockholders made their loan to the corporation?

Mr. Tucker. Mr. Simon.

Senator Curtis. Were those loans payable to him, turned over to him?

Mr. Tucker. You mean the money turned over to him?

Senator Curtis. Yes.

Mr. Tucker. Yes, he made the deposits in the bank; yes, sir.

Senator Curtis. What bank?

Mr. Tucker. I don't know.

Senator Curtis. Do you know what city it was in?

Mr. Tucker. Either Miami or California, one of the two. Wait a minute—possibly in Oklahoma. Those are the three cities that they would have had bank accounts in, I assume.

Senator Curtis. But you know everybody paid in the loans?

Mr. Tucker. Oh, yes, sir.

Senator Curtis. Did they pay it in check or cash?

Mr. Tucker. Paid it in check.

Senator Scott. Just right there—Mr. Tucker, did you receive any compensation, direct or indirect, for serving as trustee for Baker and Black in the ownership of their—who owned in actuality 1,500 shares each?

Mr. TUCKER. No, sir. My only compensation from Serv-U, Senator, is as counsel on a monthly retainer basis, plus additional work which I do, and I bill them.

Senator SCOTT. Did you receive a counsel fee in a lump sum at the beginning of these transactions?

Mr. TUCKER. No, sir. Wait a minute. You say a lump sum?

Senator SCOTT. Yes.

Mr. TUCKER. I charged the corporation a lump sum for the original incorporation, if that is what you have reference to.

Senator SCOTT. Yes. What was that amount?

Mr. TUCKER. Probably $1,200, $1,300, for the original incorporation.

Senator SCOTT. As a matter of fact, wasn't Simon told he had to get out of Serv-U?

Mr. TUCKER. I didn't have any conversation with Mr. Simon, Senator, to that effect, and I have no personal knowledge as to whether he was told or not told he had to get out.

Senator CURTIS. This is page 884 of the record of January 28, 1964—Mr. Simon:

Mr. SIMON. That is correct. My check, the check of the funds I got, came from Mr. Tucker.

Mr. TUCKER. Now, he is speaking there, I assume, Senator—and I am not familiar with the exact quotation—but I assume he is speaking about the funds which I sent him for the original purchase of the 3,000 shares of stock. That was my personal check.

Mr. MCLENDON. Off the record.

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Mr. MCLENDON. Let me take up the Simon sale first, since he apparently was the first one to get out. You already said he sold his stock, 2,700 shares, to Black.

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And did Black pay that money to the corporation, and then the corporation pay Simon?

(At this point, Senator Clark entered the hearing room.)

Mr. TUCKER. At the time Mr. Black purchased Simon's stock Mr. Black gave Serv-U Corp. his personal check for $100,000, which was deposited in California, and Mr. Simon then was issued his check for the purchase price out of California for $100,000 by Serv-U check.

Mr. MCLENDON. And that $100,000 paid Mr. Simon for all his stock interest?

Mr. TUCKER. Stock interest, plus the loan; yes, sir.

Mr. MCLENDON. And repaid his loan?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And gave him some profit on his stock?

Mr. TUCKER. Approximately $9,000.

Mr. MCLENDON. And Simon then severed all relations with the company?

Mr. TUCKER. That is correct.

Mr. MCLENDON. Now, the next transaction of that kind seems to be the purchase of the Torres' stock. Tell the committee what occurred about that.

Mr. TUCKER. Well, the corporation purchased Mr. Torres' stock for $75,000.

Mr. McLENDON. $75,000 wasn't payment for the stock alone, was it?

Mr. TUCKER. Well, that was the loan—a combination of the loan and the stock, Major.

Mr. McLENDON. And he had only 400 shares?

Mr. TUCKER. He had 400 shares; that is correct.

Mr. McLENDON. And what was the amount of the corporation's debt to Torres at that time?

Mr. TUCKER. $19,035, plus the stock investment, plus accrued interest on his loan which he had made to the corporation, which would have come to $1,500 or $1,600.

Mr. McLENDON. Now, that stock, if I understand it, was purchased by the corporation and has been held as treasury stock all the time?

Mr. TUCKER. That it correct; it is retired.

Mr. McLENDON. Now, have the other loans made by these other stockholders been paid—namely, the loan made by Levinson?

Mr. TUCKER. No, sir; none of them have been repaid, and they accrue interest, and neither has the interest been paid.

Mr. McLENDON. That would be true of the loan made by Levinson and also true of the loan made by Sigelbaum?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. So the corporation now is in debt to each of them for loans?

Mr. TUCKER. That is right.

Mr. McLENDON. And they still own their original stock interest?

Mr. TUCKER. That is correct, sir.

Mr. McLENDON. Namely, 1,350 shares each.

Mr. TUCKER. That is right.

Senator SCOTT. Major, may I just inquire of you whether or not it has been brought out yet as to why two of the shareholders only paid a dollar a share and four others paid $16.52 a share?

Mr. McLENDON. I have not asked him the question why, but the fact is clear in the record. Perhaps you would desire to ask him. Mr. Tucker, while we are in this area, what is the explanation for the fact that Hancock, for himself and Armstrong, and you, as trustee for Black and Baker, were permitted to buy stock at the original par price of $1, and the others were charged more, or a higher price.

Mr. TUCKER. Well, I think, as I explained to you in the interview—Mr. Hancock was, of course, the technical operating head. He knew the vending business, where no one else had any real knowledge concerning the field. And, of course, Mr. Black and Mr. Baker's interest in this was, as someone suggested, they tried to promote the stock, and you normally get a better break when you are going to promote a company.

Mr. McLENDON. In other words, Black and Baker were treated as the promoters of the company, Hancock was treated as a promoter and also as a man that had know-how?

Mr. TUCKER. That is correct.

Mr. McLENDON. Therefore, they were permitted to buy stock at $1 par?

Mr. TUCKER. That is correct.

Senator CLARK. Major, how much time was there between the sale at a dollar and the sale at $16? Perhaps you could tell us, Mr. Tucker.

Mr. TUCKER. The actual sale, Senator, was probably about 3 months—I am sorry—about 2 months. But the subscription was about 4 months.

Senator CLARK. So the deal by which Baker and Hancock and Black got the stock at a dollar a share was agreed upon 4 months before the stock was sold at the higher price to the others?

Mr. TUCKER. Yes, sir. As a matter of fact, it was agreed upon, I think, in December of 1961—December 22, 1961, when they got the promotional price, as the major puts it.

Senator CLARK. And the sale at the $16-plus was the following April?

Mr. TUCKER. March.

Mr. MCLENDON. Mr. Tucker, one thing that makes the record a sort of an enigma is that they show all of this stock, with the exception of the two last lots were issued, the original certificates were issued on the same date, February 15, 1962. Is that because you just neglected to issue the certificates?

Mr. TUCKER. Just hadn't gotten around to it.

Mr. MCLENDON. It wasn't planned that way in particular?

Mr. TUCKER. No, sir.

Mr. MCLENDON. Now——

Mr. TUCKER. Major, maybe to clarify that, I don't recall exactly what the records would show on it, but it is possible that some of the money hasn't been finally paid in at that time also, and we would not issue a stock certificate until we had gotten the money.

Mr. MCLENDON. All right. Now, Serv-U's records show that there were several loans made to Mr. Hancock.

Mr. TUCKER. That is right, sir.

Mr. MCLENDON. The other stockholders were loaning money to the corporation, and the corporation was loaning money to Hancock. What is the explanation for that?

Mr. TUCKER. Well, Mr. Hancock was actually the person who in many respects was responsible for the success of the corporation, because he was the only one who had know-how. I am sure he neglected his own business in many respects to go to California, and spent many, many weeks out there. And then his business came to the point where he needed money. He approached the corporation and asked to borrow against his stock, and the corporation loaned him money, like you would do anyone who needed some.

Mr. MCLENDON. Did the corporation hold his stock as collateral?

Mr. TUCKER. The corporation now, Major, holds his stock as collateral for the loan.

Mr. MCLENDON. You still have it?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. What connection did those loans to Hancock have with Hancock's deal with Interstate Vending Co.?

Mr. TUCKER. None whatsoever.

Mr. MCLENDON. Are you sure?

Mr. TUCKER. Yes, sir; I am.

Mr. MCLENDON. Well, may I——

Mr. TUCKER. Maybe we are not both thinking about the same thing. But we would have gotten our money back had his deal with Interstate been consummated. Is that what you meant?

Mr. MCLENDON. Yes.

Mr. TUCKER. Oh, yes; we would have gotten the money back.

Mr. MCLENDON. You knew he had a deal with Interstate, an option agreement, did you not?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And you knew—and you participated in the negotiations which resulted in the awarding of the Melpar contract to Interstate, did you not?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. You and Baker both?

Mr. TUCKER. That is right.

Mr. MCLENDON. You attended meetings at Melpar?

Mr. TUCKER. That is correct.

Mr. MCLENDON. And you were authorized to speak for Interstate?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. How were——

Mr. TUCKER. When you say authorized to speak for Interstate, we were authorized to present the proposal which Interstate had sent. As far as negotiating a final contract or anything like that, I did not have a retainer for that purpose.

Mr. MCLENDON. But you did attend the meeting down at Melpar, you and Baker, and when the question was asked, "Can you speak for Interstate," you and Baker said yes?

Mr. TUCKER. Oh, yes, sir.

Mr. MCLENDON. And the question asked, "Well, who will submit the proposal," and you said, "I will," did you not?

Mr. TUCKER. Well, they already had the proposal. Interstate had the proposal.

Senator CLARK. Yes; but did Melpar have it?

Mr. TUCKER. I beg your pardon. Melpar had the proposal.

Senator CLARK. But you had submitted it, hadn't you?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. In this meeting there was agreed there would be some changes made in it.

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. Were you not to present that to Melpar, those changes?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And did you do it?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. Now, my question is by whom were you employed then?

Mr. TUCKER. I was employed by Mr. Hancock, Automatic Vending Co.

Mr. MCLENDON. And although this was a deal between Melpar and Interstate, you were employed by Hancock?

Mr. TUCKER. Well, let me give you a little background on that, Major. Mr. Hancock, at that time, owed Serv-U Corp. $55,000. I am general counsel for Serv-U Corp. I represent the two largest stockholders in Serv-U Corp., and I am very interested in Serv-U Corp. getting their money. Mr. Hancock had an option with Interstate which was entered into on August 22, 1963, for the purchase of his business. Under this option agreement, he got a commission for all new business which he was able to deliver to Interstate—Hancock did.

And Hancock was going in business here in Washington, as you well know. He had his vending machines.

Mr. McLENDON. Over in Maryland?

Mr. TUCKER. Approximately $90,000 worth.

And he decided not to go in business in Washington, because he could not make a combination with a food dealer. As a result, he got in touch with Interstate, had a meeting here in Washington, and Interstate said, "Yes, we would be interested in bidding on the Melpar contract."

So I talked to Hancock, I talked to Interstate, and they said "If we get the contract, we will take $90,000 worth of vending machines off of your hands."

And I knew at that time, of course, in the option agreement we would get the $55,000 back—that is the Serv-U Corp.

So Hancock employed me to do the negotiating for him; he employed me to rid himself of the warehouse which he had leased in his corporation's name here in Washington. So I was interested in his behalf as his counsel at that stage.

Indeed I was.

Senator SCOTT. In his capacity as president of Automatic Vending?

Mr. TUCKER. Yes, sir.

Senator CURTIS. Who did you have your conversations with as a representative of Interstate?

Mr. TUCKER. Mr. Donegan and Mr. Sibella.

Senator CURTIS. What are their full names and where do they live?

Mr. TUCKER. Mr. Donald Donegan, he is the general sales manager, I believe, for Interstate. I think that is his title. And his office is in Chicago.

And Mr. Kenneth Sibella—I think he is in charge of a food division out of Connecticut. It probably is his home base.

Senator CURTIS. How many times did you see them?

Mr. TUCKER. Well, I think, if my memory is correct, Senator, I met with Mr. Sibella only one time. But I met with Mr. Donegan maybe three times.

Senator CURTIS. Did you represent them in anything else other than Melpar?

Mr. TUCKER. No, sir; I have never represented Interstate in any other connection.

Senator CURTIS. Did Mr. Baker know these people?

Mr. TUCKER. I am positive that Mr. Baker did not know them. Whether Mr. Baker has ever met anyone from Interstate other than possibly Mr. Donegan, I am not familiar with the fact.

Mr. McLENDON. Going back to the point at which you were representing Hancock in negotiating with Melpar to obtain the contract for Interstate, you say the reason that Hancock employed you was because if Interstate exercised their option with Hancock, he would be able to collect a commission for having acquired the Melpar contract, is that correct?

Mr. TUCKER. Well, not only would he be able to sell his business, but under his sales agreement with Interstate, he would get the commission—a combination; yes, sir.

The CHAIRMAN. On the sale?

Mr. McLENDON. Now, you were then acting in your capacity as attorney, were you?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. In what capacity was Baker acting?

Mr. TUCKER. Baker was acting in capacity of friendship for Mr. Baker—I am sorry—for Mr. Hancock, and I am sure that he had some obligation to Mr. Bostick of Melpar.

Mr. McLENDON. You have seen this memorandum that Mr. Marsh of Melpar prepared of a conference in the office of Melpar on August 28, 1963, have you not—the conference that you and Baker attended?

Mr. TUCKER. Is that the one you showed me when we had the interview?

Mr. McLENDON. Yes.

Mr. TUCKER. Yes, I had seen that, when we had the interview.

Mr. McLENDON. Look at that memorandum, Mr. Tucker. It says that Mr. Wyatt agreed to the following. You know who Mr. Wyatt is?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. He is the manager at Melpar that had jurisdiction over the vending-machine operations, was he not?

Mr. TUCKER. That is correct.

Mr. McLENDON. Paragraph 1 says:

> Melpar would have a 2-year contract with Interstate for both cafeteria operating and vending.

Was that your understanding, also?

Mr. TUCKER. Well, I don't know that the length of the contract had been agreed on, Major. Evidently this would be a proposal on the part of Melpar.

Mr. McLENDON. I have already called your attention to Mr. Wyatt's language in which he says, "Mr. Wyatt agreed to the following"—I mean Mr. Marsh's language, which says that Mr. Wyatt agreed to the following.

Mr. TUCKER. Well, Mr. Wyatt didn't agree to a 2-year contract with me. That was strictly a proposal. As a matter of fact, I don't believe that they wound up with a 2-year contract. You would know more about that than I do.

Mr. McLENDON. The next sentence says:

> After 2 years there could be an automatic 30-day notice of cancellation by any party.

Mr. TUCKER. Yes, sir.

Mr. McLENDON (reading):

> However, there would be another agreement between Mr. Baker or Mr. Baker's company in which Melpar can cancel the contract with Interstate providing the feeding or vending operation is unsatisfactory.

Now, what was Mr. Baker's company referred to?

Mr. TUCKER. Well——

Mr. McLENDON. Is that Serv-U?

Mr. TUCKER. As I told you the other day, that portion, as far as I am concerned, is probably inaccurate. The agreement would be with Mr. Hancock, namely, the Automatic Vending Services, because he is the person who would get the commission here if Interstate got the job.

Mr. McLENDON. If I understand you, that part of the memorandum, then, is incorrect?

Mr. TUCKER. I think that is correct, Major.

(At this point, Senator Clark withdrew from the hearing room.)

Senator CURTIS. I don't understand that. Now, if Interstate is unsatisfactory, then it would go to Hancock instead of Baker?

Mr. TUCKER. Well, Senator, Baker was not to get a commision out of this deal. The commission would run to Automatic Vending Services in Florida under the terms of his agreement with Interstate.

Senator CURTIS. What does this mean?

There will be another agreement between Mr. Baker or Mr. Baker's company in which Melpar can cancel the contract with Interstate providing the feeding and vending operation is unsatisfactory.

Mr. TUCKER. That is what I am speaking of. I thought that was a portion that was in error. The agreement would be with Automatic Vending Services—namely, Mr. Hancock's organization.

Senator SCOTT. Who made the error?

Mr. TUCKER. Mr. Marsh, I am sure, made the error in this connection, as to the parties.

Senator SCOTT. You spoke of Mr. Baker having obligations to Mr. Baker having obligations to Mr. Bostick. What were those obligations?

Mr. TUCKER. Well, as you recall, Senator, originally Mr. Baker recommended for Mr. Bostick's consideration Capitol Vending, and there was some dissatisfaction, I think, involved.

Mr. Bostick, as my memory recalls, was having difficulty with his food problem. And he and Mr. Baker are personal friends, and I think they discussed this matter. And Bobby was trying to help him find a combination vending food operator who could serve his purposes. And that is the obligation which I spoke about.

Mr. MCLENDON. Mr. Tucker, there isn't any doubt about the fact, is there, that this memorandum prepared by Mr. Marsh is an attempt by him to record what occurred at this conference attended by you and Baker?

Mr. TUCKER. I am positive of that, sir.

Mr. MCLENDON. You are sure of that?

Mr. TUCKER. Yes.

Mr. MCLENDON. Now, is it not also true that you and Hancock in conferences with representatives of the Interstate people, at the Madison Hotel, agreed that in the event that Interstate consummated the agreement with Melpar, that Hancock was to be paid a commission?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. And he, in turn, would pay Baker part of that?

Mr. TUCKER. Absolutely not.

Mr. MCLENDON. That was not agreed?

Mr. TUCKER. Absolutely not.

Mr. MCLENDON. Anything said about it?

Mr. TUCKER. Absolutely not.

Mr. MCLENDON. And you were to be paid only by Hancock?

Mr. TUCKER. Oh, yes, I was only working as Hancock's counsel in this connection, Major.

Mr. MCLENDON. And later on you submitted him a bill, did you not?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. Has it been paid?

Mr. TUCKER. No, it has not.

Mr. MCLENDON. Why hasn't Interstate paid Hancock his commission?

Mr. TUCKER. Well, the last time I talked to Hancock, of course, they had not paid the commission, but they had paid part of the other obligation, which I gave you a memorandum on.

Mr. MCLENDON. You mean the expenses?

Mr. TUCKER. Yes.

Mr. MCLENDON. They paid Hancock's expenses while he was in Washington?

Mr. TUCKER. Yes, and they paid some of the freight bills on the machines. They paid all of the machine bills, which is some $90,000.

But as far as the actual commission is concerned, they have not paid that because, as a matter of fact, I don't believe that they are legally obligated at this time to pay it, because they did not consummate the deal with Hancock.

But, as a matter of fact, whether they actually get around to paying it or not, I don't know.

Senator SCOTT. Could I ask a couple of questions?

Did Sabella send the Interstate contract to you for delivery to Baker, who in turn delivered it to Melpar?

Mr. TUCKER. The proposal, Senator, or the contract?

Senator SCOTT. The proposal.

Mr. TUCKER. Yes, sir.

Senator SCOTT. Where did Black get the money to loan Serv-U $100,000?

Mr. TUCKER. He borrowed it from the bank in Oklahoma.

Senator SCOTT. In Oklahoma. Do you know which bank?

Mr. TUCKER. The Fidelity National Bank.

Senator SCOTT. Why was the bill from the D.C. Transit Co. to Baker for transporting guests to the Carousel's grand opening never paid?

Mr. TUCKER. Well, actually, as a matter of fact, they had about $47,000 worth of bills that they had not paid at the end of the season, Senator.

Senator SCOTT. That was one of them.

Mr. TUCKER. And D.C. Transit was one of them.

Mr. MCLENDON. Has that debt even been forgiven?

Mr. TUCKER. No. They still owe it—a portion of it.

Senator SCOTT. Does Mr. Baker owe any other—does he owe the transit company any other money?

Mr. TUCKER. I would have no knowledge concerning that.

Senator SCOTT. Any knowledge of whether he owes any other transportation company—airlines, buses, railroads, rental services.

Mr. TUCKER. I have no knowledge concerning that, Senator.

Senator SCOTT. That is all I have.

Mr. MCLENDON. Mr. Tucker, there is one thing I keep returning to that disturbs me considerably. It is difficult for me to understand how Baker can give all of the time and attention to this vending machine operation at Melpar, and finally wind up by obtaining it in the name of Interstate, without expecting some compensation out of it.

Mr. TUCKER. Well, let me make an effort to explain that again.

Mr. MCLENDON. I wish you would.

Mr. TUCKER. We start with factor No. 1. You help a friend if you can. Nothing unreasonable about that, is there, sir? That is No. 1. Hancock and Baker——

Mr. McLendon. Let me stop with No. 1 just a moment. As far as this committee knows, Baker never had a friend in Interstate until this moment.

Mr. Tucker. But Hancock is his friend.

Mr. McLendon. All right.

Mr. Tucker. Hancock is a personal friend. That is factor No. 1.

Factor No. 2. Hancock owes Serv-U $55,000. Under the conditions of his sale, his agreement with Interstate, he would get the money to repay Serv-U $55,000. Mr. Baker owns 28 percent of Serv-U. Consequently, Mr. Baker will get 28 percent—28½ percent of $55,000 back in the corporation fund if the deal with Interstate is consummated.

So that is the two factors in which Mr. Baker had an interest.

Mr. McLendon. So that is your explanation of Baker's interest and activities in this connection?

(At this point Senator Cannon entered the hearing room.)

Mr. Tucker. Yes, sir.

Senator Scott. Are you aware of the statement Mr. Baker made publicly about the time of the beginning of this investigation that he had no interest whatever in Serv-U?

Mr. Tucker. Am I aware of it?

Senator Scott. Yes.

Mr. Tucker. I don't know——

Senator Scott. Of his reply to the Serv-U action, I believe—or whether it is part of the legal papers, I don't know. The statement was reported in the press that Mr. Baker had said that he had no interest whatever in Serv-U.

Mr. Chase. If I may interrupt, Senator. The press has reported those pleadings inaccurately.

Senator Scott. Do the pleadings state at any point Mr. Baker said he had no interest in Serv-U?

Mr. Chase. Not to my knowledge, sir. I filed an answer on behalf of Mr. Tucker, and we exchanged answers and pleadings. And when I read the report in the press to which you refer, I was surprised, because we had been very careful to plead the fact accurately.

Mr. Tucker was a stockholder of record. And the complaint alleged in terms of stockownership who held—raised the question as to who was the stockholder of record.

Mr. Tucker was the stockholder of record. But the question was never put in the form of pleading to Mr. Baker, or his then counsel, Mr. Fortas, as to whether he was a stockholder or had any equity interest, or any other interest.

Senator Scott. And Mr. Baker never disclosed that he had any interest in Serv-U at that time?

Mr. Chase. I would think a good lawyer would answer the pleading technically. I try to do that. I have done it for 25 years. I don't think there is any obligation to volunteer any statement that a complaint doesn't require. I don't know. I defer to Mr. McLendon on that.

Senator Scott. I was just wondering whether the pleadings were limited to who was stockholder of record, or who were the owners of the company. The pleadings are usually rather broad.

Mr. CHASE. I have forgotten the specific language, Senator Scott. But I do remember that the newspaper report was not consistent or consonant with the fact that we as pleaders were familiar with. I don't believe any lawyer in the case was misled.

Senator SCOTT. Let me put it this way, then. There was—nothing showed in the pleadings that Mr. Baker was actually the equitable owner of this stock.

Mr. CHASE. Not to my knowledge. I don't believe the record discloses that to this date, sir. I think I am accurate when I say that.

Senator SCOTT. That is all.

Senator CURTIS. Was he a party to the suit? Mr. Baker?

Mr. CHASE. I beg your pardon?

Senator CURTIS. Was he a party?

Mr. CHASE. He is a party defendant to the suit.

Senator CURTIS. Did he file an answer as such?

Mr. CHASE. He did. But he answered the complaint. In other words, his answer had to meet the allegations of the complaint.

(At this point, Senator Scott left the hearing room.)

Mr. CHASE. Now, if the pleader who drew the complaint—I think it was Mr. Carlinger on behalf of Capitol, made allegations in certain words and phrases and numbers and figures—the obligation of counsel for the respondent or defendant Baker was to answer those words, letters, and figures. That is the way we operate.

I think that is why Christ called the Scribes hypocrites, and why Shakespeare said we should be buried with the skulls. Even in the 17th century people were driving Will Shakespeare crazy, and I suppose we have been driving another two centuries of people crazy. That is the nature of the beast. I didn't do it. My father visited it on me, and he is 81, and every night I think, "Dad, why did you do it to me." But I am still doing it.

Senator CURTIS. Now, may I ask this: You expressed great concern if Interstate purchased Capitol Vending, or Automatic Vending, Mr. Hancock's company, you would get your money back. Do you regard that as an unsafe loan as of this time?

Mr. TUCKER. As of this time?

Senator CURTIS. Yes.

Mr. TUCKER. Senator, I don't know the financial status of Mr. Hancock. But I do know that the corporation could always use the $55,000 back.

Senator CURTIS. Well, a lot of people could be short of cash and still be well able to pay their debts.

Mr. TUCKER. I certainly don't regard it as unsafe, because under the terms of the loan agreement we have Mr. Hancock's personal stockholdings, and we are permitted to sell it, or retire it. So I am positive that it would be worth more than $55,000.

Senator CURTIS. So you do not contend that Baker then had a real pecuniary reason for Interstate getting the contract at Melpar?

Mr. TUCKER. When you say a "pecuniary reason," you mean additional cash?

Senator CURTIS. Yes.

Mr. TUCKER. Other than the $55,000 repayment?

Senator CURTIS. No. I mean the $55,000. You say that Hancock's stock was worth more than $55,000. I have asked you if you regard

it as a risky loan. As a matter of fact, you feel that you would get your $55,000 back from Hancock whether he sold Interstate or not, do you not?

Mr. TUCKER. Eventually; yes, sir.

Senator CURTIS. And you feel that the stock is worth that much?

Mr. TUCKER. Yes, sir.

Senator CURTIS. And was worth that much at all times since the loan was made?

Mr. TUCKER. Yes.

Senator CURTIS. So if that were true, then Baker would not gain financially by the Melpar contract going to Interstate, by reason of any benefit flowing there to Hancock; isn't that true?

Mr. TUCKER. Well, the only explanation that I can give, Senator, would be those three factors that I enumerated earlier; namely, repayment of our loan; then personal friendship to Hancock; and personal friendship to Mr. Bostick, to help him find a reputable organization to run his cafeteria and his vending.

Senator CURTIS. Did you know that Mr. Hill was paying money to Mr. Baker?

Mr. TUCKER. I did not, sir.

Senator CURTIS. When did you first learn that?

Mr. TUCKER. In the newspaper.

