

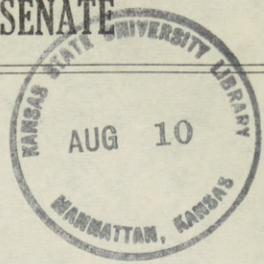
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**FINANCIAL OR BUSINESS INTERESTS OF OFFICERS  
OR EMPLOYEES OF THE SENATE**

GOVERNMENT  
Storage



**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. 291**

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

MARCH 24, 1964

**PART 26**

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[Executive session of March 24, 1964, released to the public July 1, 1964.]

## FINANCIAL OR BUSINESS INTERESTS OF OFFICERS OR EMPLOYEES OF THE SENATE

TUESDAY, MARCH 24, 1964

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

The committee met, pursuant to recess, at 10:45 a.m., in room 301, Old Senate Office Building, Senator B. Everett Jordan (chairman) presiding.

Present: Senators Jordan, Hayden, Cannon, Pell, Clark, Byrd, Curtis, Cooper, and Scott.

Also present: Gordon F. Harrison, staff director; Hugh Q. Alexander, chief counsel; L. P. McLendon, general counsel; Burkett Van Kirk, associate counsel; James H. Duffy, associate counsel; William B. Whitley, staff assistant to Senator Jordan; William Ellis Meehan, investigator; Samuel Scott, investigator; and Edward T. Hugler, accountant.

The CHAIRMAN. We have a quorum present and the committee will come to order.

Senator PELL. Mr. Chairman, may I ask one question before we get on to the calling of witnesses.

The CHAIRMAN. Yes; certainly.

Senator PELL. I noticed with some distress in the morning paper where Senator Scott mentioned that today we would pour out the same bottle of whitewash as yesterday and he would be compelled for the minority to file a separate report. In view of that fact, I was wondering if Senator Scott intended to work with us when it comes to writing the final recommendations, which is the important part of this job, or do you feel you do not want to work toward that end when that period comes?

Senator SCOTT. My references were to the investigatory phase of the matter.

Senator PELL. You didn't mention that in your press interview.

Senator SCOTT. You are asking me to clarify it?

Senator PELL. Right.

Senator SCOTT. They were as to the investigatory phase of the matter. I had said on other occasions a code of ethics is only as good as the people who subscribe to it. I guess we could agree to that. And I don't foreclose any possibility in the future, but I have this thought in mind that the full committee will undoubtedly want to discuss what remedies it wishes to propose, and this is obviously the next order of business after the completion of the investigatory phase. It may be that during that discussion I would want to raise a question of the difficulty that surrounds the recommendation of a

code of ethics by the committee unless and until the committee has taken certain steps to clean its own house, and on that I want to talk in executive session where Senators only will be present, and we can discuss that.

But certainly I agree that remedial proposals ought to be made by the committee, and I will be interested in those discussions, and I would want to be helpful in them unless I concluded that the committee wasn't carrying out that responsibility and wasn't making the recommendations which would be helpful, in which case I would reserve the right to express a minority view. But I have not meant to say, and I do not say now, that I wouldn't be anxious for the committee to propose such remedies as would seem to be indicated in view of the ramifications that the Baker case has taken. Does that satisfy you?

Senator PELL. In other words, you will participate in the meetings that are concerned with the code of ethics and guidelines.

Senator SCOTT. I would expect to participate. I might disagree as to some of the proposals.

Senator PELL. Thank you.

The CHAIRMAN. I would like to say, just at the beginning, I will have to be gone part of the day. I am with Senator Stennis day to day; it is our day. I skipped last Friday, and each of the Senators has two speeches that he can legally make, and Senator Stennis has about run out of two speeches, so they have to have me today part of the time. I have left my proxy with Senator Cannon. I will go over and see what time we have to prepare it, and I will be back as quickly as I can. So you can proceed along without me. Senator Cannon, will you please take the chair? I would appreciate it.

Senator CURTIS. I want to say we are prepared to move as fast as possible. It is evident that there is a conflict of views on the scope and theory and procedure of what constitutes a full and complete investigation, and we do not expect to restate everything that has been stated heretofore but we will present some names. But I am sure we can save some time.

The CHAIRMAN. Fine. Thank you very much. I will be back as quickly as I can get back, but I don't know when it will be.

(At this point, the chairman left the hearing room.)

Senator CANNON (presiding). You may proceed, Counsel.