Senator CURTIS. So if that fact existed, you did not know it?

Mr. TUCKER. That is correct.

Senator CURTIS. So if Baker had an arrangement to pay Hill a monthly sum, it was made without your knowledge?

Mr. TUCKER. That is correct.

The CHAIRMAN. You mean for Hill to pay Baker.

Senator CURTIS. Yes; for Hill to pay Baker.

Mr. TUCKER. I have no knowledge of that whatsoever.

Senator CURTIS. All right.

If that existed and was not disclosed to you, isn't it probable that he would not disclose to you, if he did make an arrangement with Hancock, to receive part of the commissions that Hancock would get from Melpar?

Mr. TUCKER. Anything is probable. Anything I would say would strictly be speculation.

Senator CURTIS. Do you contend you do know all of Robert Baker's transactions, or you don't?

Mr. TUCKER. I do not pretend to know all of his transactions; no, sir.

Senator CURTIS. You indirectly or directly or by hearsay do not know about all of Bobby Baker's transactions?

Mr. TUCKER. I do not know all of his transactions either directly, indirectly, or by hearsay; no, sir.

Senator CURTIS. So the answer is that you do not know whether or not he had any arrangement with Mr. Hancock to share in the commissions from the Melpar contract with Interstate?

Mr. TUCKER. Well, I know this—that the arrangement with Mr. Hancock to get the commission—and this information, of course, came from my client; namely, Mr. Hancock. If there were other arrangements, as I said earlier, I know nothing about them.

Senator CURTIS. Well, that is what I mean. While you know nothing about it, you are not in a position to say that there wasn't any?

Mr. TUCKER. In a position to say there wasn't?

Senator CURTIS. That there was not any arrangement between Baker and Hancock for Hancock to share his Interstate commissions from Melpar with Baker?

Mr. TUCKER. I don't know either way.

Senator CURTIS. That is right. In other words, not to urge you do not.

Mr. TUCKER. That is right. Other than to my knowledge, personal knowledge, Hancock was to get the commissions, and not Baker. And you are asking me——

Senator CURTIS. But I mean after Hancock got them in his hands.

Mr. TUCKER. I have no information concerning that, sir.

Mr. MCLENDON. Mr. Tucker, will you tell the committee, as nearly as you can, exactly what Baker said to you when he asked you to serve as trustee for him for 28½ percent of the stock of Serv-U?

Mr. TUCKER. Well, first of all, he offered me the job as counsel for the corporation, which would pay a fee, and I am interested in that. I agreed to be the counsel for the corporation on a retainer, plus my billing, and serve as trustee for his stock, for the simple reason that he didn't have time necessarily to devote to the corporation.

And furthermore, I have actually, as a matter of fact, done a tremendous amount of work in that connection.

Mr. MCLENDON. Did he say anything else, except what you repeated here, as the reason or reasons for your holding the stock as trustee for him?

Mr. TUCKER. No—basically, no, sir.

Mr. MCLENDON. Did you ever have any agreement in writing, any declaration of trust that you were in fact holding the stock for him in trust?

Mr. TUCKER. No. As a mater of fact that 57 percent of the stock, namely, Mr. Baker's and Mr. Black's, and in my name, and I am the legal owner, and there is no paperwork on it.

Mr. MCLENDON. No what?

Mr. TUCKER. No paperwork on it.

Mr. MCLENDON. I understand. But most lawyers, I would think, from my own experience, would be rather reluctant.

Mr. TUCKER. Maybe they think I am trustworthy. I guess I am just trustworthy.

Mr. MCLENDON. I am not imputing anything to you. I am just simply asking you a question, trying to help the committee unravel this.

Mr. TUCKER. I have always consulted, of course, in the decisions that I had any part to do with as counsel, with Mr. Baker in this respect. And there has never been any question concerning an additional agreement.

Mr. MCLENDON. I am not suggesting any wrongdoing on your part. I am trying to find for the benefit of the committee, if I can, why it was that Baker wanted you, or anyone, to hold 28½ percent of his stock with Serv-U in some name other than his own.

Mr. TUCKER. Well, any reason he had, Major, other than what I have given you, would have to come from him, because he didn't give me any.

Mr. MCLENDON. The correspondence, for instance, with the bank from which Black borrowed the money, shows that he and Baker were

the beneficial owners of the stock. You have seen that correspondence have you not?

Mr. TUCKER. No, sir; I have not.

Mr. MCLENDON. I thought you were familiar with it?

Mr. TUCKER. No, sir. You mean from the bank to Mr. Black?

Mr. MCLENDON. From Black to the bank.

Mr. TUCKER. No, sir; I have not seen that.

Mr. MCLENDON. Did you know that the certificates were actually deposited with the bank as collateral for Black's loan?

Mr. TUCKER. I deposited them myself; yes, sir.

Mr. MCLENDON. At whose direction?

Mr. TUCKER. Mr. Black's and Mr. Baker's, for the collateral for the loan.

Senator CURTIS. Whose certificates were they?

Mr. TUCKER. They were mine, as trustee for Mr. Black and Mr. Baker.

Senator CURTIS. They were made to you as trustee?

Mr. TUCKER. No, sir; I am the stockholder of record.

Senator CURTIS. And you just deposited those?

Mr. TUCKER. Yes, sir.

Senator CURTIS. Were they endorsed on the back?

Mr. TUCKER. Endorsed in blank, and deposited with the bank.

Mr. MCLENDON. Do you have a receipt from the bank?

Mr. TUCKER. No, sir.

Senator CURTIS. Trustworthy people today, though.

Were they transmitted by mail—the stock certificates?

Mr. TUCKER. I think two of them were transmitted by mail, and two of them were possibly given to Mr. Black, and he took them.

Mr. MCLENDON. Well, I don't want to pursue that matter. Let me ask you one or two other questions.

Earlier in your testimony you referred to the fact that Hancock spent, as I recall it, several weeks in California obtaining the vending machine contract out there for Serv-U. Do you recall that?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. Tell the committee what you know about that.

Mr. TUCKER. Well, I know very little about that, Major, other than the fact that when the company originally started, Mr. Hancock was the technical man of the company, as you know, and he negotiated the original contracts with North American, and spent possibly 2 or 3 months out there.

Mr. MCLENDON. He didn't do it all alone, did he?

Mr. TUCKER. He and Mr. Armstrong.

Mr. MCLENDON. How about Mr. Black?

Mr. TUCKER. I think the record indicates that Mr. Black gave him the original letter of introduction to North American. But I had nothing to do with that. I have no knowledge concerning the facts of it.

Mr. MCLENDON. What about Mr. Baker?

Mr. TUCKER. I have no knowledge concerning the facts on that either.

Mr. MCLENDON. Do you have any knowledge that Baker made a trip to California about that time?

Mr. TUCKER. I have, from my own knowledge—I know that Mr. Baker has been to California on numerous occasions. But as to exactly what times, Major, or who he saw in California, I do not know.

Mr. McLENDON. Do you know whether he was acquainted with the officials of North American?

Mr. TUCKER. I have no knowledge concerning that. I have never met anyone in North American.

Mr. McLENDON. Were you told that even before the Serv-U Corp. was completely organized, and money made available, the capital, that these contracts were obtainable in California, were available?

Mr. TUCKER. No; I was not told they were available. I knew that they were going to negotiate for them.

Mr. McLENDON. Excuse me for interrupting you—but wasn't it said in these discussions that one reason for organizing the corporation and one assurance of its success was that these contracts in California could be obtained?

Mr. TUCKER. No one told me that, sir.

Mr. McLENDON. No one told you that?

Mr. TUCKER. No, sir.

Senator CURTIS. But did North American ever inquire of you concerning Serv-U?

Mr. TUCKER. Inquire of me?

Senator CURTIS. Yes.

Mr. TUCKER. No, sir. As I told you, I know no one in North American.

Senator CURTIS. To your knowledge, did they ever look into Serv-U, to see who owned it, anything about its financial standing?

Mr. TUCKER. Well, other than the fact that they are in constant communication with Mr. Armstrong, vice president at that time of the corporation, Senator, in California, they never inquired of me personally; no, sir.

Senator CURTIS. But you are the majority stockholder of record.

Mr. TUCKER. That is correct.

Senator CURTIS. And they never contacted you with any inquiry before they made—gave the contracts to Serv-U?

Mr. TUCKER. No, sir.

Senator CURTIS. Do you know anybody in North American?

Mr. TUCKER. I did not know anyone in North American, unless it is someone that I don't even know that works there.

Senator CURTIS. Do you know what Mr. Black's relation to North American is?

Mr. TUCKER. I know that he is a consultant for North American; yes.

Senator CURTIS. Did he ever discuss the possibility of getting the North American contract?

Mr. TUCKER. With me?

Senator CURTIS. In your presence?

Mr. TUCKER. No, sir.

Senator CURTIS. Never did?

Mr. TUCKER. No, sir. All those discussions, Senator, took place with either—if there were such discussions, as to what contracts—took place with either Mr. Hancock or Mr. Baker. And I had nothing to do with them as counsel for the corporation.

Senator CURTIS. Just one more question and I will give it back to counsel. There are some other things I want to get into later.

(At this point Senator Pell entered the hearing room.)

Senator CURTIS. Are you now attorney, or have you been attorney for any witness that has appeared before this committee pursuant to this resolution?

Mr. TUCKER. You mean——

Senator CURTIS. This investigation. Are you attorney for any witness that has appeared here?

Mr. TUCKER. No, sir.

Senator CURTIS. Are you attorney for any witness, possible witness, whose name has been mentioned here, and you would have reason to believe might be called?

Mr. TUCKER. I have not been contacted in that respect; no, sir.

Senator COOPER. At the time the contract was made with North American, Serv-U had been incorporated?

Mr. TUCKER. That is correct.

Senator COOPER. You were the attorney for Serv-U at the time?

Mr. TUCKER. That is right.

Senator COOPER. And who was the president?

Mr. TUCKER. Mr. Hancock.

Senator COOPER. Had the stock been issued, the proceeds paid into Serv-U at the time the contract with North American was concluded?

Mr. TUCKER. I don't know if they all had been or not, Senator; I am positive that some of the funds had been paid in, of course. But as to when the last funds were paid in for the stock subscription and loans, I don't happen to have that complete data with me.

Senator COOPER. Did you know who was to negotiate with North American with respect to a contract with them?

Mr. TUCKER. Yes, sir. Mr. Hancock and Mr. Armstrong—principally Mr. Hancock.

Senator COOPER. Had there been any meeting of the board of directors in which this was discussed as a possibility—a contract with North American?

Mr. TUCKER. Again, this is a closely held corporation, and the stockholders certainly had had meetings. When I say "had meetings," they probably had telephone conversations, and so forth. But as an official meeting as such, the answer is "No."

Senator COOPER. Had you been at any such meeting?

Mr. TUCKER. At that time?

Senator COOPER. Yes.

Mr. TUCKER. No; I had not, Senator. Although we have the normal desk records which I furnished to the committee, as you well know—you hold your meeting and get your records up to date.

Mr. MCLENDON. Do you know or can you tell the committee whether at any time a financial statement of Serv-U was furnished to North American?

Mr. TUCKER. A financial statement of Serv-U?

Mr. MCLENDON. Yes; a balance sheet of Serv-U.

Mr. TUCKER. Well, Mr. Armstrong may have furnished——

Mr. MCLENDON. I am asking if you know whether one was furnished.

Mr. TUCKER. No; I do not.

Mr. MCLENDON. If it was furnished, it was not furnished by you, or under your direction?

Mr. TUCKER. No, sir.

Mr. McLENDON. Mr. Tucker, are you also trustee for Mr. Baker in the ownership of his home in Spring Valley?

Mr. TUCKER. That is correct.

Mr. McLENDON. Is that property still in trust in your name?

Mr. TUCKER. No; it is not.

Mr. McLENDON. What is the condition of it now?

Mr. TUCKER. There was a successor trustee named, I believe, in the last week or 10 days. But I don't know who the successor trustee is. It was recorded, as I suggested to you the other day. But I don't have any details on it.

Mr. McLENDON. The trust, then, is no longer in your name?

Mr. TUCKER. Not to my knowledge.

Mr. McLENDON. Now——

Senator CURTIS. Was that trust in writing?

Mr. TUCKER. Yes, sir.

Senator CURTIS. Was it irrevocable?

Mr. TUCKER. No, sir. The beneficial owner had the right to name a successor trustee at any time.

Mr. McLENDON. Now earlier I was asking you about your joint bank account with Baker. I think I mentioned the fact that it showed the withdrawal at one time of a check in the amount of $11,111.11, payable to Staley Brinkley, Jr., in connection with the Lincoln Federal Saving & Loan Association. Was Baker active in organizing that association.

Mr. TUCKER. No, sir.

Mr. McLENDON. Were you?

Mr. TUCKER. Yes, sir. I was cocounsel for the organization.

Mr. McLENDON. What did Baker have to do with it?

Mr. TUCKER. Mr. Baker didn't have anything to do with it, other than the fact that as an accommodation, he loaned $11,000 to me.

Mr. McLENDON. He loaned the money to you?

Mr. TUCKER. No. He loaned it to Mr. Brinkley, in behalf of me, through me.

Mr. McLENDON. Well, the payment was made from Baker direct to Brinkley, was it not?

Mr. TUCKER. That is correct. And Mr. Brinkley in turn issued him a note.

Mr. McLENDON. Issued Baker a note?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. And are you saying that that really is a loan to you?

Mr. TUCKER. Well, it is actually not a loan to anyone——

Mr. McLENDON. Suppose you explain it in your own way.

Mr. TUCKER. It is an accommodation in my behalf, yes; because, as I suggested earlier, I was the cocounsel for the organization sponsoring the company, and I expected to derive counsel fees from it. I moved to Maryland. And I have not been active in it in any shape, form, or fashion at this time, because it is not large enough. And this loan was actually an accommodation in my behalf, because I was cocounsel and expected to get law business from it.

Mr. McLENDON. And what was the money used for?

Mr. TUCKER. Pardon?

Mr. McLENDON. What was the money used for?

Mr. TUCKER. Well, the money is put up, of course, with the Federal Home Loan Bank Board as a guarantee in behalf of the incorporators that they will meet all their obligations, and it is repayable by the Home Loan Bank Board at the end of, I think, maybe 5 years.

Mr. MCLENDON. It has to be retained for at least 5 years?

Mr. TUCKER. I think it is 5 years; yes, sir.

Senator CURTIS. Who was the check drawn to?

Mr. TUCKER. Brinkley was the incorporator.

Mr. MCLENDON. Staley Brinkly, Jr., he was one of the incorporators, was he not?

Mr. TUCKER. Yes, sir.

Mr. MCLENDON. Did you represent him and the others in an appearance before the Home Loan Bank Board on the application?

Mr. TUCKER. I was cocounsel; yes, sir.

Mr. MCLENDON. And the other counsel was a man named Snyder?

Mr. TUCKER. Mr. Leonard Snyder, a friend of mine for the past 10 years.

Mr. MCLENDON. This man Brinkley, in order to comply with requirements, would have to deposit that amount of money and keep it on deposit for 5 years, is that right?

Mr. TUCKER. That is correct, sir.

Mr. MCLENDON. And you didn't have the money, and you got Baker to loan it to Brinkley, but you feel responsible for it, is that true?

Mr. TUCKER. Yes; because I would be the one who benefits as counsel for the organization.

Mr. MCLENDON. I believe that is all, Mr. Chairman.

Senator CURTIS. Mr. Chairman, how long do you expect to run?

(Discussion off the record.)

The CHAIRMAN. Back on the record.

Senator CURTIS. In reference to this bank account, both of you put money in it, both you and Baker?

Mr. TUCKER. I very seldom put money in, Senator. But we both occasionally put money in.

Senator CURTIS. You do put some money?

Mr. TUCKER. I do put some money in.

Senator CURTIS. For what reason?

Mr. TUCKER. Actually, the last money I put in for the last year has been some bank loans I made. I have not put any funds in other than bank loans.

Senator CURTIS. What did you make the loans for?

Mr. TUCKER. Personal expenses.

Senator CURTIS. Personal expenses?

Mr. TUCKER. A thousand, $2,000.

Senator CURTIS. Would you be knowledgeable of Baker's deposits?

Mr. TUCKER. No, sir; I would not. He kept track of his own deposits and his own withdrawals.

Senator CURTIS. Who kept track of the balance?

Mr. TUCKER. That is sort of hard to do. But he had a checkbook part of the time and I had it part of the time and occasionally the girl would try to reconcile it. He would reconcile it or I would. But we always took out the amount of money that we individually put in. If I put $2,000 in, I took $2,000 out—no more.

The CHAIRMAN. Did he have the same arrangement—he would not take out what you put in?

Mr. TUCKER. Yes, sir.

Senator CURTIS. You knew at all times how much was in there?

Mr. TUCKER. I knew what I had in there. I did not know what he had in there.

Senator CURTIS. Did you know whether he would have an overdraft or not?

Mr. TUCKER. I have seen overdraft slips come in; yes, sir.

Senator CURTIS. Would you know where his money would come from that was deposited?

Mr. TUCKER. No, sir; I would not.

Senator CURTIS. You do not know whether it was deposited in checks or cash?

Mr. TUCKER. Well, I know where some of the money came from, Senator. But when I say I would not, I did not know where all the money came from.

Senator CURTIS. It represented no partnership?

Mr. TUCKER. No, sir.

Senator CURTIS. Now, coming back to the arrangement for carrying the title on his home—was that a written trust agreement from the beginning?

Mr. TUCKER. Yes, sir.

Senator CURTIS. When was it placed on record?

Mr. TUCKER. I believe it was placed on record within the last week or 10 days, because I signed some papers which basically divested myself under the trust agreement.

Senator CURTIS. I mean the trust agreement running to you as trustee. Was that placed on record?

Mr. TUCKER. Oh, yes, that was placed on record.

Senator CURTIS. Immediately?

Mr. TUCKER. Yes, sir.

Senator CURTIS. When did you first meet Seigelbaum?

Mr. TUCKER. Well, it would be a guess on my part. But I would say it would probably have been in the middle of 1962.

Senator CURTIS. Where?

Mr. TUCKER. In Mr. Black's office.

Senator CURTIS. Who introduced you?

Mr. TUCKER. Mr. Black.

Senator CURTIS. Who else was present?

Mr. TUCKER. I do not recall whether anyone else was present.

Senator CURTIS. Robert Baker?

Mr. TUCKER. Mr. Baker may have been there.

Senator CURTIS. When did you first meet Levinson?

Mr. TUCKER. Probably around March of 1962.

Senator CURTIS. Where?

Mr. TUCKER. Mr. Black's office.

Senator CURTIS. How did you happen to be at Black's office?

Mr. TUCKER. I was at Black's office for the purpose of a meeting with Mr. Cooper, Mr. Simon, Mr. Baker, Mr. Black, and myself—when they agreed to buy Mr. Simon's stock.

Senator CURTIS. But you had met Seigelbaum before that?

Mr. TUCKER. No, sir; I met Seigelbaum subsequent to that. I met him about the middle of 1962. This would have been sometime in March of 1962.

Senator CURTIS. How did you happen to be at Black's office to meet Seigelbaum?

Mr. TUCKER. Mr. Black called me and asked me to come over there, and introduced me to him.

Senator CURTIS. Why?

Mr. TUCKER. Well, he was a stockholder in the company and he wanted me to meet him.

Senator CURTIS. When did you meet Torres?

Mr. TUCKER. I never met Mr. Torres.

Senator CURTIS. When did you meet Simon?

Mr. TUCKER. In March, probably in March of 1961, as I just previously explained, when we had a meeting in Mr. Black's office.

Senator CURTIS. Did you met Jack Cooper?

Mr. TUCKER. At the same time.

Senator CURTIS. Had you know Jack Cooper before?

Mr. TUCKER. No, sir.

Senator CURTIS. You knew that Jack Cooper and Levinson and Baker went to the Dominican Republic in April of this year?

Mr. TUCKER. No, I did not.

Senator CURTIS. No knowledge of it?

Mr. TUCKER. No. Not until I read it in the newspaper.

Senator CURTIS. You have no knowledge of any connection down there at all?

Mr. TUCKER. No, sir.

Senator CURTIS. Do you know anything about any business transactions with anybody in the Dominican Republic?

Mr. TUCKER. I have no personal knowledge of Mr. Baker's business transactions, if he has any, in the Dominican Republic.

Senator CURTIS. And how about the importation of the Haitian meat?

Mr. TUCKER. Well, the Haitian Meat was a client of Mr. Baker's and Mr. Webb's and Mr. Law's, and the checks——

Senator CURTIS. Go ahead.

Mr. TUCKER. As I said, it was a client of Mr. Baker's, Mr. Webb's and Mr. Law's. And the checks for that client used to come into our office. That I knew about.

Senator CURTIS. Who was the client?

Mr. TUCKER. Haitian Meat, I believe.

Senator CURTIS. What was the name of the company?

Mr. TUCKER. That is all I know—Haitian Meat Co., or something to that effect.

Senator CURTIS. How much came in in fees?

Mr. TUCKER. I kept no record of it, Senator. Mr. Baker kept those records.

Senator CURTIS. It came into Tucker and Baker?

Mr. TUCKER. That is right. The check was made out to Tucker and Baker, but it was not a client of mine—it was Mr. Baker's client, and Mr. Webb's and Mr. Law's client.

(At this point, Senator Clark entered the hearing room.)

Mr. TUCKER. I received no remuneration from that whatsoever.

Senator CURTIS. How much money did you handle that came in?

Mr. TUCKER. As I say, I kept no track of it when it came in—it is myself, Mr. Baker, or possibly the secretary put the checks in the bank. Mr. Baker is the one who kept the records, because it was his client.

Senator CURTIS. What account would that be put in?

Mr. TUCKER. I would assume that the larger percentage of it would have been put in Tucker and Baker account, but on many occasions he put the money in other accounts.

When I say put the money in other accounts, he took the checks. I do not know what account he put it in.

Senator CURTIS. Do you know anything about any business transactions in the Caribbean with reference to the importation of cement?

Mr. TUCKER. I knew that you would ask that one. And that was a client of mine in 1956 or 1957 possibly—it has been so many years ago.

Some people came to me, introduced to me by Mr. Baker. I represented them a short time. It had to do with the Anti-Dumping Act. It was a client from Colombo.

Senator CURTIS. What was the name of the client?

Mr. TUCKER. Well, it was a cement company in Colombo. I do not have the name of it at the moment.

Senator CURTIS. Well, who were the individuals that you say Baker introduced to you?

Mr. TUCKER. A Mr. Bordas and a Mr. Benitez—who in turn I believe owned the company, and they imported from the main company.

Senator CURTIS. Do you know their first names?

Mr. TUCKER. Bordas' name is Diego—I only looked this up this morning—and Benitez—Jose Benitz. He and Mr. Bordas had a cement company that I think imported in New York.

Senator CURTIS. Where did they live?

Mr. TUCKER. Mr. Bordas I believe lived in New York, and Mr. Benitz lived in Puerto Rico.

Senator PELL. Is that the same Benitz we are talking about in the meat company?

Senator CURTIS. I do not know.

All right, proceed. Tell about Baker introducing you to these men.

Mr. TUCKER. Sometime earlier he introduced me to Mr. Benitz, probably 2 years before that.

Senator CURTIS. Where was that?

Mr. TUCKER. Here in Washington.

Senator CURTIS. Where?

Mr. TUCKER. I do not recall where the introduction took place.

Senator CURTIS. Well——

Mr. TUCKER. I think Mr. Benitz, actually, as a matter of fact, Senator, introduced me to Mr. Bordas.

Senator CURTIS. Is Mr. Benitz engaged in other business beside the cement business?

Mr. TUCKER. I have no knowledge of that.

Senator CURTIS. You do not know whether he is engaged in the meat business, too?

Mr. TUCKER. I have no knowledge.

Senator CURTIS. Which one do you say is a Puerto Rican?

Mr. TUCKER. Mr. Benitz lived in Puerto Rico.

Senator CURTIS. You ever see him down there?

Mr. TUCKER. I have never been to Puerto Rico.

Senator CURTIS. Have you been to any of the Caribbean islands?

Mr. TUCKER. I was at the Dominican Republic one time.

Senator CURTIS. With whom?

Mr. TUCKER. A client of mine from Georgia.

Senator CURTIS. Who else was present?

Mr. TUCKER. Probably in 1954.

Senator CURTIS. Who else was present in your party—or that you met down there?

Mr. TUCKER. Just my client from Georgia, a timber client.

Senator CURTIS. Did he contact the Government down there?

Mr. TUCKER. No.

Senator CURTIS. Did you for him?

Mr. TUCKER. I did not.

Senator CURTIS. Private parties?

Mr. TUCKER. Private—private timber business.

Senator CURTIS. Did Mr. Baker make any contacts for you down there in that connection?

Mr. TUCKER. No. Mr. Baker did not know anything about this. It was unsuccessful. We did not get any business.

Senator CURTIS. What happened in the cement transaction that Mr. Baker referred to you?

Mr. TUCKER. I do not know the outcome of it, if there was one. I represented them in helping them draw up some answers to a complaint I believe that had been filed by the law firm of Covington Burling here in town, and——

Senator CURTIS. Was the complaint pending in court or before an administrative agency?

Mr. TUCKER. I think it was before the Treasury Department. I had a meeting with Mr. Donald Hiss at Covington Burling and discussed the matter with him. And that was the end of what I did for them.

Senator CURTIS. Did Mr. Baker share in the remuneration?

Mr. TUCKER. Well, I charged a fee of $2,000, and I have never gotten my fee yet. That was about 7 years ago, I think.

Senator CURTIS. Was he to share in it?

Mr. TUCKER. No; he was not to share in it.

Senator CURTIS. How long have you known Black?

Mr. TUCKER. About 1959, I think.

Senator CURTIS. How did you get acquainted with him?

Mr. TUCKER. I was actually introduced to Mr. Black by my first wife. My first wife was Mr. Baker's secretary. I think she introduced me to Mr. Black—although I cannot be positive. I may have met him someplace else.

Senator CURTIS. Serv-U sent a check for $30 February 1963, to the treasurer of Ohio, for the payment of corporate taxes. What was that for?

Mr. TUCKER. Serv-U is qualified to do business in the State of Ohio.

Senator CURTIS. No property there. Just more or less——

Mr. TUCKER. No property or no business.

Senator CURTIS. Just a license-fee type of tax?

Mr. TUCKER. Yes, sir.

Senator CURTIS. And how long have you known Hancock?

Mr. TUCKER. I met Hancock probably around the first of December or the last of November 1961.

Senator CURTIS. And how well do you know Ralph Hill?

Mr. TUCKER. I met him one time at his place of business here in Washington for probably 15 or 20 minutes—that is the only time I ever met him.

Senator CURTIS. Now, you took Mr. Weid of Melpar out to Dulles Airport and also to New York City to observe some food service?

Mr. TUCKER. That is correct.

Senator CURTIS. Why did you do that?

Mr. TUCKER. Well, I am representing Mr. Hancock, I am interested in Mr. Hancock, in getting the Melpar account. And Melpar wanted to see at least two food operations so that they would have a choice.

Senator CURTIS. Mr. Hancock was paying you a fee?

Mr. TUCKER. That is right.

Senator CURTIS. He did pay you a fee?

Mr. TUCKER. I have not gotten my money yet. He has been billed.

Senator CURTIS. I see.

I will pass for the moment. I may come back.

The CHAIRMAN. Senator Cannon.

Senator CANNON. Getting back to this Novak estate, was there an executor or executrix named in the will?

Mr. TUCKER. Senator, Mrs. Novak was named as the executrix under the will, and inasmuch as there was not any estate, so to speak, other than to transfer some realty and personal property, she resigned so that I could take care of the matter, so she would not have to go to court, to Rockville, which takes half a day to go out there and back.

Senator CANNON. I think you said there was nothing in the estate, other than routine transfer of——

Mr. TUCKER. There were three automobiles, sir, and a couple of hundred dollars worth of personal property, and two pieces of real estate, in which Mrs. Novak had, according to the will, a 60-percent interest, and her brothers-in-law had a 40-percent interest.

There was $55 in cash, which was on Mr. Novak's person, which she retained and never even put in the bank.

Senator CANNON. Under the Maryland law, did the equity in the motel immediately vest in her upon death?

Mr. TUCKER. Under the Maryland law, Senator, together with the type of partnership agreement they had, it would not pass through the estate, and she survived in his interest in the motel.

Mr. CHASE. May I suggest, Senator, that in Maryland, as in the District, probate court does not get jurisdiction over real estate—only in the event that real estate has to be sold to satisfy debts does the orphans court in Maryland or the probate court in the District of Columbia get any jurisdiction over any realty interest.

(At this point, Senator Clark left the hearing room.)

Mr. TUCKER. So that, Senator, you will not think we left something out, there came up a technical question the other day concerning the sale of one of these pieces of property in which Mrs. Novak had 60 percent and her brothers-in-law have 40 percent. It was necessary to file a petition in the Maryland court—not the probate court but the circuit court—for the purpose now of construing the will, because of this technicality.

Senator CANNON. And you said at the time you took over the books and records that the operation there was in very poor financial condition; is that correct?

Mr. TUCKER. The motel?

Senator CANNON. The motel.

Mr. TUCKER. No; not at that time. They were, I would say, 50 percent finished with the motel. But they were not in bad financial——

Senator CANNON. You were referring to the time after Mr. Novak's death and prior to the sale?

Mr. TUCKER. Yes, sir.

Senator CANNON. They were in poor financial condition?

Mr. TUCKER. That is correct.

Senator CANNON. Was it imperative that they find a buyer, if they remained solvent?

Mr. TUCKER. It was very imperative, Senator, because there were monthly obligations of $10,000 toward reduction of the mortgages, and all the owners combined did not make that type of money.

Senator CANNON. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Pell, do you have a question?

Senator PELL. Yes.

Mr. Tucker, I feel as a layman in this legal labyrinth, I am confused a bit. But I wondered what the reason was for having Mr. Baker's name included in the name of your firm when he was not a partner and did not pay any of the rent and was really not a participant in the firm.

(At this point, Senator Cannon left the hearing room.)

Mr. TUCKER. Senator, here in Washington many, many lawyers associate them together, and they put their name on the door—Smith, Jones, Brown & Brown—whereby in fact they are not partners as such, they are associates. They share the expense of the office, they share the expense of the secretary, and miscellaneous expenses.

Senator PELL. This case, though, Mr. Baker did not share the expense.

Mr. TUCKER. In Mr. Baker's case, when he first got out of law school, as most young lawyers, I assume, he liked to see him name on a door. And at that time he spent a couple of hundred dollars for the purpose of purchasing furniture, and he came around and worked on his own business activities—and even while he worked here for the Senate he worked on his own business activities down there at night, on Saturdays and Sundays. And that is basically why, I assume, that his name was on the door as such.

And he did the same thing in South Carolina, as you probably know. He had an office down there.

Senator PELL. In the course of your association, when you were representing private clients who had problems with the Federal Government, or any of the agencies or commissions thereof, did you ever ask Mr. Baker for advice as to how to cope with these problems?

Mr. TUCKER. No, I have not, Senator.

As a matter of fact, my practice has never been, generally speaking, with Government or private, independent regulatory commisisons. It is actually independent business clients. I have had very few cases, and those cases which I did have, Mr. Baker has never had any activity in it.

Senator PELL. You never had to ask his advice or help in a tax case, anything of that sort?

Mr. TUCKER. I have never handled a tax case, as a matter of fact, other than routine clients that you have to go down and talk over your deductions and so forth.

Senator PELL. You realize that the thrust of our investigation is to ascertain if there is any conflict of interest on the part of Mr. Baker, whereby his enrichment was encouraged by his relationship with his job.

I do not want to ask an "iffy" question, but talking to you as a lawyer, with a full consciousness of what that phrase means, in the light of his association with you, do you believe there was a conflict of interest in any of the cases you handled together?

Mr. TUCKER. In any case, Senator, I have handled as a lawyer, there has never been any conflict as far as Mr. Baker is concerned, because he has not had anything to do with it.

Senator PELL. In other words, you have never asked Mr. Baker for help or advice on a case where the Government was a party to it, or where it was the question of an award of a contract or a loan or anything of that sort?

Mr. TUCKER. No, sir.

Senator PELL. Thank you, Mr. Chairman.

Senator CURTIS. You knew that North American was a Government contractor, did you not?

Mr. TUCKER. I knew that; yes, sir.

Senator CURTIS. Baker was the largest stockholder in the Serv-U contract with them, was he not?

Mr. TUCKER. But the Senator asked me if I had ever asked Mr. Baker for help and advice, and my answer was in the negative. And Mr. Baker has never asked me—I mean I have never asked Mr. Baker for help and advice in connection with North American.

Senator CURTIS. But you know about the contract with them?

Mr. TUCKER. Yes, I know about the contract with them.

Senator CURTIS. And a Senate employee has a contract with a large Government contractor?

Mr. TUCKER. The corporation has a contract with them; yes, sir.

The CHAIRMAN. You did not mean—in other words, you want to find out if Baker helped get that contract?

Senator CURTIS. No. I wanted to know, if this colloquy, whether or not he is putting in the record a statement that Bobby Baker had no conflict of interest.

Mr. TUCKER. The Senator asked me——

Senator PELL. In his relationship with him—he does not know outside of their own relationship.

Senator CURTIS. He knows about North American.

Senator PELL. Well, that is their own relationship.

Senator CURTIS. You are saying there is no conflict of interest in the North American contract?

Mr. TUCKER. I think we should start over then.

Senator CURTIS. This record is being filled up with conclusions, self-serving conclusions, for Robert Baker. That is why I want to get it cleared up.

It happens at the end of every session—questions are asked.

Mr. TUCKER. Senator Pell asked me, in connection with my cases, if in my opinion there was ever a conflict of interest with Mr. Baker. Is that correct?

Senator PELL. Yes—where Mr. Baker had helped you or a client of yours—had been able to help you or a client of yours because of his position as secretary to the majority.

Mr. TUCKER. When you phrase it that way, I will give you two answers, sir.

Senator PELL. That would be conflict of interest to me.

Mr. TUCKER. As far as a private client of mine, the answer would be "No."

Now, on the other hand, in which I think Senator Curtis is impressing, namely, North American, Serv-U is also a client of mine. But I have no personal knowledge as to what Mr. Baker did in negotiating a contract with North American.

Senator CURTIS. In other words, you are narrowing your answer down——

Mr. TUCKER. I think the two questions required me to narrow it down.

Senator CURTIS. You want to convey the thought that in your dealings with Baker and the things he asked you to do, you, Ernest Tucker, you say there was no conflict of interest?

Mr. TUCKER. Right, sir.

Senator CURTIS. And you are not passing judgment either way on the other realm of things; is that right?

Mr. TUCKER. That is right. I have no knowledge concerning it.

The CHAIRMAN. Senator Cooper.

Senator COOPER. I think you have stated that you did have responsibility for keeping Carousel's books and accounting operations?

Mr. TUCKER. That is right.

Senator COOPER. Now, in that capacity, were you aware that sometime after the death of Mr. Novak, that Mrs. Novak deposited at various times cash in the account of the Carousel?

Mr. TUCKER. I was not aware of that, Senator. The first knowledge I had of that was brought out by this hearing.

Mrs. Novak never gave me that information. She only gave me the information concerning the amount of deposits which I recorded in the books.

Senator COOPER. Did you have any knowledge that sums in cash were being deposited in the Carousel account?

Mr. TUCKER. I had no knowledge concerning that.

Senator COOPER. Even though you were keeping the books, you did not know?

Mr. TUCKER. Yes. But I was recording the transactions as reported to me by Mrs. Novak. She did the transmittal of the deposits to the bank.

Senator COOPER. You knew, then that she was depositing cash in the Carousel account?

Mr. TUCKER. No, sir; I did not know.

The first time I knew that Mrs. Novak was depositing cash in the Carousel account was from Mrs. Novak's testimony. She never conveyed that to me, Senator.

Senator COOPER. You did not know, then, from your inspection of the accounts that cash was being deposited in the bank?

Mr. TUCKER. Let me mechanically, Senator, tell you how it transpired.

Mrs. Novak——

Senator COOPER. Excuse me just a minute.

Mr. TUCKER. Mrs. Novak would make the deposits in the American National Bank in Silver Spring, which is close to her home. And then she would call me up and say, "I deposited $10,000 today. Would you charge that to my capital account or Mr. Baker's capital account and put it in the bankbook." And that I did.

The bankbook was in my office. I made the disbursements on that account. But I did not know what she put in—whether it was cash or check. She told me how much she put in, and to whom it should be charged and credited.

Senator COOPER. You had no knowledge, then, of the source of the funds?

Mr. TUCKER. No, sir.

Senator COOPER. Mr. Hill has testified that at times he paid Mr. Baker sums in cash in connection with the Capitol Vending contract at Melpar. Do you have any knowledge of that?

Mr. TUCKER. I have no knowledge whatsoever concerning any payments from Mr. Hill to Mr. Baker.

Senator COOPER. I think it has also been testified that a company called Hampco paid Tucker and Baker half a cent a pound on meat.

Mr. TUCKER. What company is this?

Senator COOPER. Exported from Puerto Rico to the United States. Do you know anything about that?

Mr. TUCKER. You said Hampco? Haitian Meat Co.?

Senator COOPER. Yes.

Mr. TUCKER. No. I had knowledge that Haitian Meat Co. was a client of Mr. Baker's, Mr. Webb's, and Mr. Law's. But not a client of mine, Senator.

Senator COOPER. Did you receive any pay?

Mr. TUCKER. Payments came to the office, made out to Tucker and Baker. But that was Mr. Baker's client, and I received nothing for it, or from it. It was not a client of mine.

Senator COOPER. The checks came made out to Tucker and Baker?

Mr. TUCKER. Yes, sir.

Senator COOPER. What did you do with the checks?

Mr. TUCKER. If I happened to be there when the checks came, I would myself or have the secretary put it in the bank in that account, and Mr. Baker then of course would draw funds on it. Or if he happened to stop by there in the afternoon, or the evening, rather, he would put the check in the bank himself, or possibly take the check and put it in another bank.

Senator COOPER. Did you draw against that account yourself?

Mr. TUCKER. I drew against the account only to the extent that I put funds into the account. I did not draw against the account to the extent someone else put funds in it.

Senator COOPER. Did you receive payments from Hampco?

Mr. TUCKER. None whatsoever, sir.

Senator COOPER. Did you know about the transaction?

Mr. TUCKER. I knew about the transaction to the extent that the checks came in and that they were from the meat company in Haiti.

Senator COOPER. Did you know anything about the agreement?

Mr. TUCKER. No, sir; I had no knowledge concerning that.

The CHAIRMAN. Senator Curtis, do you have further questions?

Senator CURTIS. Did you tell Hancock to see Black to open some doors for him in North American?

Mr. TUCKER. Well, I do not know about that particular statement. But—are you quoting, Senator?

Senator CURTIS (reading):

Senator COOPER. I want to ask this question: Who suggested—

This is addressed to Hancock—

Who suggested to you that you see Mr. Black and ask him, as you say, to open the way with North American?

Mr. HANCOCK. I believe it would be Mr. Tucker.

Senator COOPER. Mr. Tucker?

Mr. HANCOCK. Yes, sir.

Mr. TUCKER. Well, I do not have any memory concerning that particular statement. He says he believed. And my memory is that I did not say he would open any doors at North American, sir, although it is perfectly logical.

I knew that Mr. Black was a consultant at North American. It is perfectly logical that Mr. Hancock and I had a conversation, and I am positive we did, concerning Mr. Black.

Senator CURTIS. How much money has Serv-U made off of their contract with North American?

Mr. TUCKER. Senator, I would not have that type of information. The fianacial statement that we have, which I have furnished the committee copies of—it is a combined financial statement of our various contracts which we have. And as far as a breakdown, I just would not have that information.

Senator CURTIS. Well, what other companies do you have contracts with?

Mr. TUCKER. Well, in California they have a contract with North American. They have a contract with Northrup. They have a contract with Space Technical Laboratories. They have a contract with the city of Los Angeles County, I believe—that is the technical name for it—for the school supplies, vending machines in the schools, to supply pencils, papers, and things to that effect. And they have contracts——

Senator CURTIS. When did they get that?

Mr. TUCKER. I would say within the last year.

Senator CURTIS. Who arranged that?

Mr. TUCKER. Mr. Armstrong negotiated with some local school board officials, I would assume. I do not know the details concerning that.

Senator CURTIS. Have they been in that kind of vending business before?

Mr. TUCKER. No, that was new for Serv-U. But Mr. Hancock was in that vending business in Florida.

Senator CURTIS. All the others you mentioned were Government contracts—is that true?

Mr. TUCKER. North American is, and Space Technology is, and Northrup is. Now, whether——

Senator CURTIS. What other ones have you get?

Mr. TUCKER. I just mentioned Los Angeles County school system. Then they have some local accounts with bowling alleys—how many I do not know.

Senator CURTIS. You have no idea——

Mr. TUCKER. Well, we have the Carousel Motel.

Senator CURTIS. You do not have any idea how much money you have made off the Government contracts, Serv-U?

Mr. TUCKER. No, sir; I would not have a breakdown on that.

Senator CURTIS. Have you ever seen a financial statement of Robert Baker's?

Mr. TUCKER. No, I have not.

Senator CURTIS. Never have?

Mr. TUCKER. No, sir.

Senator CURTIS. You have no idea what he is worth?

Mr. TUCKER. No personal knowledge as to what he is worth.

Senator CURTIS. And indirect knowledge?

Mr. TUCKER. Newspapers.

Senator CURTIS. Nothing but the newspapers?

Mr. TUCKER. Nothing but newspapers.

Senator CURTIS. How often would you see Robert Baker?

Mr. TUCKER. How often do I see him?

Senator CURTIS. Or did you see him, before this trouble arose?

Mr. TUCKER. Well, I talked to him on the phone, of course, very, very often. He came by the office many, many evenings, Saturdays, Sundays. He visited my home. I visited in his home.

I was the counsel for the Carousel Motel. He of course was interested in that, and he went over the books and records and so forth. So it would be——

Senator CURTIS. You acted as trustee for him, you held a joint——

Mr. TUCKER. Just about like saying how often you see your wife.

Senator CURTIS. You saw him often, acted as trustee, holding his property, you had a joint account.

So what do you say he is worth?

Mr. TUCKER. As I said, I have never gone over a financial statement of Mr. Baker's.

Senator CURTIS. I did not ask you that.

But here you were intimately associated with him, you saw him very often, you likened it to how often you see your wife, you were trustee in holding his property, you officed together. Do you have a notion as to how much he is worth?

Mr. TUCKER. Anything I would say would be a guess. And I do not believe you want me to guess. But my guess would we—I will volunteer—not near as much as the newspapers think he has.

Senator CURTIS. Well, I do not know what the newspapers think.

You have been an intimate associate of his, holding his property. And I think you are in a position to know.

Mr. TUCKER. Well, unfortunately I am not in that position, Senator.

Senator CURTIS. You have no idea what he is worth?

Mr. TUCKER. No, sir.

Senator CURTIS. No idea at all?

Did you make a long-distance telephone call to Interstate at Lincolnwood, Ill., September 24, last year?

Mr. TUCKER. I am sure I did.

Senator CURTIS. To whom did you talk?

Mr. TUCKER. Mr. Donegan.

Senator CURTIS. What was it about?

Mr. TUCKER. Concerning the Melpar contract.

Senator CURTIS. What about the Melpar contract?

Mr. TUCKER. Well, I discussed the whole ramification of it, I am sure.

Senator CURTIS. What was your interest in the Melpar contract, other than to help Hancock?

Mr. TUCKER. I am working for Hancock.

Senator CURTIS. I see.

Hancock has not paid you anything?

Mr. TUCKER. No, sir. But he has been billed.

Senator CURTIS. What is your knowledge of the corporation Pasantic? What is your knowledge of that?

Mr. TUCKER. I am the lawyer for it. I think there is a certain privilege involved.

Senator CURTIS. Where was it incorporated?

Mr. TUCKER. District of Columbia.

Senator CURTIS. Who are the incorporators?

Mr. TUCKER. Myself and two law clerks in my office. This is normally done, of course, Senator, in the District of Columbia—you use your law associates or your clerks or your wife for the purpose of the incorporators.

Senator CURTIS. Who was it incorporated for? For yourself and your law clerks?

Mr. TUCKER. No.

I believe that is—you want me to waive the attorney privilege and tell you?

Senator CURTIS. No. You said you were not attorney for anybody called here as a witness or who would be called.

Mr. TUCKER. Have you called the Pasantic Corp.?

Senator CURTIS. No. I am not asking—I am asking who it is organized for.

Mr. TUCKER. I would ask the chairman to rule whether or not he wants me to answer concerning my legal work with the Pasantic Corp. And I would be happy to——

Senator CURTIS. My question is: Who are the real parties?

Mr. CHASE. Just a minute, please. I might as well earn my fee.

Mr. Chairman, on the point that Senator Curtis has raised—we have no desire to be anything other than fully cooperative.

Senator CURTIS. May I withdraw the question and reword it? Is it Robert Baker?

Mr. TUCKER. Not to the best of my knowledge, Senator; he is not connected with it.

Senator CURTIS. Was he expected to be connected with it?

Mr. TUCKER. I think he was expected to be connected with it originally.

Senator CURTIS. Was Black expected to be connected with it?

Mr. TUCKER. Not to the best of my knowledge.

Senator CURTIS. Was Webb and Law expected to be connected with it?

Mr. TUCKER. You are getting me now to the point of who are my clients.

Senator CURTIS. Well, are you attorney for Webb and Law?

Mr. TUCKER. I am not.

Senator CURTIS. Well, then, it is not privileged.

Mr. CHASE. May I be heard?

Senator CURTIS. Were Webb and Law expected to be active in this corporation?

Mr. TUCKER. I would like the chairman to rule whether or not—I do not want to be put on a limb with my client.

Senator CURTIS. You said Webb and Law are not your clients.

Mr. TUCKER. But my corporation is the one that is involved.

Mr. CHASE. And the court of appeals from your circuit, Senator, with the American Bar Association as amicus curiae in the *Burn* case, has recently held that the attorney-client privilege extends to a corporation.

Now, we are not prepared—I suppose we could go through, if it is that important, the web of asking the corporation if they will waive the privilege. Now I have cut through all that with the major. I came into this matter—in fact, the pleadings will show in the civil action that I asserted attorney-client. I had to. We have tried to stay away from it.

Senator CURTIS. Is it your contention that the attorney-client privilege extends where the attorney is a party also?

Mr. CHASE. I do not think there is any waiver of the confidential relationship, and I do not think it is for the attorney to waive it, by the way, where the lawyer, under a known practice, is merely going through the perfunctory step of acting as an incorporator. All the corporation trust company-type organizations, as well as lawyers generally, will use names, nominees, to incorporate.

And then, after the first meeting, as we all know from experience, you do get a board of real people who will really control the company and own the stock.

But Mr. Tucker's identification here was purely in that primary step, as he has explained—under the District of Columbia corporation statute. We do it every day with Delaware companies, where they name the people.

Senator CURTIS. Did you expect to continue on as a part in the corporation?

Mr. TUCKER. I had no interest in the corporation whatsoever, Senator, personal; just attorney for them.

Senator CURTIS. Now, according to the public record, the purpose of the corporation—what did the public record reveal?

Mr. TUCKER. Real estate—and other transactions which are broad enough to encompass the average business.

Senator CURTIS. Rather broad?

Mr. TUCKER. Yes, sir.

The CHAIRMAN. Senator, I believe that the investigation shows that Baker had no interest in this particular company—he never paid any money into it, and it is not now or has not been——

Mr. TUCKER. As I told the Senator, all I want to do is not be embarrassed in front of my clients in saying I came up here and I had a privilege and I did not assert it. I would be more than happy to tell the committee anything I know about it, providing the chairman says that I have no privilege in that connection.

Senator CURTIS. Who was Mike Singer?

Mr. TUCKER. Mike Singer is a labor consultant who works for Serv-U Corp. on the west coast at a salary of $300 per month.

Senator CURTIS. Was he a part of the union with whom you negotiated?

Mr. TUCKER. Senator, Mr. Singer is a private consultant who negotiates with labor when labor is getting together with a corporation for the purpose of working out wages in terms of contracts.

Senator CURTIS. Did he in any way represent the union?

Mr. TUCKER. Well, he represents Serv-U Corp.

Senator CURTIS. I know that. Did he in any way represent the union?

Mr. TUCKER. I have no knowledge concerning that.

Senator CURTIS. Did you have a conversation with Mr. Hoffmaster of SBA on or about March 14, 1962?

Mr. TUCKER. March 14, 1962?

Senator CURTIS. Yes.

Mr. TUCKER. On the phone or personal?

Senator CURTIS. It was in reference to the Carousel disaster loan.

Mr. TUCKER. I do not think that I talked to Mr. Hoffmaster on the telephone. I think I met Mr. Hoffmaster in Ocean City about a week or so after the storm. He had an office in the police station in Ocean City, handing out the forms for the purpose of making application for loans. I do not recall having talked to him on the phone. I may have.

Senator CURTIS. You had no conversation about the loan?

Mr. TUCKER. No; I never had a conversation with Mr. Hoffmaster about the loan.

Senator CURTIS. In reference to this bank deposit of $100,000, that was secured by making a temporary loan and repaying it afterwards, to make the showing, did you say you did not know that that was presented to SBA?

Mr. TUCKER. I said that I did not have any knowledge concerning the arranging of a loan or its terms. I knew a deposit slip was given to Mr. Harry Cropper at the time of the closing of the loan.

Senator CURTIS. You knew it was given?

Mr. TUCKER. Yes, sir.

Senator CURTIS. You knew it was not bona fide?

Mr. TUCKER. I did not know it was not bona fide.

Senator CURTIS. Where did you think the money came from?

Mr. TUCKER. Senator, I just testified I believe that I knew that the Bakers and the Novaks had made a $100,000 loan with American National Bank. I did not know the terms or the conditions under which it was made.

Senator CURTIS. But did you know that the loan was made for the purpose of making the showing with SBA?

Mr. TUCKER. I only knew that the loan was made for the purpose of meeting the requirements which I told the Bakers and Novaks, in accord with the information which I received from SBA, that it was necessary for them to have an additional $100,000.

Senator CURTIS. You conveyed that information to them?

Mr. TUCKER. I was the one who had the negotiation with the gentlemen in Pocomoke City on behalf of Mr. Baker and Mr. Novak.

Senator CURTIS. You told them they would have to show the corporation—the corporation would have to show an additional $100,000?

Mr. TUCKER. I told them they would have to put an additional $100,000 in the partnership; that is right.

Senator CURTIS. Did you have negotiations with Mr. Lasher of the American National Bank in Silver Spring regarding loans?

Mr. TUCKER. I have had negotiations with Mr. Lasher concerning loans of Serv-U Corp. within the past 6 months, but not prior to that.

Senator CURTIS. What was the nature of these loans in the last 6 months?

Mr. TUCKER. Serv-U Corp. negotiated a $50,000 loan with the American National Bank during this last construction for the purpose of putting a water system into the motel. And we borrowed money for that purpose.

Senator CURTIS. Now, you have whatever records exist in regard to the Carousel Motel?

Mr. TUCKER. I would say I have 90 percent of them. Any records that I do not have would be either with Mr. Baker or Mr. Novak—Mrs. Novak or Mr. Novak, which are their personal records. But I do not know what you particularly have reference to.

Senator CURTIS. Well, I have reference to the registration at the motel.

Mr. TUCKER. Well, at the time that your investigators were at the motel, Mr. Mote had the registrations himself.

Senator CURTIS. Ever since it opened?

Mr. TUCKER. Yes, sir; the registrations.

Senator CURTIS. Who received free accommodations over there?

Mr. TUCKER. Well, I do not have any knowledge concerning free accommodations.

Senator CURTIS. You do not know anybody that received free accommodations?

Mr. TUCKER. I am positive that I myself may have purchased a dinner from someone.

Senator CURTIS. No—a free room.

Mr. TUCKER. I have no knowledge concerning free rooms.

Senator CURTIS. No one, to your knowledge?

Mr. TUCKER. No.

Senator CURTIS. Did you write a check on this Tucker, Baker account on or about August 26, 1962, to Irene Cicala? Who is she?

Mr. TUCKER. My wife. She was Cicala at that time. And she was doing part-time work for me as my secretary.

Senator CURTIS. Now, did you—did any knowledge come to you as to what kind of money, or how the deposits Baker made to that account were made—whether they were cash or checks?

Mr. TUCKER. To the Tucker, Baker account?

Senator CURTIS. Yes.

Mr. TUCKER. Not other than the fact that the deposits which I have previously testified to concerning the Haitian Meat Co.—he would have made his own deposits, and kept his own deposit slips.

Senator CURTIS. No knowledge would come to you about that?

Mr. TUCKER. No, sir.

Senator CURTIS. Now, Roger Miller is the new chairman of the board of Serv-U?

Mr. TUCKER. That is correct.

Senator CURTIS. Does he have any background relationship with Black?

Mr. TUCKER. I have never met Mr. Miller. But Mr. Miller was put on the board of directors at Mr. Black's suggestion.

Senator CURTIS. Do you know where he lives?

Mr. TUCKER. To represent him. He lives in Los Angeles, Calif., or in that metropolitan area, sir.

Senator CURTIS. Well, Mr. Chairman, I will not take any more time. I wonder if I may have one more question. I wonder if before we ask any more questions about Serv-U, and before we have more questions over here about conflict of interest, if we could be provided with what the staff has in the way of interviews with North American.

(At this point, Senator Pell left the hearing room.)

Senator CURTIS. I would like to know what North American says about this thing—this does not pertain to this witness.

Mr. MCLENDON. I would rather not make a statement about that in the presence of this witness.

Senator CURTIS. But I would like to have the full story as to what North American claims on this.

Did you have any conversation with Reynolds after he testified?

Mr. TUCKER. Yes; I have had conversation with him subsequent to that—principally about the insurance which the motel carries with him.

Senator CURTIS. Did you say anything to him about his testimony here?

Mr. TUCKER. I assume you have reference to that one where he is going to get hung?

Senator CURTIS. No; I am just asking you.

Mr. TUCKER. No. But the one where he is going to get hung, I jokingly said, "They will hang you." And that was the extent of my conversation concerning his testimony.

Senator CURTIS. He brought up the subject first about his testimony here?

Mr. TUCKER. I am positive that we discussed something to the fact that he was testifying, or he asked me if I was going to testify, or something. But as to details, I had no discussion with him concerning that.

Senator CURTIS. You what?

Mr. TUCKER. I said as to the details, I have had no discussion with Mr. Reynolds concerning his testimony before the committee.

Senator CURTIS. You did not say to him, "You better be damned sure of what you are saying or you might get hanged"?

Mr. TUCKER. As I said, I probably said that to him in jest.

Senator CURTIS. How long have you known Reynolds?

Mr. TUCKER. My guess would be 7 or 8 years.

Senator CURTIS. Have you done any business with him?

Mr. TUCKER. Through the corporation.

Senator CURTIS. Has he written any insurance for you?

Mr. TUCKER. Me, personally; no, sir. I handled a law case for him at one time.

Senator CURTIS. You served as his lawyer?

Mr. TUCKER. Served as his attorney.

Senator CURTIS. And in what way did you know him for 7 or 8 years?

Mr. TUCKER. Well, I originally met Mr. Reynolds, I am positive, through Mr. Baker, an introduction some place.

Senator CURTIS. You saw him every once in a while during that time?

Mr. TUCKER. Oh, yes; I have seen him quite often, socially, business-wise in the motel especially.

Senator CURTIS. What in connection with the motel?

Mr. TUCKER. He has all the insurance on the motel.

Senator CURTIS. How much insurance is that?

Mr. TUCKER. Oh, I would guess, without looking specifically, in the neighborhood of $1,300,000 worth.

Senator CURTIS. Who directed that business to go to Tucker—or to Reynolds? Who made the decision that Reynolds should insure that?

Mr. TUCKER. Mr. Alfred Novak and Mr. Baker.

Senator CURTIS. It has been satisfactory as far as you know? Mr. Baker never objected to Mr. Reynolds' writing the insurance?

Mr. TUCKER. No, sir.

Senator CURTIS. Never any complaint about it that you know of?

Mr. TUCKER. No; we have had no complaint about insurance.

Senator CURTIS. You have had none?

Mr. TUCKER. No.

Senator CURTIS. You have not heard Baker voice any?

Mr. TUCKER. No; I take care of it anyway, Senator—writing the amount of the policies.

Senator CURTIS. You have handled it?

Mr. TUCKER. I have.

Senator CURTIS. And Reynolds has handled it satisfactorily?

Mr. TUCKER. To this time; yes, sir.

Senator CURTIS. The reason I ask is because there is a persistent effort going on to discredit Mr. Reynolds; that he is not stable or reliable, and so on, and I am interested in knowing—you had a million dollar insurance transaction with him that was satisfactory. That is all.

The CHAIRMAN. The witness may be excused. We thank you very much for your cooperation.

Mr. CHASE. Mr. Chairman, may the record show that when Major McLendon and then later some of the gentlemen of the committee interrogated Mr. Tucker with reference to what he thought the factors were, as a matter of opinion, that induced or interested Mr. Baker in the interstate aspect of the Melpar transaction; that these were not statements of facts, but were really factors, as the witness described them, which he opined as a basis for that interest?

I make the point, in the interests of clarification of the record, because we have a civil case going in another branch of this Government, the judicial branch, and we have had to cooperate with the legislative branch. We sought to avoid any conflict. But I do not want the record to indicate that Mr. Tucker was stating as fact, when the question—am I correct, Major?—when the question was merely designed to elicit his opinion.

Mr. McLENDON. That was my intention. And I hope the record is clear on that point.

The CHAIRMAN. Off the record a minute.

(Off the record.)

The CHAIRMAN. Back on the record.

You are excused.

We will stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 6 p.m., the committee recessed, to reconvene at 10 a.m., Friday, January 31, 1964.)

FINANCIAL OR BUSINESS INTERESTS OF OFFICERS OR EMPLOYEES OF THE SENATE

FRIDAY, JANUARY 31, 1964

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
Washington, D.C.

The committee met, pursuant to recess, at 10:20 a.m., in room 301, Old Senate Office Building, Senator B. Everett Jordan (chairman) presiding.

Present: Senators Jordan, Hayden, Cannon, Pell, Byrd of West Virginia, Curtis, Scott, and Cooper.

Also present: Gordon F. Harrison, staff director; Hugh Alexander, chief counsel; L.P. McLendon, general counsel; James Duffy, associaate counsel; Burkett Van Kirk, associate counsel; Bill Whitley, staff assistant to Senator Jordan; and William Ellis Meehan, investigator.

The CHAIRMAN. The committee will come to order.

I want to get this in the very beginning of the record.

I made a statement several days ago, and the press made a great to-do about it—calling Mr. Young's ware tinware.

For the record, I want to publicly apologize for that. He makes high-grade stainless steel, sells it to good people at a good price. And I just want him to know I had no idea whatsoever of saying anything against his wares.

Mr. Young, it is necessary that I read this opening statement here.

A quorum being present, the committee will please come to order.

This committee is acting by direction and under the authority of Senate Resolution 212, agreed to October 10, 1963, and 221, agreed to November 1, 1963. Senate Resolution No. 212 authorizes and directs the Senate Committee on Rules and Administration—

> to make a study and investigation with respect to any financial or business interests or activities of any officer or employee or a former officer or employee of the Senate for the purpose of ascertaining—
>
> 1. Whether any such interests or activities have involved conflicts of interest or other impropriety, and
>
> 2. Whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interests or activities.

Witnesses have been interviewed by the staff and heard both in executive and in public sessions. Considerable evidence has been obtained and testimony received to date.

Witnesses who have appeared previously, or who will be called in the future possess information which the committee believes is material and pertinent to the provisions of the resolutions or direction and authorization, and which will aid the committee in fulfilling its legislative purpose.

The Chair advises each witness that he is entitled under the rules of procedure of the committee to retain and be accompanied by counsel. The counsel may advise the witness of his legal rights during the course of his testimony. Should the witness not fully understand any question, the witness might ask for clarification. Counsel, however, shall not coach the witness or answer for the witness.

The committee will now proceed to hear the testimony.

Mr. Young, would you kindly rise and be sworn?

Put your left hand on the Bible and raise your right hand.

Do you solemnly swear that the evidence you are about to give before this committee in the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. YOUNG. I do.

The CHAIRMAN. Thank you, sir. Counsel, you may proceed.

Mr. MCLENDON. Will you state your full name and your residence address, please?

TESTIMONY OF ALBERT GEORGE YOUNG, ACCOMPANIED BY ROBERT L. MILLARD, COUNSEL

Mr. YOUNG. Albert George Young, 13118 New Hampshire Avenue, Silver Spring, Md.

Mr. MCLENDON. Do you have your personal counsel with you?

Mr. YOUNG. I do.

Mr. MCLENDON. Will he state his name and address?

Mr. MILLARD. My name is Robert L. Millard. Business address: 10404 Montgomery Avenue, Kensington, Md.

Mr. MCLENDON. Mr. Young, are you personally acquainted with Don Reynolds?

Mr. YOUNG. Yes, sir.

Mr. MCLENDON. How long have you known him?

Mr. YOUNG. I have known Don Reynolds since, I would say, approximately around 1954.

Mr. MCLENDON. Had you ever had any business dealings with him prior to the time that he discussed with you something about advertising time on a Texas television station?

Mr. YOUNG. I had some acquaintance with Don Reynolds, due to the fact that when I first met Don Reynolds he was also selling crystal and china and silverware.

He came over to my office because I was in the cookware business, and felt perhaps I might also be in this same type of business. I naturally tried to induce him to perhaps come in and sell cookware for us. He went out with me on a couple of demonstrations into the home, in which case I tried to hire him. However, he decided to go into the insurance business instead of going into the cookware business, and I didn't hear from him until this particular case came up again.

Mr. MCLENDON. You have furnished the committee with a number of documents which purport to be copies of your file in this matter—correspondence file.

Have you furnished the committee with all of the documents in your file?

Mr. YOUNG. I found two documents since I talked to the committee which I was not aware that I had.

Mr. McLENDON. Do you have them with you?

Mr. YOUNG. Yes, I do, sir.

Mr. McLENDON. May I see them? The two documents you have handed me, are, first——

Mr. YOUNG. That is a copy of the contract, the original contract, which I didn't have.

Mr. McLENDON. First, on pink colored paper, a copy of the contract between Mid-Atlantic Stainless Steel Co. and KTBC-TV station. That is dated October 21, 1957.

Mr. YOUNG. Yes, sir.

Mr. McLENDON. The second document you handed me is headed, "KTBC-TV Very Proudly Presents Mr. George Young," dated October 24, 1957, with the subhead "Luncheon With George Young." Is that correct?

Mr. YOUNG. Yes, sir.

Mr. McLENDON. Now, may I have both of those just for a moment, please?

Mr. YOUNG. Surely.

Mr. McLENDON. The latter document, the second document, you presented in an envelope.

Mr. YOUNG. It was as an invitation, sir. That is, the invitation is used by the station. I thought it might throw a little light on this matter.

Mr. McLENDON. Now, will you refer to a letter which you have furnished the committee, which you have before you there, a copy dated March 19, 1957, addressed to Mr. J. C. Killam, general manager, station KTBC, Post Office Box 717, Austin, Tex., and signed by you.

Mr. YOUNG. Yes, sir.

Mr. McLENDON. Now, using that as a point of reference as to time, will you tell the committee when Don Reynolds first spoke to you about advertising time on this station in Austin?

(At this point, Senator Scott entered the hearing room.)

Mr. YOUNG. Would you like me to begin in the beginning?

Mr. McLENDON. Yes.

Mr. YOUNG. Well, Don Reynolds, being a salesman, naturally was quite excited when he sold a policy to, at that time, Senator Lyndon Johnson. He came over to my office, as some salesman might do, in a sort of flamboyant manner, and showed me a copy of the policy that he had written for Lyndon Johnson. I was, naturally, impressed, because, at this time, he was still, at that time, quite an official. And I didn't say any more than congratulations.

(At this point, Senator Hayden withdrew from the hearing room.)

Mr. YOUNG. It was approximately, I would say, 2 or 3 weeks later that Don Reynolds again stopped by my office and he said, "I have been negotiating with some television time through a station which is owned by Lyndon Johnson," and he said, "They have requested that I take out a minimum of approximately $3,000 worth of television time." He said, "I did this naturally sort of to wash their back, because they bought—Lyndon Johnson bought his policy through me. So, in turn, it is just like you with your cookware business—I am buying time from them."

However, he said, "In agreeing to do this, I realized that being in the insurance business, television time in Austin is of very little value

to me. I would like to work out some kind of an agreement with you, because I know you have been on television here locally, and radio, to use this time."

I pointed out to him, I said, "Don, there is actually no point in me going all the way to Austin, Tex., to gamble, and I would not be interested in buying the time at any price."

He said, "Really, I don't want you to buy it. I would be happy to work out an arrangement with you where I will gamble with you. In other words, you have an opportunity to come out on this, and I have none. If you will take this time, I will give you the time, and if you sell cookware on it, if you will just split the profits—if I get $200 or $500, it is better than getting nothing."

I said, "Well, if that is the case, I certainly cannot lose anything. But still it is quite a ways to go. Let me think about it a little bit."

So he pushed me for perhaps a day or so to get an answer.

So I felt that I certainly could not lose. And there was one particular type of program, the "Cinderella Hope Chest" show which I was interested in perhaps investigating, so I thought I would go ahead and try it.

So that is basically how it came about.

Mr. McLENDON. Now, these conversations that you have been referring to all occurred prior to the date of this first letter, March 19, 1957?

Mr. YOUNG. That is correct, sir.

Mr. McLENDON. As near as you could fix it, it could be approximately how much——

Mr. YOUNG. Well, I would say about 2 weeks prior to that, I would say.

Mr. McLENDON. Did you finally give him a yes or no answer, Mr. Young?

Mr. YOUNG. Well, knowing Mr. Reynolds as rather a person who likes to exaggerate slightly, because of, you might say, his personality, and because of the way this thing came about, and the way it was arranged, I was a little bit suspicious of it, to be quite honest with you, because it is not everyday somebody comes along and gives you $3,000 worth of television time for nothing. And especially not knowing Mr. Reynolds very well at all, I was a little surprised that anybody with such a short acquaintance would throw something like this in my lap.

So, consequently, I pointed out to Mr. Reynolds that I certainly would like to have confirmation from somebody from the television station who was in authority who could substantiate the story that he had given me.

He pointed out to me that he could not give me anybody any higher than Mr. Walter Jenkins, because he was an associate of Lyndon Johnson, one of his right-hand men.

And he said, "If you don't actually believe what I am telling you, I will have him call you and confirm it."

And I said, "Well, before I do anything, I would prefer to have somebody call me who could confirm this, because it sounds a little farfetched to me."

Mr. McLENDON. Thereafter, did you get a telephone call?

Mr. YOUNG. I received a call from a person over the telephone and, as I pointed out to other people, I presumed it was Walter Jenkins, because this is what he said. And the call was simply to confirm the conversations that I had had with Don Reynolds in regard to the TV time on KTBC. And this is the extent of the conversation that I can remember, because I know there was no lengthy conversation, or I would have remembered it.

Mr. McLENDON. Did you know, Mr. Jenkins?

Mr. YOUNG. I have never met Mr. Jenkins. If he walked in the room, I would not be able to identify him.

Mr. McLENDON. You have never talked to him over the phone?

Mr. YOUNG. I have never talked to him before or since.

Mr. McLENDON. Can you say whether or not the person talking to you on the telephone said, himself, "I am Walter Jenkins," or whether you asked him if he was Walter Jenkins?

Mr. YOUNG. No; I did not ask him. As other people point out, it is just like if you call up and you said you were Senator so and so, I would just take you at face value. That is about all I could do under the circumstances. I did not question the man at all.

Mr. McLENDON. This may be repetitious, but I understood you to say that the person to whom you talked said he was calling to confirm that Reynlods had purchased advertising time.

Mr. YOUNG. That is correct.

Mr. McLENDON. Did he say how much?

Mr. YOUNG. No, sir. It was just that he was confirming the details that Mr. Reynolds had explained to me in person, which is all I actually wanted. Because I knew the negotiations would have to be carried out with the station.

Mr. McLENDON. Either before or after that telephone conversation, did you obtain from either Mr. Reynolds or the person to whom you talked, and talked with Walter Jenkins, the name of the manager of the station?

Mr. YOUNG. To my knowledge, this must have come from Mr. Reynolds, because this is the only place I believe I could have gotten it.

Mr. McLENDON. Now, refer to your letter of March 19, 1957—which I will ask the reporter to mark as "Young Exhibit No. 1."

(The document referred to was marked "Young Exhibit No. 1," and is as follows:)

YOUNG EXHIBIT 1

March 19, 1957

Mr. J. C. Killam
General Manager
Station KTBC
P. O. Box 717
Austin, Texas

Dear Mr. Killam:

We desire Radio and TV rates of station. We are looking forward to re-establishing our products in the Austin-Dallas area.

Please inform us at once so that we may negotiate to purchase time with your station.

We have a maximum budget for your area of approximately $1,500 for the initial first year and $500 the next five years and anticipate expenditures.

Please furnish us with rates, discounts, availabilities, etc., at your earliest convenience.

Sincerely,

A. G. Young

AGY/bj
cc: Mr. Walter Jenkins

Mr. McLENDON. Will you, Mr. Young, be good enough to elaborate upon this letter a little bit, and state what your purpose was in writing this letter?

Mr. YOUNG. What was that?

Mr. McLENDON. I say, please explain your purpose in writing the letter.

Mr. YOUNG. All right. Well, as Mr. Reynolds had explained to me, the budget that I was to be able to use through him would be approximately $1,500 worth of time. He also stated to me that he might go into this on a yearly basis, if it proved to be something that would bring us a return for our investment. And that is where the additional $500 for the next 5 years as anticipated expenditure was explained to me.

And so, therefore, he told me to write to the station, explaining that I had $1,500 worth of money available to spend with them, and to find out what the rates and the discounts and availabilities would be.

He also explained to me that I would be given full cooperation of the television station because of the fact that it was owned by Senator Johnson, and because he was buying this time from Senator Johnson, that I would be given what you might call a red carpet reception.

Mr. McLENDON. Now, at that time, at the time you wrote this letter, did you have a firm agreement with Reynolds that he was to pay the $1,500?

Mr. YOUNG. Absolutely, sir.

Mr. McLENDON. What about the commitment of $500 for the next 5 years?

Mr. YOUNG. This had nothing to do with me, sir.

Mr. McLENDON. Had nothing to do with you?

Mr. YOUNG. No, sir.

Mr. McLENDON. Why did you say that in the letter?

Mr. YOUNG. This was—I was told basically to do this to impress the station that they might get some further business by Mr. Reynolds. He suggested I put this in, because he said if it went this money might be made available to me through him, and it would impress the station a little more if it looked like we were going to give a bigger contract.

Mr. McLENDON. So that paragraph was written at the request of Mr. Reynolds?

Mr. YOUNG. Basically, yes.

Mr. McLENDON. Did he see this letter before it was mailed?

Mr. YOUNG. There is no copy to him, sir, so I could not tell you one way or the other. It is 7 years ago. I honestly could not remember, sir.

Mr. McLENDON. I notice it bears a notation at the bottom in the left-hand corner, "cc: Walter Jenkins."

Mr. YOUNG. A copy of this was sent to Mr. Walter Jenkins.

Mr. McLENDON. Do you recall what address it was sent to?

Mr. YOUNG. All I know is that it was sent to Walter Jenkins, I believe, in care of Senator Johnson's office. I think that is the way Mr. Reynolds told us to send it, because we didn't even know his address. So I believe this is the address that Mr. Reynolds gave us, because the only contract we had with Walter Jenkins is through Mr. Reynolds.

Mr. McLENDON. Now, did you ever receive an answer to this letter from Mr. Jenkins?

Mr. YOUNG. I did not, sir.

Mr. McLENDON. Did you receive the information that this letter requested from the KTBC station?

Mr. YOUNG. Did I what, sir?

Mr. McLENDON. Did you receive the information requested in this letter?

Mr. YOUNG. Yes. On April 1, there is a copy of the answer I think which you have in front of you. Do you have the letter of April 1?

Mr. McLENDON. Just a minute. Let me see. I don't think we do, Mr. Young.

Mr. YOUNG. Well, I have it here, the original—perhaps you did not get this.

Mr. McLENDON. I don't think we got that.

Mr. YOUNG. But I have the answer here.

Mr. McLENDON. I believe I will just ask you to read that.

Mr. YOUNG. All right, sir.

Mr. McLENDON. Start with the date.

Mr. YOUNG (reading):

APRIL 1, 1957.

DEAR MR. YOUNG: Thank you very much for your request for radio and television rates on KTBC.

We believe the best medium for reestablishing and selling your products in the Austin area is our women's program. "Woman's World" on KTBC–TV, which runs from 4 to 5 p.m. each afternoon, Monday through Friday. Spots on this program can be done live with a female personality doing the announcing. Cost for a 1-minute spot per week is $40 for time, plus $7.50 for a participation charge. Over a period of 35 weeks with one spot per week and after the 26-time rate is earned, the total cost would be $1,592.50.

For your information we are attaching radio and television rate cards, market data sheets, and coverage maps. We have also completed the attached contract covering this suggested schedule, but have left blank the starting and ending dates. If you will kindly sign the contracts and indicate the date on which you desire to start the schedule and return both copies to us, we will appreciate it.

Sincerely,

J. C. KELLAM, *General Manager.*

The enclosure was the complete brochure on the television station, which included all of their rate charts, a map of the area, plus a contract, which again I don't believe you have a copy of.

(At this point, Senator Cooper entered the hearing room.)

Mr. YOUNG. This contract was never receipted. But this was the contract——

Mr. McLENDON. Was that contract actually signed?

Mr. YOUNG. This contract is not the one signed. The one which I gave you a minute ago is the one which is the final one. Because this was completely inadequate for what we wanted.

Mr. McLENDON. The contract which was made in answer to your letter of March 19 was not executed by the parties?

Mr. YOUNG. That is correct.

Mr. McLENDON. Will you hand that letter you have just read to the reporter and let him mark it.

(The document referred to was marked "Young Exhibit 2," and is as follows:)

YOUNG EXHIBIT 2

Young 2

KTBC-AM • 590 Kilocycles • CBS Radio Network
KTBC-TV affiliated with CBS • NBC • ABC

CHANNEL 7
AUSTIN, TEXAS

Driskill Hotel
P. O. Box 717
Telephone GR 2-2424

April 1, 1957

Mr. A. G. Young
Mid-Atlantic Stainless Steel Company, Inc.
12848 Colesville Road
Silver Spring, Maryland

Dear Mr. Young:

Thank you very much for your request for Radio and Television rates on KTBC.

We believe the best medium for re-establishing and selling your products in the Austin area is our woman's program, "Woman's World" on KTBC-TV, which runs from 4:00 - 5:00 PM each afternoon, Monday through Friday. Spots on this program can be done live with a female personality doing the announcing. Cost for a 1-minute spot per week is $40.00 for time, plus $7.50 for a participation charge. Over a period of 35 weeks with one spot per week and after the 26-time rate is earned, the total cost would be $1,592.50.

For your information we are attaching Radio and Television rate cards, market data sheets and coverage maps. We have also completed the attached contract covering this suggested schedule, but have left blank the starting and ending dates. If you will kindly sign the contracts and indicate the date on which you desire to start the schedule and return both copies to us, we will appreciate it.

Sincerely,

J. C. Kellam
General Manager

fc
Enclosure

Mr. McLENDON. With your permission, Mr. Young, we will have copies made and return the original to you.

Senator BYRD. Mr. Chairman, may I ask a question at this point, concerning this letter?

Was a carbon copy of this letter sent to anyone?

Mr. YOUNG. You mean from the radio station?

Senator BYRD. Yes.

Mr. YOUNG. The only thing it has on the bottom is an enclosure. So if the radio station sent a copy to anyone, I would not be aware of it.

Mr. McLENDON. I was about to say the next letter in your file that you turned over to the committee is dated June 4.

Mr. YOUNG. That is correct.

Mr. McLENDON. And you will notice in the first paragraph it says, "We are deeply concerned over whether or not our letters of April 1 and May 6 * * *."

Now, you have produced the letter of April 1, but you have not produced a letter of May 6. Do you have that, sir?

Mr. YOUNG. No, sir; we haven't found it, sir. We tried to find as much as we could.

Mr. McLENDON. After 7 years, I am sure it would be difficult to find anything.

(At this point, Senator Jordan (chairman) left the hearing room.)

Mr. McLENDON. Can you tell the committee anything about what the letter of May 6 dealt with?

Mr. YOUNG. I am probably making—I am only presuming it was simply a routine letter similar to the first one sent. If it was anything else, we would probably have kept it.

Mr. McLENDON. And that one also refers to the signing of the contract by saying:

> If you will sign and return the contracts which we enclosed with our letter of April 1, we will go right to work on your organization.

Mr. YOUNG. That is correct.

Mr. McLENDON. Did you do that?

Mr. YOUNG. No, sir.

Mr. McLENDON. You did not.

Mark that letter.

(The document referred to was marked "Young Exhibit 3" and is as follows:)

YOUNG EXHIBIT 3

June 4, 1957

Mr. A. G. Young
Mid-Atlantic Stainless Steel Company, Inc.
12848 Colesville Road
Silver Spring, Maryland

Dear Mr. Young:

We are deeply concerned over whether or not our letters of April 1st and May 6th reached your office, since we have not had an answer to either of them.

Mr. Young, we feel that our program "Woman's World", 3:30-4:30 PM, Monday through Friday, can do an excellent job of selling Mid-Atlantic Stainless Steel products, and if you will sign and return the contracts which we enclosed in our letter of April 1st, we will go right to work for your organization.

Please let us hear from you as soon as possible.

Sincerely yours,

Bob Bobbitt

O. P. (Bob) Bobbitt
General Sales Manager

fc

Mr. McLENDON. Do you know whether copies of this letter, to which I have just referred, dated June 4, was sent to anybody other than yourself?

Mr. YOUNG. Nothing on the letter to show, sir. The letter is completely vacant at the bottom. Just a secretary—and that is all.

Mr. McLENDON. At this point I would like to ask also whether Mr. Reynolds saw either of these two letters?

Mr. YOUNG. This I could not tell you, sir.

Mr. McLENDON. The next letter in your file is dated June 11, 1957. Do you have a copy of that before you?

Mr. YOUNG. Yes, I do, sir.

Mr. McLENDON. And that starts off by referring to the station's letter of June 4, which is the last one, which you just put in evidence, marked "No. 3." That is a letter written by you to the sales manager of KTBC; is that correct?

Mr. YOUNG. That is correct.

Mr. McLENDON. Now, this letter indicates that you were describing to the representatives of the station the nature of your program, and also the products which you sold.

Mr. YOUNG. That is correct.

Mr. McLENDON. It refers to some extent to the manner in which your program was to be implemented—that is, some detail of it.

May I ask if this makes clear that this is what is known as an audience-participation program?

Mr. YOUNG. Yes, sir, it was.

Mr. McLENDON. Will you explain that a little bit?

Mr. YOUNG. Yes. We have been quite successful in the Washington area here on a local radio station, which is no longer here, WCFM, which was across from the Mayflower, in which we invited, through a health-food store, approximately 20 couples to come to dinner. These people would arrive at the studio, and at the arriving at the studio, they would be shown how to prepare food without water and without grease, in what we call a demonstration of food preparation. Then this took approximately 30 minutes. Then we served a complete full-course dinner to the participating audience.

(At this point, Senator Cannon left the hearing room.)

Mr. YOUNG. While the people were eating their dinner, I came around with a roving mike, and interviewed each of the people, asking their various comments on the food itself, how they enjoyed their meat, their vegetables, and so forth. This was the only part that was recorded, was their comments.

And when I did this on television, which I also did in Washington, it was called "Luncheon on Television," we only televised the part where the audience were actually enjoying the dinner and eating their food. They gave their comments about the vegetables were terrific, and this, that, and the other.

Then after the television time was over, or the radio broadcasting was over, then we were allowed to use the studio for approximately 45 minutes longer. There we gave them a complete nutritional talk. We made appointments—there was no selling done in the studio in any way.

We made appointments to call the following day, present the people with a little gift, tell them the price of the merchandise. And this was the format of the program we intended to use in Austin.

Mr. McLENDON. Now, I call your attention particularly to the third paragraph, on the third page of this letter, which reads:

> We would like the cooperation of your—

Beg pardon. It is the first paragraph on the second page of the letter. It reads:

> We understand that Senator Lyndon Johnson is going to help us to arrange for our groups. He personally may not be responsible, but friends of his have agreed to help us with our first or second audience to make sure that the studio will be filled. Then after seeing the first or second program we have no trouble in keeping the studio filled. However, the most we allow to participate is 40 or 50 people.

Will you explain that paragraph to the committee?

Mr. YOUNG. Yes. Again, as I told you, Mr. Reynolds was quite, you might say, a good salesman. And knowing that there was quite a bit of expense in addition to just going on television, he knew that I had to take help to Austin, Tex., we had to take a station wagon with all of the equipment—he knew he had to do a little selling job to get me to go there, because just the fact we had the television paid for was not going to make any of us any money. He pointed out naturally Senator Johnson was very well known in Texas, and he was very influential, and I would have the full cooperation of Senator Johnson to make sure I would get the people in Austin, Tex., to come to these programs, and they would be people with means, who would have little difficulty in affording to pay for the cookware if they so desired.

So, therefore, this was a buildup which I received from Mr. Reynolds on the fact that this is what would happen. This had nothing to do personally with Senator Johnson, who I never talked to.

But it was purely a little bit of background music, you might say, for Mr. Reynolds to sell me on going. And I mentioned this in my letter to let the people at the station know that basically I felt that I had the sanction of Senator Johnson going with me, and to perhaps get a little more out of them.

Mr. McLENDON. Mr. Young, prior to the date you wrote this letter, June 11, 1957, had you discussed with any person, other than Don Reynolds, this subject of Senator Johnson's personal participation in the program or aid in connection with this advertising? Other than Reynolds?

Mr. YOUNG. Well, perhaps with my wife and immediate people in the office—that is all.

Mr. McLENDON. Well, I meant anybody connected with the Senator in any way?

Mr. YOUNG. No, sir, absolutely not.

Mr. McLENDON. So what you said in this paragraph, and what you have just testified, as I understand it, is that this comment was based entirely upon what Mr. Reynolds had told you.

Mr. YOUNG. That is correct.

Mr. McLENDON. Mr. Reporter, mark that letter exhibit 4, please.

(The document referred to was marked "Young Exhibit 4" and is as follows:)

YOUNG EXHIBIT 4

June 11, 1957

Mr. Bob Bobbitt
General Sales Manager
KTBC Radio & Television
Driskill Hotel
P. O. Box 717
Austin, Texas

Dear Mr. Bobbitt:

This is in regards to your letter of June 4th. We have received your letters of April 1st and May 6th but have been trying to decide on which way we would like to handle the program in the best manner.

We have worked out a schedule which we would like to use if at all possible. If you can work it on this basis we will be happy to continue with our negotiation.

I have had several participation audience programs here in Washington, D. C. being on radio approximately three years and also on TV at WMAL where we have a participation audience program. The way the program works is this. We have a complete catering service which supplies the food and we serve approximately twenty couples in the studio itself. Most of the studios have a kitchen which we could use for our cookware demonstration as well as seating capacity for forty or fifty people. There, with the use of paper plates and flatware or with China which we have, we supply a complete full course dinner consisting of roast beef, potatoes, carrots, cabbage, rice and gravy, combination salad, baked apples with marshmallows, rolls, coffee, cream and sugar. A complete dinner to the upper income bracket. We try to keep with families with an income of $15,000.00 a year or more. There, we put on a complete health program. This is run in the form of a participation program. We, however, use the studio for approximately a two hour period.

Invitations are sent out, a copy of which I am sending to you, the same as we used with WMAL. In this way we have a good cliental in the studio. There, we put on our complete presentation, make appointments to call on the people who attend in the privacy of their home. There are door

Mr. Bob Bobbitt
Austin, Texas

June 11, 1957
Page 2

prizes and gifts given out at the program. We are not allowed, of course, to give them out over the air unless we have a host or hostess who is in charge of the group.

We understand that Senator Lyndon Johnson is going to help us to arrange for our groups. He personally may not be responsible but friends of his have agreed to help us with our first or second audience to make sure that the studio will be filled. Then after seeing the first or second program we have no trouble in keeping the studio filled. However, the most we allow to participate is forty to fifty people.

I will give you a schedule of the time that we would like to have if it is at all convenient for you. We would like to have a half hour program on Sunday, July 7th, Tuesday, July 9th, Thursday, July 11th, Saturday, July 13th, and Sunday, July 14th; a half hour each day. The time that we would like to have our TV audience listening program would be between the hours of 6:00 or 7:00 if possible. However, we could go on at 5:30 if necessary. However, this is not too convenient for a supper hour program. The best possible time would possibly be between 7:00 and 7:30 which we understand would be your class A time. However, we could take from 6:30 to 7:00 which would be class B time. We would like to have this time during the week days. Saturday we would like to have a matinee for the single working girls. This program would be a half hour program Saturday afternoon, possibly around 1:00 o'clock. Then if this program works out we will make further arrangements for more. This however would give us a chance to test the audience with our own program.

Most of the program is simply interviewing people and I am sure it would meet all of the requirements of your station.

I would like to know if you have to be a member of AFRA in the state of Texas before you can go on. If so I have a provisional membership which can be renewed without any problem. My number is 1048, member number 38404 in good standing.

Please let me know by return mail if these dates could be worked in in any way. If not all how many you could possibly work in so we will know what to do.

Mr. Bob Bobbitt
Austin, Texas

June 11, 1957
Page 3

We have our own staff, catering service et cetera which could take over the complete operation.

Please let us hear from you by return air mail if this would work out satisfactory. We can iron out the wrinkles when we get there; have invitations, tickets, etc. printed up.

We would like the co-operation of your radio or TV spots to give us a little background on our program or perhaps it could be arranged that a small article could appear in the Austin paper telling of our background, our company, etc. which we could fill you in if things are worked out to both of our satisfaction. In this way we could arouse some interest on this type of program.

We had them in Washington. They were on the radio for three years and had a very satisfactory result. On our TV program we had as many as sixty and seventy five people at each broadcast and in some cases we had to turn them away so I am sure that the same type of program would go over very well in Austin.

We cater to people who are health conscious, health minded, to the single working girl or bride to be for her hope chest.

All of our equipment has a money back life time guarantee. It is manufactured by Ekco Products which is one of the largest manufacturers of stainless steel equipment in the world so I am sure that you will have no problem with any of the merchandise that we sell.

Please let us know at once and I am sure if this works out, it could probably be a profitable relationship for both of us.

Thanking you for your immediate attention, I remain

Sincerely yours,

A. G. Young
President

AGY/bj
Encl.
Brit #21
letter #5
" "

Mr. McLENDON. Before we pass on—this is a long letter, and I am not trying by not questioning you in detail to eliminate things. I would like to ask you if there is anything else in the letter that you would like to comment on, Mr. Young, to make it more clearly understood.

Mr. YOUNG. Well, the basic reason for the length of the letter is the first point I brought out, that in some States it is necessary to have a card to go on television, through the American Federation of Radio & Television Artists, and I wanted to be sure that I could go on television, or whether I would have to have permission from the union.

I have what you call an executive card which allows us to go on television. And this was very important, because if I got down there and had to pay for the work, this would be rather ridiculous.

So this is one of the questions which is answered later on. And the other part was that I wanted the television station to realize exactly what they were getting into, that I did expect to use their facilities for food preparation, and that I also wanted to be sure that they were going to cooperate if I was going to come this far.

And I also pointed out in this letter that we would use two different types of program—one for the married people, or the older people, and one for the single girls and the hope chest idea.

And that is why it was a little long, because they were completely unfamiliar with my type of work, and I felt that they should be more or less broken in on the complete itinerary we would use.

Mr. McLENDON. Mr. Young, do you have any reaction as to whether this letter was shown to Reynolds before it was mailed or after it was mailed?

Mr. YOUNG. No, sir. There is nothing on here to show that it was sent to him.

Mr. McLENDON. What does the handwriting on the last page mean?

Mr. YOUNG. This is a belt, sir, which is used by a dictaphone machine. We keep belts on our dictaphone. Belt No. 21 is what this was, sir.

Mr. McLENDON. I see. The next letter in your file which you delivered to the committee is dated August 14, 1957.

Senator BYRD. Counsel, may I interrupt to ask as to whether or not a copy of the June 11, 1957, letter, went to Walter Jenkins. It doesn't indicate?

Mr. YOUNG. There is no copies of any of this correspondence going to anyplace until it comes up, when I will be glad to tell you.

Senator BYRD. Thank you.

Mr. McLENDON. Now, will you refer to your letter of August 14, 1957, to you from Mr. Bobbit, sales manager. Did you receive this in due course?

Mr. YOUNG. Yes, sir, this is the letter which answered the questions about AFRA, and also answered the questions with regard to the size of the studio, and the most they could accommodate six or eight couples for the meals, but they do have all the necessary equipment for the kitchens installed. And then they gave me some times, as you can

see, on page 2, in which they had times Monday through Friday, and the schedule and how much it would cost.

Mr. McLENDON. That was the first time you had gotten to the point where you could be assigned a specific time?

Mr. YOUNG. That is correct.

Mr. McLENDON. I call your attention to the statement in the second paragraph on the first page: "Our difficulty, as I explained to you in New York." Does that mean you had talked to Mr. Bobbitt in New York?

Mr. YOUNG. I believe he called me long distance. I did not meet Mr. Bobbitt in New York. But we did have several long-distance phone calls in regard to some of the details. This was a long-distance phone call, because I had not talked to him in New York.

Mr. McLENDON. Is there anything else about that letter you wish to comment on?

(The document referred to was marked "Young Exhibit 5," and is as follows:)

YOUNG EXHIBIT 5

August 14, 1957

Mr. A. G. Young
Mid-Atlantic Stainless Steel Company, Inc.
12848 Colesville Road
Silver Spring, Maryland

Dear Mr. Young:

I apologize for not replying sooner to your letter regarding program avilabilities on KTBC-TV. Since our conversation while I was in New York in June, we have been endeavoring to work out an available segment for the type program you stated you would have to have on KTBC-TV. Effective September 9th we have what we think is a suitable 30-minute segment at 11:00 - 11:30 AM, Monday through Friday. In this part of the country the heavier meal seems to be in the middle of the day, so we think this time would be an even better availability for you than late afternoon. For your weekend programs we can offer a segment following the baseball game of the week on Saturday afternoon, and for Sunday, 5:00 - 5:30 PM, on September 7th through September 15th. You would in all of the above segments, be able to use our studio two hours in advance of the telecast.

Our difficulty, as I explained to you in New York, is that we have only one large studio and no actual viewing room for a live audience. At most we could accommodate about six or eight couples for the meals. We have all the necessary kitchen equipment installed.

In answer to your other questions, we certainly will be happy to promote the programs generously on both radio and television; you do not have to be a member of AFRA to have the program on KTBC-TV.

Page - 2

Mr. A. G. Young
August 14, 1957

The one-time costs on the above programs are as follows:

11:00-11:30 AM, Monday thru Friday

Time.....	$120.00, each
Live Production..	25.00, each
Use of Studio for preparation.....	50.00, each

30 Minutes, following baseball on Saturday

Time.....	$186.00, each
Live Production..	25.00, each
Use of Studio for preparation.....	50.00, each

5:00 - 5:30 PM, Sunday Same as for Saturday.

Please let me hear from you right away if the above suggestions meet with your approval.

Sincerely yours,

Bob Bobbitt

O. P. (Bob) Bobbitt
General Sales Manager

fc

Mr. McLENDON. The next letter is dated September 10, 1957, from Mr. Bobbitt to you, is it not?

Mr. YOUNG. That is correct.

Mr. McLENDON. He calls attention to his proposal which had been submitted on August 14 for a scheduled start on September 7. Now, that refers to this last letter?

Mr. YOUNG. That is correct.

Mr. McLENDON. What comment do you have to make about that?

Mr. YOUNG. Well, this was purely trying—we were trying to get together on the time. There are some pencil notes on the bottom which might confuse somebody.

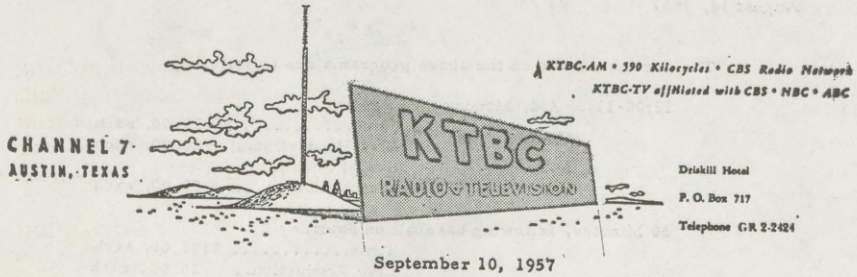
Mr. McLENDON. I wish you would explain those.

Mr. YOUNG. Yes. Apparently the time that they had told us would be in the daytime. And for my particular type of program, it was only good for an evening audience. So the pencil notes on there were for my girl to write back and state my time—I think you will see in my next letter—that we would have to have time after 6:30, the daytime was worthless for us. We also wanted to change to a single working girl plan to a appeal to girls between 17 to 20, and that program should be on Saturday or Sunday. And that the first available time that we could use would be in October. That is what the pencil notes were on the bottom, sir.

Mr. McLENDON. All right. Mark that "Young Exhibit 6."

(The document referred to was marked "Young Exhibit 6," and is as follows:)

YOUNG EXHIBIT 6



September 10, 1957

Mr. A. G. Young
Mid-Atlantic Stainless Steel Company, Inc.
12848 Colesville Road
Silver Spring, Maryland

Dear Mr. Young:

We made a proposal to you in a letter on August 14th on a schedule to start September 7th. To date we have had no reply.

We would appreciate very much if you would consider the suggested schedule and let us hear from you right away. Obviously, some of the week-end times will have to be changed since those quoted were available only on those dates.

Sincerely yours,

Bob

O. P. (Bob) Bobbitt
General Sales Manager

fc

(any time after 6:30) let us know — Daytime is worthless. Plan changed to a single girl plan to appeal to girls between 17-20 — We work Sat, Sunday

First week in Oct. (to get started)

Mr. McLENDON. That letter has nothing on it to indicate copies were sent to anyone?

Mr. YOUNG. That is correct.

Mr. McLENDON. The next letter in your file is dated September 16, 1957, from you to Mr. Bobbitt. You acknowledge his letters of the 14th and September 10. You apologize for not having answered sooner. There was comment on this very point you just discussed, by way of interpretation of your handwriting.

Mr. YOUNG. Yes, that is correct.

Mr. MCLENDON. I notice that letter carried a notation on the bottom, "cc, Mr. Don Reynolds."

Can you clarify that for the committee?

Mr. YOUNG. Yes. What happened was Mr. Reynolds was getting a little impatient, because of the way this thing was dragging out. He had anticipated when he gave me this time it would be something we could do almost overnight. And with the schedules I had it was not convenient for me to break away from work and run down to Austin.

So he called up our secretary and felt we were perhaps dragging our feet and asked her to start sending him copies. That is why this apparently had been typed in, because she did not make him a copy, and I said, "If he wants a copy, make him a copy and sent it to him."

Senator BYRD. So actually that was a blind carbon?

Mr. YOUNG. Yes, sir.

(The document referred to was marked "Young Exhibit 7," and is as follows:)

YOUNG EXHIBIT 7

September 16, 1957

Mr. O. P. (Bob) Bobbitt
General Sales Manager
KTBC Radio & Television Station
Driskill Hotel
P. O. Box 717
Austin, Texas

Dear Mr. Bobbitt:

Thank you for your letters of August 14th and September 10th. I offer my apologies for not answering these sooner but I, too, have been out of town.

The TV times you have suggested would be of no value to us as we now have a single working girl plan which we have decided to present on TV instead of our dinner party plan. This Single Working Girl Plan appeals to girls between the ages of 17 - 20; therefore, we would like to request a spot any time after 6:30 p.m. on the days available. We could be ready to get started the first week in October.

Please let me hear from you as to my request as soon as possible.

Thanking you for your co-operation in this matter, I remain,

Sincerely yours,

Mid Atlantic Stainless Steel Co., Inc.

A. G. Young
President

AGY/bj
cc: Mr. Don Reynolds

Mr. McLENDON. The next letter is dated October 1, 1957, from Mr. Bobbitt to you. What comment do you have to make about that?

Mr. YOUNG. Nothing, except we were a little surprised it did not come on a letterhead from the station. It rather amused us they would send it out in plain paper.

All this was basically—there was the final letter sent to us from the station, finalizing times, dates, and the exact amount of money that would be involved.

This, I believe, was getting toward the end of the negotiations on time, which is what most of these letters from now on are—it was simply a case of working in the schedule.

Senator PELL. May I ask a question? I notice the signature varies from Bob Bobbitt to Bob and then back to Bob Bobbitt.

Was that an indication of a warming and cooling in relations?

Mr. YOUNG. I didn't pay much attention to that.

Mr. McLENDON. This letter does not have anything on it to indicate that copies were sent to anyone. Do you know whether you complied with Reynolds request to furnish him a copy of this letter?

Mr. YOUNG. No, I didn't give him any copies of correspondence irrelevant to him. He was only worried about our copies.

Mr. McLENDON. I see.

(The document referred to was marked "Young Exhibit 8," and is as follows:)

YOUNG EXHIBIT 8

October 1, 1957

Mr. A. G. Young, President
Mid-Atlantic Stainless Steel Co., Inc.
12848 Colesville Road
Silver Spring, Maryland

Dear Mr. Young:

We have finally completed a tentative schedule for your programs on KTBC-TV between the dates of October 21-30, 1957, which you specified. The times and costs with dates are listed below for the two types of programs you intend to feature:

1. Baby Item Show

October 21-25 - - - - - 11:00-11:15 AM
October 21, 23, 25 - - 3:15-3:30 PM

A total of 8 programs at $95.00 each, including camera for - -$760.00

October 28-30 - - - - - 12:00-12:15 PM

A total of 3 programs at $139.00 each, including camera for - 417.0

2. Single Working Girl Show

October 23 & 30 - - - - 6:30-6:45 PM

A total of 2 programs at $181.00 each, including camera for - 362.0

Total for the schedule of: - - - - - - - - - - - - - - - - - -$1,539.0

I hope you will notify us immediately of your acceptance of the proposal. We shall need a format of the programs as soon as you can send them, and from this information we will schedule some promotional spots to precede the shows. I would appreciate it if, in your approval of the proposal, you will write to

-2-

Mr. A. G. Young October 1, 1957

Mr. J. C. Kellam, General Manager, KTBC-TV, Austin, and outline the preliminary planning necessary for the shows which you outlined to me on the telephone.

Sincerely yours,

Bob Bobbitt

O. P. (Bob) Bobbitt
General Sales Manager
KTBC-TV Austin, Texas

OPB/gr

Mr. McLENDON. The next letter is dated October 4, from you to Mr. Bobbitt, the manager.

Mr. YOUNG. The next letter I have, sir, is October 7. Wait a minute—I am sorry.

Mr. McLENDON. Do you have any comment on that?

Mr. YOUNG. No. This is just a routine letter following up again—a copy of this was sent to Mr. Reynolds to show him we were doing everything we could to expedite arrangements to get there.

Mr. McLENDON. And the notation in pen and ink on the bottom is the same—referring to the dictation belt number?

Mr. YOUNG. That is correct.

(The document referred to was marked "Young Exhibit 9," and is as follows:)

YOUNG EXHIBIT 9

October 4, 1957

Mr. O. P. (Bob) Bobbitt
General Sales Manager
KTBC-TV
P. O. Box 717
Austin, Texas

Dear Mr. Bobbitt:

Received your letter of October 1st in which you outlined the Time Schedule for the Television program.

Everything looks fine except for two items which I will outline here. In regards to the 30th, we are not interested in staying that long in Austin. We would prefer by far to have all of the broadcasts over no later than the 28th, especially the Single Working Girl program. Wednesday the 23rd would be fine and then we would like to have a broadcast either on Friday the 25th or on the 26th or 27th at the same time but definitely not as late as the 30th. The same holds true of one of the Baby Show programs. We would like to have everything finished up no later than the 28th. Then if there is any field work or follow up to do we can do that the 29th and 30th as we would like to be back in Washington no later than the first of November.

Please let us know by return mail as quickly as possible if you can adjust the schedule in this way, even if it is necessary to drop the 30th program completely. However, we definitely want to have two Single Working Girl shows as this is part of our itinerary. We even might have to add an additional Single Working Girl show and drop one of the baby item shows.

What we would also need is this: You line up several expectant Mothers in the 8th or 9th month through Radio or TV spots that would be interested in participating in a live show and then, of

Mr. O. P. (Bob) Bobbitt
Austin, Texas

October 4, 1957
Page 2

course, we would like to have around 15 to 20 single working girls who could apply to the TV station to appear in person. In this way we would be assured of 18 to 20 girls on each Television program. These girls would be interviewed and have the opportunity to take advantage of our Advertising Offer which would be good for those who attended the Television show.

Please let us know if you can help us in this regard. If so, I am sure we will be able to proceed immediately under this schedule.

Thanking you for your co-operation, I remain,

Yours sincerely,

Mid Atlantic Stainless Steel Co., Inc.

A. G. Young, President

AGY/bj
cc: Mr. Don Reynolds

Bill # 35
letter # 1

Mr. McLENDON. The next letter is dated October 7, from Mr. Kellam, general manager of the station, to you, is it not?

Mr. YOUNG. Yes, sir.

Mr. McLENDON. And that deals primarily with the programs?

Mr. YOUNG. That is correct. It is nothing but details of the program.

Mr. McLENDON. There is a statement in that letter saying, "The total station charge for the programs suggested above would be $1,453."

Mr. YOUNG. That is correct.

Mr. McLENDON. Is that the first time that you had a different commitment as to what the cost was going to be?

Mr. YOUNG. No, sir, on October 1, we had another one, which was $1,539, sir. In other words, the differences in these times were very minute. It was a case of whether it was evening or daylight time, which changed the rates.

So from A to B time was simply what we were trying to iron out.

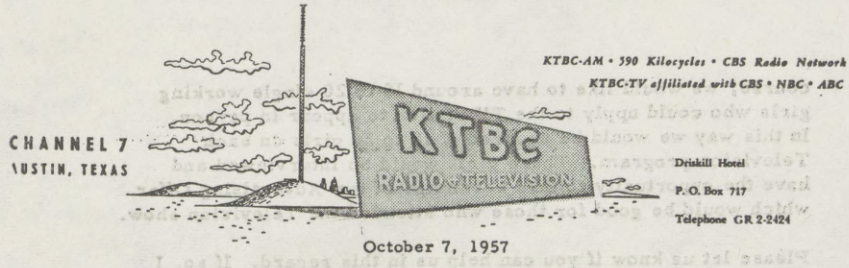
Mr. McLENDON. All right.

Now, was a copy of this letter sent to Reynolds?

Mr. YOUNG. No, sir. No copies of any KTBC correspondence was sent to Reynolds at all.

(The document referred to was marked "Young Exhibit 10," and is as follows:)

YOUNG EXHIBIT 10



October 7, 1957

Mr. A. G. Young, President
Mid-Atlantic Stainless Steel Company, Inc.
12848 Colesville Road
Silver Spring, Maryland

Dear Mr. Young:

Mr. Bobbitt is in New York, hence I am replying to the letter you wrote him on October 4th in reply to the one he wrote you on October 1st, both concerning your proposed schedule on KTBC-TV.

Mr. Young, I believe the schedule set forth below will achieve your objective in splendid fashion.

Oct. 21 through 25 - 11:00 - 11:15 a.m.
Oct. 21, 22, 23, 25 - 3:00 - 3:15 pm
Oct. 23 - 6:30 - 6:45 p.m. single girl
Oct. 26 - 12:30 - 12:45 p.m. single girl
Oct. 27 - 12:15 - 12:30 p.m. single girl
Oct. 28 - 12:00 - 12:15 p.m.

18-20 working girl (20)

(60)

The total station charge for the programs suggested above would be $1,453.00.

I suggest 3:00 - 3:15 p.m. rather than 3:15 - 3:30 p.m. as shifting this program fifteen minutes earlier would enable you to immediately follow "Edge of Night", whereas starting your program at 3:15 p.m. would force you to follow a film fill, inasmuch as the network program we would be pre-empting does not have a middle break.

I think we would have no trouble in lining up several expectant mothers to participate in a live show and if you will give us a bit more information on the "15 to 20 single working girls who could apply to the TV station to appear in person", it will be a pleasure to assist in every way possible. In other words, if you will give us an over-all insight into the approach you want to use through these programs, we will start to work on the preparation right away.

Sincerely,

G. C. Kellam
General Manager

ew

Mr. McLENDON. Your next letter is dated October 9, 1957, addressed from you to Mr. Kellam, general manager.

Senator BYRD. Counsel, may I interrupt. What is the notation 18 to 20 working girls?

Mr. YOUNG. Eighteen to twenty working girls is simply that we wanted to impress upon the radio station that the age group of the girls that we sell must be between the ages of 18 to 20. This is for their hope chest. If we get girls over 20, most of these are married.

Mr. McLENDON. The next letter is dated October 9 from you to Mr. Kellam.

Mr. YOUNG. Yes, sir.

Mr. McLENDON. Any comment on that?

Mr. YOUNG. Only that I was—again, as I say, Mr. Reynolds was putting a little pressure on. I told him if he was worried about it to go ahead and call him. And that is where the notation is made:

> Mr. Reynolds is calling long distance tonight on the telephone, and in this way we are hoping over the telephone to iron out a few of the wrinkles so you will be filled in on the whole program.

And if there is anything further they were to call me. Because we were at this point ready to go to Texas.

Mr. McLENDON. Did Mr. Reynolds tell you that he was going to make the call?

Mr. YOUNG. Yes, sir. That is why it is put in here.

Mr. McLENDON. Do you have any knowledge as to whether he did?

Mr. YOUNG. Well, I could not say whether he did or not. I just presumed he did.

Mr. McLENDON. You would not recall whether he later reported to you that he did call?

Mr. YOUNG. No, sir.

Mr. McLENDON. Mark this "No. 11."

(The document referred to was marked "Young Exhibit 11," and is as follows:)

YOUNG EXHIBIT 11

October 9, 1957

Mr. J. C. Kellam
General Manager
KTBC Radio & Television
P. O. Box 717
Austin, Texas

Dear Mr. Kellam:

This is in reply to your letter of October 7, 1957. We wish to thank you for your co-operation and for your speedy answer.

The new proposed schedule is fine. The only difference is that we would like to make October 27th and 27th a single working girl program because I am sure that we should be able to get 20 single working girls for each broadcast.

Now when you run your spots on Radio and Television, the main thing that we want to be assured is that these are single working girls between the ages of 18 and 20. These girls have the opportunity of getting $160.00 worth of nationally advertised merchandise with no charge for helping us to advertise. In this way it will make it attractive for the girls that attend the Television program to be present. At the same time it will give us an opportunity to interview them over Television.

My associate, Bernie Marcy, used to be on Television with Red Skelton and is very familiar with emcee work so I am sure we will have a very entertaining and attractive program for the listening audience. As far as the expectant mothers we would like to have at least one or two to interview at each of the Babi-Sway programs. In other words it will be necessary to line up at least 10 expectant mothers preferably in the eighth or ninth month, people who would definitely be interested in a Babi-Sway unit.

Mr. Reynolds is calling tonight long distance on the telephone and in this way, we are hoping that over the telephone to iron out a few of the wrinkles so that you will be filled in on the whole program. If there is anything further that you feel that we should discuss please call me at my office on Juniper 9-0334 and we can iron out any final wrinkles.

Thanking you again for your co-operation,

Sincerely,

Bill #36
letter #8

A. G. Young

AGY/bj

Senator COOPER. You said Mr. Reynolds was again putting pressure on you. Can you describe that more definitely?

Mr. YOUNG. Well, in other words, when I say pressure, I mean that Mr. Reynolds pointed out to me that he had agreed to take this time, and it looked like we were just trying to stall the station and not go through with the original contract, and he wanted me to really get down there to show them he was carrying out his part of the agreement with the station.

And that is why he kept bugging us to get down there. This was a commitment he had made which had nothing to do with me, but he kept putting the pressure on me.

Mr. MCLENDON. The next letter in your file is dated October 11.

Senator BYRD. Mr. Counsel—for the sake of clarity of the record, may I ask this question?

Did a copy of the October 9, 1957, correspondence go to Mr. Jenkins?

Mr. YOUNG. No copies to Mr. Jenkins, sir.

Senator BYRD. And a copy of this letter did not go to Don Reynolds?

Mr. YOUNG. No, sir.

Mr. MCLENDON. The next letter, dated October 11, addressed to the Commercial Credit Corp., by you. Will you explain why this letter was written?

Mr. YOUNG. The reason that we wrote the letter to Commercial Credit Corp. was because we anticipated if we sold cookware in the Austin area, the people would not all be able to pay cash, that it would be necessary to set up financing arrangements to finance the paper.

So, therefore, we wrote a letter to Commercial Credit telling them who we were, so they could do a little preliminary investigation, and be able to approve our paper after we got there. It is purely a routine business letter.

Mr. MCLENDON. Mr. Reynolds, I assume, had nothing to do with that?

Mr. YOUNG. No, sir.

Mr. MCLENDON. He was not furnished with a copy of it?

Mr. YOUNG. No, sir.

Senator BYRD. Did a copy of this letter go to Mr. Jenkins?

Mr. YOUNG. No, sir.

(The document referred to was marked "Young Exhibit 12," and is as follows:)

YOUNG EXHIBIT 12

October 11, 1957

Commercial Credit Corporation
709 West Avenue
P. O. Box 1177
Austin 65, Texas

Gentlemen:

Our Company expects to put on a Television program in Austin in the latter part of October, 1957. As a result of this program, we hope to sell our product to the people in your area. We would like to finance our paper with your Company.

At the present time Public Finance Company of Silver Spring, Maryland and Liberty Finance Company of Norfolk, Virginia handle our paper.

In order that you may check on the credit standing of our Company, let me give you some references, which you may check; Ekco Products Company, Chicago, Illinois; Suburban Trust Company, Silver Spring, Maryland; M.H. Graham Company, Minneapolis, Minnesota. We are also listed in Dunn and Bradstreet and are members of the Silver Spring Board of Trade.

Our Company has been in business approximately six (6) years. At the present time we sell fabricated cookware and are now taking on a new line of merchandise called the 'Babi-Sway ".

If you will be so kind as to send me the required forms that need to be filled out or let me know if you require additional information and we will try to comply with all your requirements.

Thanking you in advance for your co-operation and looking forward to an association with your Company, I remain,

Sincerely yours,

Mid Atlantic Stainless Steel Co., Inc.

A. G. Young, President

AGY/bj

Mr. MCLENDON. The next letter, dated October 15, 1957, addressed to Mr. Kellam, the general manager, and signed by you. What comments do you have to make about that?

Mr. YOUNG. Purely a routine letter, sir, confirming the final procedure before we left. I think this is the last letter I wrote. And we left for Texas immediately after that.

Mr. MCLENDON. Was this letter followed by the execution of the contract which you earlier——

Mr. YOUNG. No, sir; the copy of the contract was executed at the TV station. As you will notice, there was no correspondence with that letter. I picked up the contract at the television station.

Mr. MCLENDON. After you arrived in Austin?

Mr. YOUNG. After I arrived in Austin. If you will notice, there is a notation on there of a thousand dollar check supplied to me by Mr. Reynolds, which I gave them in person.

Mr. MCLENDON. Now, this letter of October 15—I assume your answer is the same. A copy of that was not furnished to Reynolds or Mr. Jenkins?

Mr. YOUNG. No, sir; to nobody.

(The document referred to was marked "Young Exhibit 13," and is as follows:)

YOUNG EXHIBIT 13

October 15, 1957

Mr. J. C. Kellam
General Manager
KTBC Radio and Television
P. O. Box 717
Austin, Texas

Dear Mr. Kellam:

Thank you for your letter of October 10th.

The schedule in this letter which you sent are very suitable except the October 26th program from 12:30 to 12:45p.m. I would like very much for it to be a Single Working Girl program instead of the Babi-Sway program. Could you please revise the schedule only changing the October 26th program, as I would like to have at least the three Single Working Girl programs.

Now the Babi-Sway show should be listed as such; "Program for Expectant Mothers. The Single Working Girl show should be listed as; "Luncheon on TV with George Young". Hope this meets with your approval.

I am enclosing a couple of samples that we used on our TV program here. If you would like to use these, you may do so as I have them in stock.

Hoping to hear from you, I remain,

Sincerely yours,

A. G. Young, President

AGY/bj
Encl.

Mr. McLENDON. Now, on October 21, you did sign the contract down in Austin, did you not?

Mr. YOUNG. That is correct. That is when I arrived—that is the exact date that I arrived, October 21. And that is the first time I met Mr. Bobbitt, Mr. Kellam, in person, to finalize it. There is a man here by the name of Elmo Brown, a station representative, and accepted by Paul, I guess it is Batten. And there we confirmed the final thing. We signed the contract, and gave them a thousand dollars by certified check.

Mr. McLENDON. What is the amount of money that you committed yourself to?

Mr. YOUNG. The amount of money we committed ourselves to was $1,341. This is the exact amount.

Mr. McLENDON. You have a notation in handwriting there that a check for $1,000 was delivered to the station.

Mr. YOUNG. That is correct.

Mr. McLENDON. You did have that?

Mr. YOUNG. I delivered that, and it was initialed by Elmo Brown.

Mr. McLENDON. Did you deliver that in person?

Mr. YOUNG. Yes, sir. Mr. Reynolds gave me the check to take with me. I think you have a copy of that there.

Mr. McLENDON. I would like to show you a photostatic copy of that check, and ask you if you can identify it. The photostatic copy of the check appears at page 36 of the printed testimony of Don B. Reynolds.

Will you look at it and state whether that is the thousand dollar check you referred to?

Mr. YOUNG. Yes, sir. I recognize my signature on the back of the check.

Mr. McLENDON. Is the check made payable jointly to your company and the station?

Mr. YOUNG. It is made to KTBC–TV television station and to Mid-Atlantic Stainless Steel Co., Inc., $1,000, and it is a certified check, sir. And my endorsement is on the back.

Mr. McLENDON. Thank you, sir.

The CHAIRMAN. For the record, I would like to insert in the record at this point that we do have permission to sit.

Senator SCOTT. Mr. Chairman, for the record—does the new rule permit us to sit during the morning hour from now on, without having the necessity of asking for permission?

The CHAIRMAN. I don't know whether that has gone into effect or just what.

Senator SCOTT. I only raise the question so we can find out.

The CHAIRMAN. I will try to find out. But we are all right today. We are free to go ahead today.

Mr. McLENDON. Now, was this check, the thousand dollars, delivered to you in compliance with Reynolds' agreement that he was to pay the cost?

Mr. YOUNG. That is correct.

Mr. McLENDON. And am I correct in saying that your agreement with Reynolds was further that if a profit was made, as a result of this advertising, that you and he would share in the profit equally?

Mr. YOUNG. That is correct.

Mr. McLENDON. Now, in your file the next document that you furnished the committee appears to be an invoice from KTBC station, bearing the date February 1, 1958, and it says "October balance, $208."

Will you comment on that, please?

Mr. YOUNG. Yes, sir.

Mr. McLENDON. Excuse me a minute.

Mr. Reporter, mark the contract with the proper exhibit number.

(The document referred to was marked "Young Exhibit No. 14," and is as follows:)

YOUNG EXHIBIT 14

KTBC - TV
P. O. Box 717
AUSTIN, TEXAS

Oct. 21, 1957
(Date)

AGREEMENT between Mid-Atlantic Stainless Steel Company, Inc. called "advertiser" and KTBC-TV, called "station" to broadcast television facilities as specified below:

NAME OF PROGRAM: Luncheon on TV with Geo. Young PRODUCT Stainless Steel Products

LENGTH OF TELECAST	HOUR	DAYS	TIMES PER WEEK	TOTAL NO. TIMES
Babi-Sway Show				
15 minutes	11-11:15am	M-T-T-F	4	4
15 minutes	3-3:15pm	M-T-W-F	4	4
15 minutes	11:15-30pm	Tu.	1	1
Single Working Girl Shows				
15 minutes	6:30-45pm	Wed.	1	1
15 minutes	12:30-45pm	Sat.	1	1
15 minutes	12:15-30pm	Sun.	1	1

DATE OF FIRST TELECAST: Oct. 21, 1957
DATE OF LAST TELECAST: Oct. 27, 1957

ADDITIONAL INFORMATION:

All slides, art work, props, answering service and program material to be furnished by client.

Paid $1000.00 10/21/58 by Cert. check

CHARGES	Time	Talent	Live Production	Facility Rehearsal	Remote Facilities	Additional Charges	Total
One-Time Rate	80.00	(Class D)	15.00	(9 programs at $95 each)			855.00
Time Rate	124.00	(Class C)	15.00	(2 programs at $139. each)			278.00
~~[illegible]~~	166.00	(Class B)	15.00				181.00
12 Telecasts						Total	$1,314.00

In return for said service the Advertiser agrees that PAYMENTS are to be made to the station as follows In Advance

TO BE SUBMITTED FOR APPROVAL

By Elmo Brown (Station Representative)

Accepted by KTBC-TV Paul Batten

Mid-Atlantic Stainless Steel Co., Inc. Advertiser

By A.G. Young Officer

Address 12818 Colesville Road

City Silver Spring State Maryland

Mr. McLENDON. Will you look at the invoice to which I have just referred from KTBC television station, and explain that, please?

Mr. YOUNG. What had happened, like any other type of promotion, when the promotion didn't go as contemplated, everybody wasn't too happy. And, consequently, we returned, and we only used—we used this basic amount of the contract, which amounted to $1,314. I believe the $208 was a settlement charge, because we refused to use the full amount of the contract, because it was entirely unprofitable. We came back. And, of cours, we told Mr. Reynolds that there was money owing.

And Mr. Reynolds sort of dragged his feet a little bit about giving us the balance of the money.

So, naturally, the station was dunning us. We got a little bit upset about it. We said, "Don, we don't want to ruin our credit because you are not going to fulfill your part of the contract."

They sent us several of these dunning letters. And this just happens to be the one that we have.

This is the reason that we got the dun—because he did not come up with the balance immediately the way we anticipated he would.

Mr. McLENDON. And you received similar bills for this balance of $208 prior to the one that you just identified?

Mr. YOUNG. Yes.

(The document referred to was marked "Young Exhibit 15," and is as follows:)

YOUNG EXHIBIT 15

DRISKILL HOTEL
TELEPHONE GR 2-2424

590 K.C.
RADIO
CBS Radio

KTBC

Channel 7
TELEVISION
CBS-NBC-ABC

P. O. BOX 1155
AUSTIN 64, TEX.

SCHEDULE OF ANNOUNCEMENTS OR PROGRAMS	SUN.	MON.	TUE.	WED.	THUR.	FRI.	SAT.

REFERENCE
AN - ANNOUNCEMENT
PG - PROGRAM
ID - STATION IDENTIFICATION
TS - TIME SIGNAL
PC - PARTICIPATION COST
LC - LIVE PRODUCTION
OC - OTHER CHARGES
CA - COURTESY OR MAKE GOOD
CK - PAYMENT RECEIVED
RB - REBATE - FREQUENCY

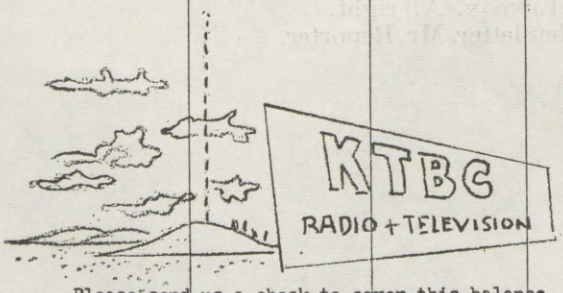
RADIO ☐
TELEVISION ☒

Mid-Atlantic Stainless
12848 Colesville Rd.
Silver Spring, Maryland

FROM THE STATION LOG:

TERMS NET: DUE WHEN RENDERED

DATE	REFERENCE	CHARGES	CREDITS	BALANCE
Feb 1, 1958.	Oct Bal		BALANCE FWD. →	208.00



Please send us a check to cover this balance.

Mr. McLENDON. The next letter is dated March 5, 1958, which enclosed a check for $208.

Mr. YOUNG. That is correct.

Mr. McLENDON. I wish you to explain your explanation of the delay.

Mr. YOUNG. Well, this particular letter here, of course, because of the time lapse of the time we owed this amount of money, as you can see here—quite some time had passed. And it was way overdue. And we were a little annoyed at it. So, actually, I wrote the letter, and explained to the station that the reason that we had not sent it, in order to cover ourselves, was further negotiations would be taken up with Senator Johnson, concerning the national advertising time, and that this was basically—the reason we wrote this is we felt this was Reynolds' deal with Senator Johnson, and not ours. And that we were actually in the middle, and that if there was any explanation they could get it from Senator Johnson, not from us.

Mr. McLENDON. Were you in fact contemplating negotiating for additional time?

Mr. YOUNG. No, sir; not with the experience we had. We were not interested in any more at all.

Mr. McLENDON. This statement doesn't quite coincide with what your intentions were at that time.

Mr. YOUNG. Absolutely not. We were just annoyed.

Mr. McLENDON. Your explanation for saying that was what, again?

Mr. YOUNG. We were annoyed, because of the—you might say the dragging of the feet of the parties involved.

Mr. McLENDON. All right.

Mark that letter, Mr. Reporter.

(The document referred to was marked "Young Exhibit 16," and is as follows:)

YOUNG EXHIBIT 16

March 5, 1958

KTBC Television
P.O. Box 1155
Austin 64, Texas

Dear Sirs:

Enclosed you will find a check in the amount of $208.00 in full payment of your invoice. The reason for the delay in payment of this invoice was that we were awaiting further negotiations with Senator Johnson, concerning additional advertising time.

Thanking you for your patience in waiting for payment of the above mentioned invoice, I remain,

Very truly yours,

A. G. Young
President

AGY/jkm
encl:

Senator COOPER. Let me ask this.

Your statement is the reason for the delay in payment of this invoice is that, "We were awaiting further negotiations with Senator Johnson concerning additional advertising time."

I think you now state that that was not a correct statement—you were not awaiting any further negotiations with Senator Johnson.

Mr. YOUNG. That is correct. I believe that the reason for this was—Reynolds brought his check over, and we told Reynolds—his check for $208—we told Reynolds that was putting us in an embarrassing position, having these delinquent notices sent to us. And so Reynolds pointed out to us, "You just write and tell them we are negotiating further with Senator Johnson, and the fact you mention his name, they are not going to bother you any more."

So, therefore, we put this in, because we felt this would perhaps do the trick.

And we didn't hear from them any further.

Senator COOPER. You use the word "further," in referring to negotiations. I think in fact you testified that you never had any negotiations with Senator Johnson; is that correct?

Mr. YOUNG. That is correct. But I mean Reynolds suggested we put this in the letter in order to use the weight of Senator Johnson's name at the station, so they would not bother us any more.

Senator COOPER. To do what?

Mr. YOUNG. I said Mr. Reynolds suggested that we put in here Senator Johnson's name, in the letter, and that the station would not bother us any more.

Senator COOPER. You mean in asking for payment.

Mr. YOUNG. For payment— that is correct.

You see, sir, there was still an outstanding balance due, even after paying this, of $105. This did not actually satisfy the bill. There was still an outstanding balance left. And this is the thing that they could have kept bothering us about you see. And that is why we put this in, because we didn't want them bothering us, because this was none of our affair.

Mr. MCLENDON. I would like to show you at this point, Mr. Young, which appears to be a copy of a check for $208, appearing at page 120 of the printed record of Don Reynolds' testimony.

I ask you if you can examine that, and state whether or not that is the check for $208 about which you have been testifying.

Mr. YOUNG. Yes, sir; this is the check, and that is my signature on the back. We endorsed it. This check was mailed.

Senator PELL. Excuse me. I am a little confused here.

You say there is a balance still owing by you to the station. Was that forgiven in the end?

Mr. YOUNG. Apparently; yes, sir.

We heard no more.

Senator PELL. How much was that balance?

Mr. YOUNG. The balance would be the difference between $1,314 and $208.

Senator PELL. That has been washed out?

Mr. YOUNG. Apparently so, sir. We have had no further correspondence with regard to it.

Senator PELL. And presumably they took it as either a business deduction or a bad debt?

Mr. YOUNG. I don't know what they did, sir. That was not our worry.

Mr. MCLENDON. You have no knowledge that any negotiations Reynolds might have conducted with respect to that balance, do you?

Mr. YOUNG. I don't know what happened to it.

Mr. MCLENDON. All you know is no further demand was made for payment?

Mr. YOUNG. That is correct.

Mr. MCLENDON. Now, when this was all over, and this last check for $208 delivered, did you have a settlement with Reynolds?

Mr. YOUNG. Yes, sir; we had a settlement with Reynolds.

Mr. MCLENDON. You have furnished to the committee two checks.

Mr. YOUNG. That is correct, sir.

Mr. MCLENDON. I will ask you to refer them, please, and explain those to the committee.

Mr. YOUNG. The two checks—we have copies of the orders where we sold the merchandise in Texas. We sold approximately, I believe, six or seven families. These are in our files, if you wish them. And on December 13, some of the merchandise was delivered.

The single girls—we have a program where we give them the merchandise after they pay for it, if they are minors. So, therefore, this was the reason for the two checks. As the merchandise was paid for, then Reynolds would receive his commission. He received part of it on December 13, $71, and in November he received $33.98. And also he wanted a set of china for his wife, which had a wholesale value of $55. He took the set of china, which we supplied him with, which is a $55 value, and the two checks, and this was his total 50-percent earning of what we actually—what we got out of the deal.

Mr. MCLENDON. And if you add the estimated value of the china, $55, to the total of these two checks, you would have $160, would you not?

Mr. YOUNG. That is correct—within a few pennies.

Mr. MCLENDON. Was there any particular point in arriving at that figure of $160?

Mr. YOUNG. Well, our basis is on commission, sir. In other words, if the commission was $300—50 percent of what would be $50. So, therefore, it just happend to work out of this particular figure.

It isn't any magic number. This is what it amounted to.

Mr. MCLENDON. So that the $160 includes the glassware—actually exceeded the amount of your profit as a result of the advertising?

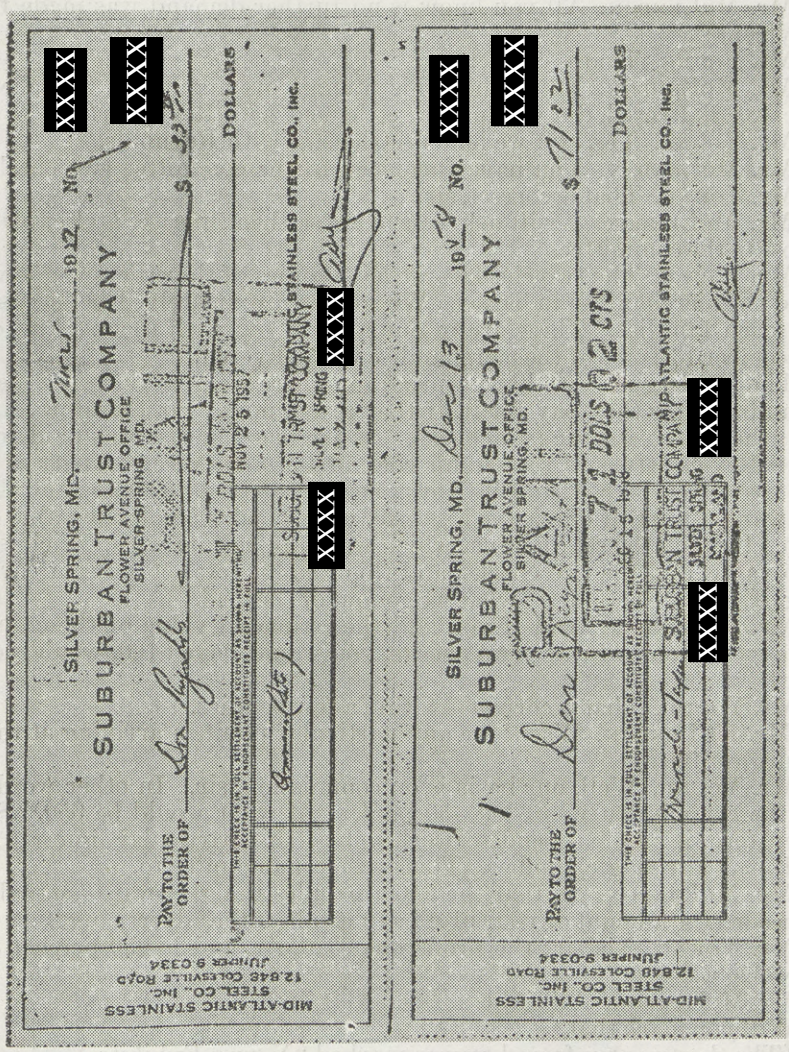
Mr. YOUNG. No, sir; the profit was $320, sir, and his 50 percent of the $320 was $160.

Mr. MCLENDON. All right.

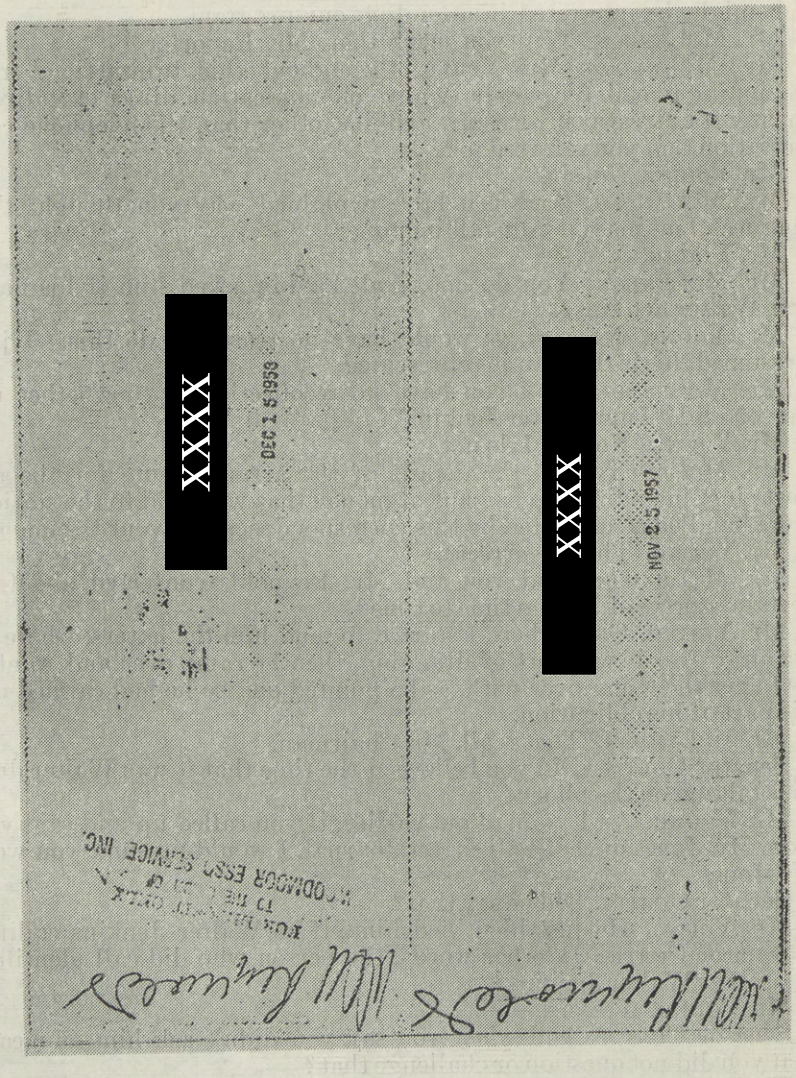
Will you mark that?

(The document referred to was marked "Young Exhibits No. 17–A and 17–B" and are as follows:)

YOUNG EXHIBIT 17A



YOUNG EXHIBIT 17B



Mr. McLENDON. Mr. Young, you handed us earlier a sheet which you identified as a copy of the invitation, which you sent, to a luncheon in connection with the advertising program.

Mr. YOUNG. Well, I felt this might simply let the committee know a little bit about the type of work we had done, and that we did receive cooperation of the studio, and the studio actually had these letters printed in quantity. And these were mailed out to people who they felt might be interested in attending our program.

Mr. McLENDON. Will you mark that, Mr. Reporter?

Mr. McLENDON. Mr. Young, throughout this transaction, from beginning to end, did you have any communication, direct or indirect, or any conversations with Mr. Jenkins, other than the telephone conversation that you referred to?

Mr. YOUNG. No, sir.

Mr. McLENDON. And you have explained why you thought that that was Jenkins you were talking to.

Mr. YOUNG. Yes, sir.

Mr. McLENDON. You do not recall having asked him if his name was Walter Jenkins?

Mr. YOUNG. No, sir; we would have no reason to do this. I just presumed this is the man as represented.

Mr. McLENDON. And you have no recollection as to whether the person said, "I am Walter Jenkins"?

Mr. YOUNG. No, sir; I do not.

Mr. McLENDON. All the details of the arrangements for the advertising, including the amount of money that was paid to the station, were handled as indicated by this correspondence and your testimony?

Mr. YOUNG. That is correct.

Mr. McLENDON. And you and Mr. Reynolds conferred about it, certain aspects of it from time to time?

Mr. YOUNG. Only where I started to send him the letters, where he began to feel it was sort of dragging, then he came over and wanted us to get the thing over with, as he pointed out, so he had carried out his part of his obligation.

Mr. McLENDON. That is all, Mr. Chairman.

Senator CURTIS. Did you believe at the time that it was Walter Jenkins talking on the phone?

Mr. YOUNG. As I pointed out earlier, if you called up and said you were Mr. Jones of the Wall Street Journal, I would presume you were Mr. Jones.

Senator CURTIS. Did he say that?

Mr. YOUNG. He just identified himself as Walter Jenkins calling.

Senator CURTIS. In other words, the person who did call identified himself as Walter Jenkins?

Mr. YOUNG. Yes, sir.

Senator CURTIS. And when you say you didn't ask him, it means that you did not question or challenge that?

Mr. YOUNG. That is correct, sir.

Senator CURTIS. But you did not base it on a guess. The voice there said it was Walter Jenkins?

Mr. YOUNG. That is correct, sir.

Senator CURTIS. You are positive about that?

Mr. YOUNG. Well, as positive as I can be.

(The document referred to was marked "Young Exhibit No. 18," and is as follows:)

YOUNG EXHIBIT 18

KTBC-TV PROUDLY PRESENTS

MR. GEORGE YOUNG

October 24, 1957

LUNCHEON WITH GEORGE YOUNG

You are cordially invited to have lunch with George Young on television during a participating audience program, which is being held in Studio A at KTBC TV, at 6th and Brazos, in the Driskill Hotel. The program will be televised from 12:30 to 1:00 p.m. on Saturday, October 26th. During the luncheon you will be given a gift for attending. This letter will act as your admission to the program.

The topic which will be discussed at the Luncheon is a national give-away program being sponsored by Mr. Young throughout the country for single girls of items for their Hope Chests.

We will appreciate your being at the studio at 12:15 p.m., fifteen minutes before air time.

We'll see you there!

Sincerely yours,

Elmo Brown

Elmo Brown
Administrative Assistant
KTBC-TV

ew

Senator CURTIS. Was there anyone present in your office when you received the call?

Mr. YOUNG. Actually we have a secretary there, bookkeeper, and other people. But there would be no point of them listening.

Senator CURTIS. No one would listen in?

Mr. YOUNG. No.

Senator CURTIS. But there probably was somebody there to hear your end of the conversation?

Mr. YOUNG. I doubt it, sir. I mean they are not used to listening in to me talk to somebody. I am usually in a private office.

Senator CURTIS. Now, were you surprised you got a call from Mr. Jenkins?

Mr. YOUNG. No, sir; I was anticipating it.

Senator CURTIS. Why?

Mr. YOUNG. Because Mr. Reynolds told me he would call and confirm the agreement they had entered into.

Senator CURTIS. Mr. Reynolds said they had an agreement—that he had an agreement with Mr. Reynolds?

Mr. YOUNG. No. He said——

Senator CURTIS. With Mr. Jenkins?

Mr. YOUNG. Yes.

Senator CURTIS. Tell us as best you can what he said.

Mr. YOUNG. What who said?

Senator CURTIS. Reynolds said to you about the agreement he had with Jenkins.

Mr. YOUNG. Well, it is just as I pointed out earlier. Mr. Reynolds came over to me and told me that he had agreed to buy television time on Senator Johnson's television station, and he had done this to reciprocate for the policy that he had sold to Senator Johnson.

And that is why he had bought this time. And that, therefore, he would like me to take and use this time. And I pointed out that I wanted verification from somebody other than him.

And this is when he said that he would have Walter Jenkins call me.

Senator CURTIS. When I inquired of Mr. Reynolds about this—and this is found on page 105 of part 1 of the hearings——

Mr. YOUNG. Could I have a copy so I can see what you are referring to, or is it necessary? Maybe it is not.

Mr. MCLENDON. Here you are, Mr. Young.

Senator CURTIS (reading):

> Senator CURTIS. Well, now, did you buy this advertising time to advertise your insurance business?
> Mr. REYNOLDS. No, sir.
> Senator CURTIS. Why did you buy it?
> Mr. REYNOLDS. Because it was expected of me, sir.
> Senator CURTIS. Who conveyed that thought to you?
> Mr. REYNOLDS. Mr. Walter Jenkins.
> Senator CURTIS. Where?
> Mr. REYNOLDS. In his office, sir.

Was that in substance what he told you?

Mr. YOUNG. Yes, sir.

Senator CURTIS. And how much television time did you use altogether?

Mr. YOUNG. The exact amount, sir, is on the invoice which I gave you, which is $1,314.

Senator CURTIS. What did Jenkins say, or the man who said he was Jenkins say, over the telephone, besides "This is Walter Jenkins calling."

Mr. YOUNG. Well, the only thing that I can relate to you, sir, is what I presume would be an acknowledgement of the fact that he was confirming the conversation which I had had with Don Reynolds, and substantiating the fact that what Reynolds told me, in essence was a fact, and that we were to go to KTBC, and everything Reynolds had told me was authentic, that there was an arrangement made.

This is all I was interested in, was having somebody just clarify what Reynolds was telling me was not a lot of hot air, you might say.

Senator CURTIS. And Reynolds told you in substance that he had to take this time, and could not use it himself?

Mr. YOUNG. That is correct.

Senator CURTIS. Now, how is the mail handled in your office? I refer particularly to this letter of March 18, 1957, where it shows a copy was sent to Walter Jenkins. Your secretary mails it?

Mr. YOUNG. That is correct. The secretary would make the copy, and would mail it.

Senator CURTIS. Can you tell from the initials there who the secretary was?

Mr. YOUNG. Yes, her name is Bernice Joos.

Senator CURTIS. Does she still work for you?

Mr. YOUNG. No; she is in Texas herself—she is in Houston, Tex.

Senator CURTIS. What is her name?

Mr. YOUNG. Bernice Joos.

Senator CURTIS. To the best of your knowledge, that went out with the outgoing mail, along with the original?

Mr. YOUNG. That is correct.

Senator CURTIS. J. C. Kellam mentioned in that letter—does he live here in the Washington area?

Mr. YOUNG. He is in Austin, Tex., sir.

Senator CURTIS. I understood that——

Mr. YOUNG. Well, I mean at this particular time.

Senator CURTIS. I mean at the present time.

Mr. YOUNG. I don't know, sir. I have had no further relationship with the station, so I would not know. He could be. I don't know.

Senator CURTIS. You actually went down there for these programs?

Mr. YOUNG. I went in person, sir.

Senator CURTIS. How long were you down there?

Mr. YOUNG. We took our colored boy and the station wagon, and we had to take all the necessary equipment, the cookware and everything. We went down on October 21, and I believe the last program was October 27, 1957.

And the reason we did this was because time was quite important, and we put these programs on almost every day, or twice a day, in order to use up the time, to keep the expense of the time down.

Senator CURTIS. The away-from-home expense?

Mr. YOUNG. Yes, sir.

Senator CURTIS. Well, then, how long was it?

Mr. YOUNG. One week, sir.

Senator CURTIS. One week?

Mr. YOUNG. That is correct, sir.

Senator CURTIS. Who did you deal with or converse with when you got down there?

Mr. YOUNG. Well, Elmo Brown and Paul—I think it is Bateman.

Senator CURTIS. Beg pardon?

Mr. YOUNG. The people I first met when I went down there and gave the check to were Elmo Brown and Paul Bateman. These are the first people I talked to when I got there.

Senator CURTIS. And did you ever see Bobbit?

Mr. YOUNG. I could not tell you, sir. It is 7 years ago, and I don't remember the people.

Senator CURTIS. Did you see Kellam?

Mr. YOUNG. I could not identify them 7 years later, no, sir. I mean I am sure I did see them.

But I mean it is quite a while ago.

Senator CURTIS. Did you have any conversation down there with any of those people just as an incident to your coming, how it happened you got this television time?

Mr. YOUNG. I am quite sure I had conversations with them, sir. But I would not be able to clarify any conversation 7 years ago.

Senator CURTIS. You would not be able to relate it?

Mr. YOUNG. No, sir—not conscientiously, no.

Senator CURTIS. You don't know whether you told them how it happened you got this advertising down there?

Mr. YOUNG. No. The only thing that I might have done is to point out the fact that I was coming because of a relationship with Senator Johnson, and I would probably do this in all fairness to myself to try to get a little more cooperation, because, after all, he was the owner, and if I used his name in any way, it would be probably to try to use a little influence, to get a little better cooperation, to be honest with you.

Senator CURTIS. And you acted on the basis that you had actually received a telephone call from Jenkins?

Mr. YOUNG. Yes, sir.

Senator CURTIS. And on that basis you sent a copy of this letter to show——

Mr. YOUNG. That is correct.

Senator CURTIS. That the transaction was underway.

Did you ever get any reply from Jenkins?

Mr. YOUNG. No, sir. These are the copies of all the letters we have at the present time.

Senator CURTIS. You never got any word from him in any way raising the question as to why you sent him a copy?

Mr. YOUNG. No, sir.

Senator CURTIS. Have you talked to Walter Jenkins since then?

Mr. YOUNG. No, sir.

Senator CURTIS. Has anyone called you about this transaction in recent days or weeks?

Mr. YOUNG. I got a call from Senator Williams at my home on Sunday. I was in California. We have a store in California, Young's Ware Center—Youngsware Center are the stores operated under our name, for single girls and young married couples. And I was in Long Beach before I was aware that all of this was breaking loose. And I got a long-distance call from one of the newspapers asking me about this.

And I had several long-distance calls then from other papers telling me that this thing had broken loose.

And then the FBI was there to see me. And the FBI asked me questions in regard to this, which I explained to the best of my ability. And I pointed out to the FBI I was not interested in giving them anything too concrete until I got home and actually saw if these files were still in existence.

I told them because of the nature of the thing I was quite sure I did have them, because with the outstanding balance we kept these records for our own protection. Probably the only reason we have them is because there is a balance in question.

So I told them the only thing I could do is to give them the confirmation when I actually could go back and review the letters myself.

I arrived home. I flew back, because I felt it was necessary.

Senator CURTIS. The FBI came to see you out in California?

Mr. YOUNG. Yes, sir. They also contacted my wife in Silver Spring. And that is how they found out I was in Long Beach, because when I leave town, there is always a point of contact left at my office where I am, because I cover the whole United States.

Senator CURTIS. Did they say why they contacted you?

Mr. YOUNG. They said they were contacting me with regard to the Baker case and they wanted to see if I had any relationship with the Baker case whatsoever. And this was part of the investigation.

When I arrived home, I came in on the night plane. I got in, I think it was, Saturday morning. I was quite tired. I have a place up in Frederick. I went up there and slept for the day, so nobody would bother me, because I was bothered and harassed by newspapers. I stayed there and didn't come home until Saturday night. On Sunday I had a program in Mount Airy. After the program we came home.

I got a call from a man who represented himself as Senator Williams, and I use the words "represent himself," because, again, it was a telephone conversation, and he told me that he understood that I had some letters in regard to the transaction on television. And I told him that I did.

He said, "Now, you don't have to give me these papers, but I am one of the originators of the investigation for the Bobby Baker case. I believe that these papers you have are relevant to the case."

And I said, "Well, I am sorry, sir, I don't know who you are over the telephone. I would rather not discuss it. If you would like me to come down and meet you, so I know who I am talking to, that is the only way I would consider it."

So my wife and I went down to the Mayflower Hotel, and after talking to him he pointed out to me that I probably might save myself a lot of inconvenience if I were to give him these, and he in turn would turn them over to the committee, and see that they were put in the proper hands.

So I drove all the way back, got the papers, and took them back to him.

Senator CURTIS. Now, other than newspapers and the FBI, and Senator Williams, has anyone else contacted you about this?

Mr. YOUNG. No, sir.

(At this point, Senator Scott withdrew from the hearing room.)

Mr. YOUNG. I would point out that Don Reynolds, naturally, came by several times himself, in regard to this, as you probably are aware.

Senator CURTIS. Now, you have stated that you acted at that time on the belief that it was Walter Jenkins who called you. Perhaps this question is not necessary, but I wanted the record to be full.

You did not recognize the voice as being anyone else that you knew, did you?

Senator CURTIS. In other words, was there anything about the conversation that would indicate that it wasn't Jenkins?

Mr. YOUNG. No, sir. It is just a normal business conversation of a confirmation, which was very short and sweet, and that was it.

Senator CURTIS. What is your best recollection of what that voice told you?

Mr. YOUNG. Well, my only recollection I could have, sir, to be honest and sincere with you, is that it was purely a verbal confirmation of the fact that Reynolds had made arrangements with the station as he said he did. That is all I wanted. So I am quite sure it was not a lengthy conversation, or I would have remembered more details.

(At this point, Senator Pell withdrew from the hearing room.)

Mr. YOUNG. It was purely a formal call stating everything was as represented.

The CHAIRMAN. You did say there that—confirming that Reynolds had made this arrangement with the station?

Mr. YOUNG. That is correct.

The CHAIRMAN. That he had told you that he had?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. He didn't say he had made any arrangements with Jenkins at all, did he?

Mr. YOUNG. In this particular case, no. This was just a conversation confirming the program.

Senator CURTIS. I am not sure I understood that question.

Who said that they did not say they made any arrangements with Reynolds?

Mr. YOUNG. What is that, sir?

Senator CURTIS. This voice, in this telephone call, identified himself as Walter Jenkins. They did refer to the fact—that man did refer to the fact that Reynolds had bought or was buying some TV time?

Mr. YOUNG. Yes.

Senator CURTIS. From the station?

Mr. YOUNG. Yes.

The CHAIRMAN. Not from Jenkins?

Mr. YOUNG. Yes.

The CHAIRMAN. In other words, I want the record to show he did not make this arrangement with Mr. Jenkins.

Mr. YOUNG. This I don't know. This is between Reynolds and Jenkins. I am not aware of what arrangements they had.

Senator CURTIS. But did the voice say, "I haven't had any conversation with Reynolds?"

Mr. YOUNG. Oh, no, no. The voice was purely to confirm the fact——

Senator CURTIS. To confirm the fact that he had talked to Reynolds?

Mr. YOUNG. That is correct.

The CHAIRMAN. That isn't what he said. You said that he had talked to the station, that he had made the arrangement with the station.

Let's get that straight.

Senator CURTIS. Yes; let's get it straight.

Now, I don't want to confuse you, or have a thing in here that would be inaccurate.

This telephone call, from a man who identified himself as Walter Jenkins, referring to that, did that individual refer to the fact that he, the caller, had had discussions with Reynolds about buying TV time?

Mr. YOUNG. That is correct.

The CHAIRMAN. From the television station; is that correct?

Mr. YOUNG. Well——

The CHAIRMAN. He didn't buy the time from Jenkins. That is the thing I want to know. He didn't make arrangements with Jenkins about the time, but he made it with the station; is that correct?

Senator CURTIS. I think we are talking about two things. The details——

Mr. YOUNG. The details were worked out with the station between Jenkins and Reynolds and had nothing to do with me. All I was interested in was that there were details worked out in regard to my using this amount of money for television time in Austin. That is all I was interested in. Who made the details was no business of mine.

Senator CURTIS. I think we have got it clear, but I want it to be abundantly clear, because that is fair to everyone.

This caller, who identified himself as Jenkins, confirmed the fact that he had had conversations with Reynolds about buying television time, and that it was all right for Reynolds to subcontract it to you.

Mr. YOUNG. That is what I was after; yes, sir.

That is the thesis of it all.

Senator CURTIS. Now, in reference to this letter of June 11, addressed to Mr. Bobbitt by you, I refer to the paragraph on page 2 which reads:

> We understand that Senator Lyndon Johnson is going to help us arrange for our groups. He personally may not be responsible, but friends of his have agreed to help us with our first or second audience to make sure that the studio will be filled. Then after seeing the first or second program, we have no trouble in keeping the studio filled. However, the most we allow to participate is 40 to 50 people.

That was a statement of the general way in which you proceeded, if you followed a program like you outlined in this letter?

Mr. YOUNG. That is correct.

Senator CURTIS. Did anyone ever make any response to that particular paragraph?

Mr. YOUNG. You mean to clarify it from the radio station or the television station?

Senator CURTIS. Yes.

Mr. YOUNG. No; they did not try to clarify it. I mean, in other words, they took it as I represented it, and that is the way we felt—we felt that after they received this letter they should realize that we were anticipiating to get some help through the connections involved.

Senator CURTIS. And in your selling by television and radio, where you use a studio audience, you have done that previously?

Mr. YOUNG. Yes, sir; for 5 years.

Senator CURTIS. And when you started out, you asked them to help you?

Mr. YOUNG. That is correct.

The big thing is to get the studio to cooperate, to get the people to come.

Senator CURTIS. And particularly on the start?

Mr. YOUNG. That is definitely true, sir.

Senator CURTIS. I think that is all.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Am I correct in saying that you have testified that Mr. Reynolds told you at some point that he had talked to Senator Johnson?

(At this point Senator Pell entered the hearing room.)

Mr. YOUNG. Well, he had to talk with Senator Johnson to sell him the insurance policy, sir.

Senator COOPER. What?

Mr. YOUNG. He would have had to talk to Senator Johnson to sell him the policy.

Senator COOPER. Did you say at any point that Reynolds told you he had talked to Senator Johnson about this advertising?

Mr. YOUNG. He talked to me basically about the fact that he had bought the policy from Senator Johnson, and because of this he had made an arrangement with Senator Johnson to purchase this amount of time. I presumed that it was with Senator Johnson.

Senator COOPER. He did make that kind of a statement—that he had talked with him.

Mr. YOUNG. Yes, sir; he had to, to sell him.

Senator COOPER. Then I believe that you stated someplace later—and I, too, want to get the facts—I see a conflict in the statements made.

(At this point, Senator Byrd entered the hearing room.)

Senator COOPER. One, your discussion with this man over the telephone who represented himself to be Walter Jenkins—I think at some point you said that he confirmed that he had made—that a contract had been made between Reynolds and the station. At another point it seems to me that it has been said that this man wanted to confirm that he had negotiated with Reynolds. And at some point here, which, I think, we could find going back in the testimony—that this man told you that there had been some negotiations with Senator Johnson. I think that is what you said at one point.

Mr. YOUNG. No. I think what——

Senator COOPER. My point is I think——

Mr. YOUNG. What I am trying to convey is this—the fact that Mr. Reynolds told me that he had made all of these arrangements with Senator Johnson and Mr. Jenkins. I mean there was no distinction between the two people. They were talked to me as a unit of one. So, therefore, when I talk about either one, I am talking about the two as a group, because they actually—Mr. Jenkins was apparently Mr. Johnson's right-hand man. So, therefore, any conversation that was made in regard to either one of them was as one,

as far as I was concerned, because Reynolds was representing it to me that he had made the arrangements with them, and "with them" is the two of them together.

There was no specific one person or the other to actually separate them. He didn't try to do that. I wasn't interested at that particular time in separating them as individual people. And he said naturally he wasn't going to talk to Senator Johnson about something like this—that Mr. Jenkins is the man who represented Senator Johnson, and he was the man who would make the details—after all, this was too small a thing for Senator Johnson to be fooling with. So this is what I am trying to get across—is that I was dealing with Reynolds, and what Reynolds told me is all that I could go by, because he was the person.

And when I talked to Mr. Jenkins, this was purely to confirm there was a negotiation between the two parties involved. And that is all I wanted to satisfy myself on, because I wasn't interested in any dealings they had, that it was none of my business.

Senator COOPER. I am looking at your letter of March 19 to Mr. J. C. Kellam. The first paragraph: "We desire radio and TV rights of station. We are looking forward to reestablishing our products in the Austin and Dallas area."

Mr. YOUNG. Yes, sir.

Senator COOPER. Well——

Mr. YOUNG. We had sold, sir, in Texas, for many years. I used to live in Texas. I lived in Forth Worth—rather I lived in Houston, Tex., and Dallas, Tex. So I am familiar with the whole State of Texas. We still have accounts in Dallas right now. We have Leonard's Department Store. And we have Blue Ribbon Food Service, and also Walsh Food Services in Amarillo and Lovett. So we are operating extensively in Texas, and have been since 1950, this is why I referred to that, because we were going back into an area we were accustomed to. And we wanted the station to know we were accustomed to selling people in Texas.

Senator COOPER. You had been in business there before, and you wanted to reestablish that business?

Mr. YOUNG. That is right.

The CHAIRMAN. Senator—would you speak a little louder? I cannot hear you.

Senator COOPER. Do you know Mr. Jenkins?

Mr. YOUNG. No, sir; I have never met Mr. Jenkins.

Senator COOPER. You never talked to him?

Mr. YOUNG. Only the one time, sir. I have never met him, sir. Mr. Jenkins was only a person who was referred to by Mr. Reynolds. That is the only way I knew him.

Senator COOPER. Well, there is no way you have of comparing voices?

Mr. YOUNG. No, sir.

Mr. COOPER. I think that is about all.

The CHAIRMAN. Senator Byrd?

Senator BYRD. Mr. Young, I refer to your letter of March 5, 1958, to KTBC television. For the record, did a copy of that letter go to Mr. Walter Jenkins?

Mr. YOUNG. No, sir.

Senator BYRD. Did a copy of that letter go to anyone?

Mr. YOUNG. No, sir.

Senator BYRD. With whom did you make the arrangements for advertising on station KTBC?

Mr. YOUNG. Well, all of the arrangements were made through this correspondence, sir. There were a couple of long-distance phone calls, as I pointed out, as you saw in the correspondence were carried out to really confirm it and tie down the details. But it was all done by correspondence.

Senator BYRD. So all of the arrangements were made with station personnel?

Mr. YOUNG. That is right.

Senator BYRD. And with nobody else?

Mr. YOUNG. That is right.

Senator BYRD. I believe you have stated that you have never met Mr. Jenkins?

Mr. YOUNG. That is right.

Senator BYRD. You were not in a position, therefore, to recognize the voice during the telephonic conversation previously alluded to as being that of Mr. Jenkins?

Mr. YOUNG. That is right. I pointed that out several times.

Senator BYRD. I believe you stated that it was purely a confirmation that Mr. Don Reynolds had made arrangements with the station, as he had said he had done?

Mr. YOUNG. Well, when you say station—I would say that Don Reynolds told me that he had made arrangements with Mr. Jenkins for the time, and Mr. Jenkins was apparently one of the authorities in charge of the station, and that Mr. Jenkins—whatever Mr. Jenkins said was all right.

Let me put it to you that way. And that is why I wanted to hear from Mr. Jenkins, rather than somebody from the station.

Senator BYRD. But it was a confirmation——

Mr. YOUNG. That this time was correct—I mean the amount of money involved was all right.

Senator BYRD. But it was a confirmation that Don Reynolds had made arrangements for purchase of TV time from the station?

Mr. YOUNG. That is right.

Senator BYRD. In answer to a question from Senator Curtis, as to whether or not you had had any response from anyone at KTBC radio and television station, to your letter of June 11, and particularly any response to the paragraph which I shall read, and which was referred to by Senator Curtis:

> We understand that Senator Lyndon Johnson is going to help us to arrange for our groups. He personally may not be responsible, but friends of his have agreed to help us with our first or second audience, to make sure that the studio will be filled.

You answered Senator Curtis by saying that you had had no response.

Mr. YOUNG. That is right. I mean I had no response to that specific paragraph, I believe is what he was directing his question to.

Senator BYRD. Yes. But you did indeed have a response to that paragraph, did you not?

Mr. YOUNG. Where?

Senator BYRD. In the letter to you, from O. P. Bobbit, on August 14, in which he stated as follows:

Our idea, as I explained to you in New York, is that we have only one large studio, and no actual viewing room for a live audience.

So isn't he really responding to that paragraph?

Mr. YOUNG. Well——

Senator BYRD. In other words, I get from your paragraph to him, that you were saying in essence, "We would like to put on the kind of program in which there would be a large viewing audience."

Mr. YOUNG. Not a viewing audience, sir—participating audience. That is in the studio, sir. It has nothing to do with who watches it.

Senator BYRD. Yes. "And we understand that Senator Johnson is going to help us to arrange for our groups."

Well, isn't he saying in his reply that the station's setup does not permit this kind of program, because they don't have the space in the studio. Isn't this really a response to that paragraph? Or am I misunderstanding?

Mr. YOUNG. I think you are misconstruing it slightly. I don't think that it had anything really pertinent to do with it—really.

Senator BYRD. Senator Curtis referred to page 105, part 1, of the printed hearings before this committee, and specifically to the testimony of Mr. Don Reynolds. Senator Curtis read this into the record of today:

Senator CURTIS. Well, now, did you buy this advertising time to advertise your insurance business?
Mr. REYNOLDS. No, sir.
Senator CURTIS. Why did you buy it?
Mr. REYNOLDS. Because it was expected of me, sir.
Senator CURTIS. Who conveyed that thought to you?
Mr. REYNOLDS. Mr. Walter Jenkins, sir.
Senator CURTIS. Where?
Mr. REYNOLDS. In his office, sir.

Then Senator Curtis asked whether or not this was in substance what Mr. Reynolds told you, Mr. Young. And you answered by saying:

Yes, sir.

Mr. YOUNG. Yes, sir.

Senator BYRD. Keeping in mind that this conversation was 7 years ago——

Mr. YOUNG. Yes, sir.

Senator BYRD. Do you think that you can recall precisely that Mr. Reynolds told you that he was expected to buy the advertising time, and that Mr. Walter Jenkins conveyed that thought to him, and that the precise place was in Mr. Jenkins' office?

Mr. YOUNG. Well, if you were to point each point out specifically, then I might say I could not say it specifically. I would say the context of what Mr. Reynolds explained to me was similar. In other words, I might say from a salesman's point of view—we discussed this more from a sales standpoint than we would from a technical standpoint. The way it would be explained to me is that if you were my insurance agency and I bought insurance from you, I would in turn expect you to buy cookware from me if I called at your home. And it would be

explained more or less with Reynolds and myself in that type of language, than it would be by specifically pointing out step by step. If this is what you are getting at, you are correct.

Senator BYRD. I think in including this excerpt from part 1 of the hearings, that having appeared on page 105, that also included in today's transcript should be Senator Curtis' question to Mr. Reynolds which appeared on page 106 of that same day's record of hearings.

Senator Curtis asked this question:

Did Mr. Young ever talk to Mr. Reynolds or to Mr. Jenkins?

Mr. Reynolds answered by saying:

Mr. Young stated to me that he called and talked to Mr. Jenkins on several occasions, sir. I was not present.

Would you comment on Mr. Reynolds' statement that you had stated to him that you had called and talked to Mr. Jenkins on several occasions?

Mr. YOUNG. I think he may have exaggerated, sir. I talked Mr. Jenkins only one time.

Senator BYRD. And that being the telephonic conversation to which you have referred a number of times this morning?

Mr. YOUNG. Yes, sir.

Senator BYRD. So Mr. Reynolds was clearly in error, was he, that you told him that you had called and talked to Mr. Jenkins on several occasions?

Mr. YOUNG. In my estimation, yes, sir.

Senator BYRD. I think also it would be pertinent to this line of questioning to include the question asked by Senator Curtis of Mr. Reynolds, which appeared on page 107 of the same part of the hearings before this committee, and which was asked on the same day, and of the same witness.

Senator CURTIS. Well, then, you had heard about purchasing time before?

Mr. REYNOLDS. If I had heard, it was indirectly through Bobby, but not through Mr. Jenkins, sir.

I think also pertinent to this—to the insertions and the question at this point would be the later question by Senator Curtis, which appeared on the same page, page 107, when he said this to Mr. Reynolds:

Well, when I asked you who brought up this question of buying television or radio time, you said you did not know.

Mr. REYNOLDS. That is right.

Senator CURTIS. Well, did Baker?

Mr. REYNOLDS. Sir, I am not completely—it is fuzzy in my mind whether a call from Mr. Jenkins' office or from Bobby—but one of the two brought it up, sir.

(At this point, Senator Pell left the hearing room.)

Senator BYRD. Now, again with reference to the telephone call which presumably came from Mr. Jenkins, you had not met Mr. Jenkins prior to that time?

Mr. YOUNG. That is right.

Senator BYRD. The question was asked as to whether or not you recollect—you could recognize this voice as being anyone other than that of Mr. Jenkins, and you said no. I think that it would be apropos to ask whether or not you could recognize this voice as being that of Mr. Jenkins?

Mr. YOUNG. No, sir.

Senator BYRD. I believe you indicated that Mr. Reynolds implied to you that the advertising on the Texas TV station "might go into this"—"that he might go into this on a yearly basis if it proved to be profitable." Is that right?

Mr. YOUNG. Yes, sir.

Senator BYRD. Did he indicate to you that he might expect to get continuing advertising programs?

(At this point, Senator Pell returned to the hearing room.)

Mr. YOUNG. No, sir; he did not indicate it. He just pointed out that if it went well, there might be further time coming, and that if there was, I would get it. That is about all it amounted to.

Senator BYRD. He did not indicate any connection between himself and Mr. Jenkins as a basis for that statement?

Mr. YOUNG. No, sir.

Senator BYRD. The carbon copy of the March 19 letter was sent to Mr. Walter Jenkins at Mr. Reynolds' suggestion?

Mr. YOUNG. That is right.

Senator BYRD. And the address of Mr. Jenkins was given to you by Mr. Reynolds?

Mr. YOUNG. That is right.

Senator BYRD. There was never any acknowledgment from Mr. Jenkins, I believe, you stated?

Mr. YOUNG. That is right.

Senator BYRD. Senator Curtis asked you whether or not you recognized the voice as being Mr. Jenkins, and I believe you indicated that you had no reason to recognize the voice, except that the caller identified himself as Mr. Jenkins.

Mr. YOUNG. That is right.

Senator BYRD. In answer to a question from counsel, just prior to the question asked by Senator Curtis, as to whether or not the caller identified himself as Mr. Jenkins, you said, "I can't recall." You did not complete your statement, because counsel interrupted you.

Mr. YOUNG. Well, I mean——

Senator BYRD. Did you mean to say that you do not now recall precisely and without doubt that the caller identified himself as Mr. Jenkins?

Mr. YOUNG. No, sir. I mean I would not have gone ahead if I had not believed it to have been Mr. Jenkins. This is the whole reason for the call from Mr. Jenkins, to confirm this is the story I had been presented. So naturally I presumed it was Mr. Jenkins.

Senator BYRD. But counsel asked you whether or not the person on the other end of the line stated to you that he was Walter Jenkins, and you began to answer by saying—I don't think, you said, "I don't recall." As I put down your words, you said, "I didn't recall——," and then you were interrupted.

Mr. YOUNG. Well, all I can tell you is that I am sure that the man identified himself to begin the conversation, because he had never met me, either.

Senator BYRD. Are you sure, because this might be the logical approach by a caller under such circumstances, or can you recall precisely and without doubt that he did say, "This is Walter Jenkins calling."

Mr. YOUNG. After a 7-year period, sir, it would be very difficult to say that.

Senator BYRD. Did Reynolds tell you that $3,000 worth of TV time had been purchased?

Mr. YOUNG. He told me that $3,000 worth of television time was the amount that he had contracted for. He did not say that he had purchased it. He said this is the amount that he had obligated himself to take, and if this thing went, this is the amount that we would be able to use, with no expense to ourselves whatsoever.

Senator BYRD. What is your explanation for the fact that your arrangements with station personnel did not envision the contracting of $3,000 worth of time by you and your company?

Mr. YOUNG. That they did not envision it?

Senator BYRD. As I understood your testimony this morning, you spoke of $1,500.

Mr. YOUNG. That is right.

Senator BYRD. $1,500 worth of time for the first year.

Mr. YOUNG. I think you will see in the letter of March 19 there was supposed to be $1,500 for the first year, and the other was to be in concurrent years. It was not all to be in the first year, sir.

Senator BYRD. Yes. But you made reference to $1,500 for the initial first year.

Mr. YOUNG. Right.

Senator BYRD. And $500 the next 5 years?

Mr. YOUNG. Right.

Senator BYRD. Now, did you have in mind spending $500 for each of the next 5 years?

Mr. YOUNG. No, sir.

Senator BYRD. Or spreading $500 across the next 5 years?

Mr. YOUNG. It was $1,500 for the initial first year, and $500 the next 5 years, was what Reynolds had led me to believe that he would personally come up with, if we were to continue. This was all Reynolds. This had nothing to do with us.

Senator BYRD. So this would make a total of $2,000?

Mr. YOUNG. No; $500 the next 5 years, and anticipated expenditures.

Senator BYRD. $1,500 plus $500.

The CHAIRMAN. That would be $1,500—$2,500 added to the $1,500?

Mr. YOUNG. That would be $4,000. I see what you are getting at. But I mean this basically here—$500 for the next 5 years, and anticipated expenditures—was on the presumption that the thing went, and that the presumption that Reynolds was interested in carrying it on.

Senator BYRD. So your earlier answer to my question, to the effect that the $500——

Mr. YOUNG. Well, the $3,000 was the amount. In other words, $1,500 was for the initial first year; $3,000 was the amount that Reynolds told me could be available in the one year if this thing went. In other words, if my program was successful, Reynolds agreed that he would give me an additional $1,500 in that same year. But we didn't put that in this letter.

Senator BYRD. Mr. Chairman, I have no further questions at this time.

The CHAIRMAN. Senator Pell, I believe you have some questions?

Senator PELL. First I would like to congratulate the witness on the strength and accuracy of his recollection of events that occurred a long

time ago, and the condition of the files. Not many of us could produce records this complete for 7 years ago, or 6 years ago.

Following up this thought of Senator Byrd's, would it not indicate to you that the thought must have gone through both Mr. Reynolds' mind and presumably your mind at the time that this arrangement might be profitable if Mr. Reynolds thought in terms of paying an additional $1,500 out of his own pocket?

Mr. YOUNG. Oh, yes. There was a possibility with the—as I understand really a show for single girls—we anticipated that if we got the proper—you see, Mr. Reynolds led me to believe that with the backing of the studio—and there was only one television station in there—that this could have worked to our advantage or disadvantage. If it had worked to our advantage, it would have been very easy to have made a very good profit, because in Washington we did do very well off our programs.

In fact, we were on for 5 years, which proves the fact that it was a very successful venture. But the problem of going so far away to do it, with nobody knowing who we were or anything about us, this was the gamble, and this is why we were impressed with the fact we were going to get this type of backing from the station, to perhaps make it a very profitable venture.

Senator PELL. And while this particular venture turned out in the end a dry hole, there was in your mind at the time the very real possibility it could have provided a very good return.

Mr. YOUNG. Oh, yes. I didn't go down there just for a vacation. Yes, sir.

Senator PELL. I realize this is somewhat repetitious, but if you were asked, who did you actually negotiate with for the TV advertising time, that broad question, what would be your response?

Mr. YOUNG. My negotiations for the TV time would be through the letters directed to the station in the file I have produced. This is where my negotiations were entered into with the station itself.

Senator PELL. The negotiations, arrangements, were direct——

Mr. YOUNG. With the station. And this correspondence will show the various letters which made it possible.

Senator PELL. Thank you.

Did you ever meet with Mr. Baker at all?

Mr. YOUNG. I met with Mr. Baker one time. I met Mr. Baker at the inaugural ball.

Senator PELL. And that was the only time?

Mr. YOUNG. That is right. This was Mr. Baker, my wife, and I were at the ball—he was introduced to us, and that was it.

Senator PELL. Now, as you know, the purpose of this committee's investigation, as was read to you on behalf of the chairman at the beginning, is to investigate the financial or business interests, activities of employees or former employees, officers of the Senate, to see whether they have involved conflicts of interest or other impropriety.

Would you say that in terms of that part of the resolution, that Mr. Baker or Mr. Jenkins, or any other employee of the Senate with whom you were acquainted or met, had utilized their position in the Senate to persuade you to engage in business with them?

Mr. YOUNG. I don't think that I have reason to answer that, because I don't believe I am in a position to judge other people.

Senator PELL. I am talking about you, yourself. In other words, was your action in going into this business arrangement in Texas in any way motivated by the position of Mr. Jenkins, or was it purely a business arrangement?

Mr. YOUNG. Well, my position of going into it was through Mr. Reynolds. I had no direct, you might say, contact, except the call from Mr. Jenkins would be the only place that I could say it was confirmed by Mr. Jenkins—and that is the only place I would say I had direct contact even with anybody outside of Mr. Reynolds, and the station itself.

Senator PELL. In other words, there was no official use of position to help further your business success?

Mr. YOUNG. No; not to my knowledge.

Senator PELL. Thank you very much.

That is all I have.

Mr. MCLENDON. I have one question I think the witness ought to be asked in order to clarify the record.

Mr. Young, I am sure the record shows at one point that you made the statement that Senator Johnson was the owner of the television station at Austin, Tex.

Mr. YOUNG. Yes, sir.

Mr. MCLENDON. Did you mean to say that?

Mr. YOUNG. Well, I understand—I know it was owned by his wife. But I knew that he was—it was in the family—let me put it that way.

Mr. MCLENDON. How did you know that?

Mr. YOUNG. Well, I was told by Mr. Reynolds that I might even be invited to stay at Mrs. Johnson's home in Texas. And I told him I wasn't interested in that. I would rather stay downtown.

Mr. MCLENDON. So is this statement that Mr. Johnson is the owner based entirely on information you have seen from Reynolds?

Mr. YOUNG. Yes. Because I had no reason to know anything about Senator Johnson at that time for any particular reason.

Mr. MCLENDON. One other question.

Did Reynolds at any time in any of these conversations with you refer to Bobby Baker?

Mr. YOUNG. The only time that Reynolds referred to Bobby Baker with me was when he pointed out to me several times that he was a personal friend of Bobby Baker's, and when Bobby Baker got certain promotions he pointed out the fact that due to the connections he had with Bobby Baker, that it might further some of his business relationships, yes.

Mr. MCLENDON. That his relations with Bobby Baker would further Don Reynolds' business.

Mr. YOUNG. That is correct.

Mr. MCLENDON. That is all you can recall?

Mr. YOUNG. That is all. He was quite happy when Bobby Baker got his promotions, because he felt it would help him with his connections for the sale of insurance.

Mr. MCLENDON. Perhaps there is one other thing I should direct your attention to. At one time you used the expression that he, Reynolds, had to talk to Senator Johnson about the insurance. As a matter of fact, Mr. Reynolds has testified that he only spoke to him one time, and that was after the policy had been issued, and at the time he deliv-

ered it to him. In view of that statement, and what you said, would you want to make any comment on that?

Mr. YOUNG. Only that, as I pointed out before, Mr. Reynolds likes to brag a little bit. And he might have done this to impress me. I am only going by what he told me, that he had talked to Senator Johnson. And he may have done this just to impress me that he was working with top echelon. And that is the only reason that I would have said this, sir.

Mr. MCLENDON. Well, my point in calling your attention to it was I thought perhaps you would not want the record to show that you knew that he had talked to Senator Johnson.

Mr. YOUNG. No, I did not intend it that way, sir.

Mr. MCLENDON. That is all, Mr. Chairman.

Senator PELL. May I ask one followup?

The CHAIRMAN. Yes.

Senator PELL. Going back to page 106, the statement here:

> Mr. Young stated to me that he called and talked to Mr. Jenkins on several occasions—

That statement by Mr. Reynolds would not be correct.

Mr. YOUNG. That is correct. I pointed out I talked to him one time only.

Senator CURTIS. According to your records and your belief, how much money did Reynolds turn over to the television station?

Mr. YOUNG. $1,208, sir. I took the collection. I mean that is all I am aware. He gave me one check for a thousand dollars, which I took in personally. The other one he gave me for $208, which I mailed in. This is the only amount that I am aware of.

Senator CURTIS. And he got back $100 plus the dishes.

Mr. YOUNG. That is correct.

Senator COOPER. I have one other.

In your letter of March 5, 1958, to KTBC television, and referring particularly to the first paragraph discussing "Further negotiations with Senator Johnson," I believe you stated that Mr. Reynolds suggested that you use such language in the letter.

Mr. YOUNG. That is correct.

Senator COOPER. As a means of——

Mr. YOUNG. Keeping them quiet.

Senator COOPER. Shutting off pressure for payment of the bill.

Mr. YOUNG. That is correct.

Senator COOPER. Now, look at the letter to Mr. Bob Bobbitt, June 11, 1957, the paragraph on page 2 beginning—

> We understand that Senator Lyndon Johnson is going to help us arrange for our groups. He personally may not be responsible, but friends of his have agreed to help us with our first and second audience, to make sure that the studio would be filled.

May I ask if that language was suggested by Mr. Reynolds?

Mr. YOUNG. Yes, sir. I would not say Mr. Reynolds suggested the language. Mr. Reynolds suggested that we point out to them that this was sanctioned, and that this would help us get a group together much more easily, than if we did not mention it. And he suggested that we say this. This was not with the sanction of Senator Lyndon Johnson—only suggested by Mr. Reynolds.

Senator COOPER. Suggested by Mr. Reynolds?

Mr. YOUNG. Yes, sir—that we include this in our letter.

Senator COOPER. Did you have any knowledge of the truth of this statement, other than what was told you by Mr. Reynolds?

Mr. YOUNG. No, sir—just—this was hearsay by Mr. Reynolds.

Senator COOPER. The mention is "Friends of his have agreed to help," and so forth. Do you have any knowledge of who those friends were, if in fact there were such friends?

Mr. YOUNG. No, sir. Only that I could understand how a man in his position, in Austin, could have friends who could help us, if they wished to do so, sir.

Senator COOPER. The point is you put in this letter something that you were asked to put in by Mr. Reynolds?

Mr. YOUNG. That is correct.

Senator COOPER. That is all I have to ask.

Senator BYRD. Mr. Chairman——

The CHAIRMAN. Senator Byrd.

Senator BYRD. Referring to the same paragraph to which Senator Cooper has just referred, and to which numerous references have been made earlier, when you wrote about a "First or second audience to make sure that the studio will be filled," what did you have in mind?

Mr. YOUNG. Well, you see normally most television stations—of course, I had never seen this station. You must remember, this was done by—most television stations have been maybe several studios, depending on the size of the city. Some of these studios will seat 10 people; some 20; some 40. Our idea was this: If we could get 40 people at each dinner. We serve a complete full course dinner to these people. That if we would get the television to cooperate with us, and through their connections—say Mr. Young is coming from Washington, D.C., it is an interesting program—give us spots on the air, and give us their cooperation and telephone calls, and we could have filled that studio twice, then the people who came, their friends would be invited—it gives us a starting point. And then we would have had a very successful program—no question about it. It could have been a profitmaking venture instead of just a losing venture.

Senator BYRD. So this was or was not a viewing audience which you had in mind.

Mr. YOUNG. No; I wasn't worried about the viewing audience. You see, our money is made basically from the people who attend the show—not from the viewing audience.

Senator BYRD. But did you have reference to a viewing room for a live audience?

Mr. YOUNG. The groups that we were interested in, sir, were to fill the studio at the TV station. That is the group we are interested in.

Senator BYRD. And were not to fill an additional room from which they could view the program?

Mr. YOUNG. Oh, no sir.

Senator BYRD. Do you feel that you are now or ever have been a close friend of Don Reynolds?

Mr. YOUNG. Never, sir. Don Reynolds is the type of person that when he wanted to sell you something, or he had some money involved, he was real nice to you. Then you didn't see him until he had

something else to try to sell you, or some other type of deal. But we have never been what you might call close friends of any kind.

Senator BYRD. You have indicated that you felt that he exaggerated things at times.

Mr. YOUNG. Yes, sir.

Senator BYRD. In order to——

Mr. YOUNG. Further his own——

Senator BYRD. Serve himself.

Mr. YOUNG. Yes.

Senator BYRD. That is all I have.

The CHAIRMAN. Mr. Young, I have two or three questions I would like to clear up in my mind.

You have stated on more than one occasion this morning that Reynolds tried very hard to impress you with who he knew and the conversations he had about Senator Johnson and Bobby Baker and so forth to the point you were not so sure how reliable his conversations were, and you thought you better get someone to confirm what he told you. Is that correct?

Mr. YOUNG. That is absolutely correct, sir.

The CHAIRMAN. Now, that being the case, and you had that feeling that you could not rely completely on Mr. Reynolds, as you said, about this so-called arrangement he had to purchase television time, you just wanted a little confirmation from somebody you felt you could trust.

Mr. YOUNG. That is correct.

The CHAIRMAN. Well, now, with that feeling that you had, that you didn't quite completely trust him, and so on, it would be entirely possible—and I am not saying that he did—it would be entirely possible Mr. Reynolds could have gotten somebody else to call you and say it was Mr. Jenkins.

Mr. YOUNG. I do not deny this could be possible.

The CHAIRMAN. He could have even done it himself, because he knew the details. He could have done it.

Mr. YOUNG. Yes.

The CHAIRMAN. Because you didn't know him, you did not know his voice, and you never saw him. I am not saying he did, but it is possible.

Mr. YOUNG. That is correct.

The CHAIRMAN. It is entirely possible. Now, would you not have to admit that Mr. Reynolds was generous in telling you what Mr. Johnson could do and would do?

Mr. YOUNG. Well, I took it with sort of a grain of salt, and perhaps hoped it might happen.

The CHAIRMAN. I think we would all have to admit that Mr. Reynolds was at least reckless and generous in using Mr. Johnson's name about what he could do and would do, when he had not talked to him about it. In addition to that, I don't think Mr. Reynolds had any reason or authority to say that maybe Mrs. Johnson would have you as a guest in her home.

Mr. YOUNG. I felt this. That is why I did not take advantage of it.

The CHAIRMAN. I think you were very well justified in not feeling you had an invitation from Mrs. Johnson—because as pointed out in this testimony before, in Mr. Reynolds' previous testimony, he testified that he never met Senator Johnson but one time, and that is when

he delivered—this is in the testimony—when he delivered the insurance policy to Mr. Johnson, he had never met him, never talked to him, that Bobby Baker went inside and got him off the Senate floor, and brought him out in the corridor, where he delivered the policy to him.

So he had not been dealing with Senator Johnson to the extent that he could promise he was going to whip up television audiences for you or anybody else. And there is no indication that he had any right to do those things.

Now, the truth of the matter as I see it is that Mr. Reynolds evidently sold you on a fact, and you were not completely sold that he had made arrangements to get $3,000 worth of television time, if he would set up somebody else to make a profit on it—if it would turn out to be profitable, he would get half of the profit.

Mr. YOUNG. That is correct.

The CHAIRMAN. And it also turned out in all the conferences that you made every bit of the arrangements to buy this television time.

Mr. YOUNG. That is correct.

The CHAIRMAN. That Reynolds did not even know the rates down there.

Mr. YOUNG. No, sir.

The CHAIRMAN. He didn't know anything about the time. He couldn't have had any arrangements about anything if he didn't know what the rates were. You had to do that on your own and so forth. Now, Reynolds' only function, as I see it, was that he put up $1,000, which he turned over to you and agreed to put up some more.

Mr. YOUNG. That is right.

The CHAIRMAN. If it turned out to be profitable, and if it didn't, you were both hooked a little bit.

Mr. YOUNG. That is right, sir.

The CHAIRMAN. It looks like to me that Mr. Reynolds has gone completely beyond anything he had any right to insinuate or promise or anything else, to impress you that he had all this influence and pull.

Mr. YOUNG. Well, the only one statement you made that I can say is that I would know it was Mr. Reynolds who called up and said he was Mr. Jenkins, because I know his voice.

The CHAIRMAN. It could have been anybody else.

Mr. YOUNG. Yes. But it could not have been him, because I know his voice.

The CHAIRMAN. Well, people can disguise their voices sometimes.

Senator CURTIS. I have one other thing.

Did you deliver both of these checks, the one for $1,000?

Mr. YOUNG. The first check, sir, I delivered in person to the station. The second check I mailed, sir, which is a copy of the letter here.

Senator CURTIS. The one you delivered in person, that was signed by Don Reynolds?

Mr. YOUNG. That is correct.

Senator CURTIS. The individual who received it, did he raise any question as to why Don Reynolds' check was being turned in for this payment?

Mr. YOUNG. That far back, sir, I could not say that they did or did not, to be honest with you, because all I know is that they gave me a receipt, a certified check, and initialed it as Elmo Brown, and the fact

it is certified probably would be a reason he would not question it, because it was a certified check.

Senator CURTIS. No, I don't mean question the check as to its payment. But was there any question raised by the fact that you were using the television time, but were paying for it with a check signed by Reynolds.

Mr. YOUNG. I am quite sure I explained this to the station.

Senator CURTIS. Explained what?

Mr. YOUNG. I explained to them how this whole thing came about. I mean in other words I am quite sure I explained to the station that this was being paid for by Don Reynolds, and that that was why I was using his check, that there was an arrangement made between he and the station, and that would be it.

The CHAIRMAN. And the check was made to your company and the TV station jointly.

Mr. YOUNG. That is correct, jointly.

The CHAIRMAN. So there was no question about where it came from.

Mr. YOUNG. No, sir; that is right——

The CHAIRMAN. A joint payable check—which you had to also endorse.

Mr. YOUNG. That is correct. My endorsement is on it, sir.

The CHAIRMAN. Senator Cooper, do you have any further questions?

Senator COOPER. When Mr. Reynolds—when you asked for confirmation of the arrangement, Mr. Reynolds told you it would be confirmed, were you asked to call Mr. Jenkins?

Mr. YOUNG. No. I told him to have him call me, because I didn't know Mr. Jenkins at all, and I wanted him to call me.

Senator COOPER. How long after that did the call come through, if you can remember?

Mr. YOUNG. I could not say, but I know it was in the very near future.

The CHAIRMAN. Well, if there are no further questions of the witness, Mr. Young, we appreciate your being here.

Mr. YOUNG. I think I would ask the committee—I have plans to go to the coast. Is this all the committee will need of me now? Is this the end of it?

The CHAIRMAN. It will certainly be all we need at this time.

We will give you ample time if we should ever need you again.

Mr. YOUNG. I have your permission to leave, then?

The CHAIRMAN. Yes.

Senator CURTIS. I have no knowledge of anything further. But you are going to the coast on a business trip—you are not moving there?

Mr. YOUNG. No, I am just going out there. I interrupted the trip to come back.

(Whereupon, at 12:35 p.m., the committee recessed, to reconvene at 2 p.m. of the same day.)

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