Mr. McLENDON. Mr. Chairman, I would like to have instructions. I am not clear about it. Is it all right to hear the Haft evidence tomorrow afternoon in public session or in executive session?

Senator CANNON. I would suggest that the committee be briefed on what you have in relation to the Haft, what is it—

Mr. McLENDON. H-a-u-f-t.

Senator CANNON. On the Haft evidence, and then we make that decision. Are you prepared to make a presentation to us now?

Mr. McLENDON. Yes.

Senator CANNON. Why don't you proceed on that.

Mr. McLENDON. I won't try to give you all the details but just a brief on the point.

Mr. Haft prepared Mr. Baker's personal income tax for 1961. I was able to get, through Baker's counsel, access to Mr. Haft's worksheets which he did not keep in his possession but left in Baker's

possession. Yesterday at noon he, with one of our investigators, inspected the worksheets, work papers—he identified them as his working papers—including a copy of the income tax returns which Hauff had prepared. He was then able to compare the return that he actually prepared with the one which is on file with the Internal Revenue Service, and he found that they were identical with the exception of a figure that amounts to something less than \$7 that grows out of a computation concerning this storm damage.

The Carousel return, which he inspected at the Bureau last week, carries his signature. You will recall he testified when he was before the committee before that he did not prepare the Carousel return. That would be a partnership return, the three partners being Baker, Mrs. Novak, and her brother-in-law. He did make the calculation of the storm-damage allowance, and as I understand it he will testify at the time he finally prepared the return for Baker—individually, not Carousel, but Baker—there was some uncertainty as to what that final figure would be. The record shows after the Baker return was prepared that he, Baker, applied for extension of time to file his return, which was granted, and in the meantime he did obtain from the Small Business Administration the exact figures of the storm allowance which was approximately \$54,000 and would entitle him to claim half of that.

Then evidently, and this is not provable by any witness that is available to us, but evidently he rewrote the return that Mr. Hauff had prepared, typed it, and filed it with the Bureau in Baltimore, and he signed it himself apparently, and his wife signed it, and then he signed Hauff's name as a person who had prepared the return or helped prepare the return on the line that called for that information. The return was filed in that way. It is substantially the same as the one that Mr. Hauff prepared in the first instance.

Tucker, you will remember, testified—Ernest Tucker testified—that he prepared the partnership return for Carousel, and I have been in contact with him and he has been able to find his copy of the Carousel return of 1961. I haven't seen it yet and our investigator hasn't seen it, but I talked to Tucker this morning and it is available to him and he will get it; it is evidently in his possession.

He doesn't know who signed that return. He says he will testify that he prepared it, turned over one copy to Baker, one to Mrs. Novak, and one to her brother-in-law, each being partners. What happened to that thereafter he doesn't know. But the one on file in the Bureau shows that it was signed by Baker, and that, too, carries Hauff's name, but the name is not identical in that the middle initial is not the same in that instance as it was on the one filed for Baker, personally, and there is a difference in the address.

I am told by those who have inspected the returns, both the one actually filed by Baker and the one filed for Carousel, that the signatures of Baker appear to be his regular handwriting. There doesn't seem to be any effort to camouflage it.

The information return, apparently—I use the word advisedly—is also in the handwriting of Baker.

Senator CURTIS. Baker signed Hauff's name?

Mr. McLENDON. That is the indication; that is the appearance of it. So that, in substance, is what the evidence will show.

Senator CANNON. Does that, the line where that says who prepared the return—

Mr. McLENDON. Yes, sir.

Senator CANNON. Is that an informational item or is it—

Mr. McLENDON. It is a requirement of the Bureau that the person who prepared that should sign it.

Senator CANNON. Have you ascertained whether or not there is any, there has been any attempted alteration of the returns?

Mr. McLENDON. No, sir. The evidence would indicate that there has been no substitution of returns nor changing of returns. This return which they have was evidently filed by Baker and is the same return, so far as we can tell, that was filed originally.

Senator CURTIS. The comparison of the return, worksheets, and so on, was done at Edward Bennett Williams' office?

Mr. McLENDON. That is right.

Senator CURTIS. Was it a comparison with documents that Baker refused to submit to this committee?

Mr. McLENDON. No, sir.

Senator CURTIS. Then we don't have it in evidence?

Mr. McLENDON. No, sir; I don't think so. These are working papers that Hauff made; all these papers that he had access to were papers that Hauff made. He will testify that he left these working papers with Baker, and Baker's attorney makes them available for Hauff's inspection. He still has them; we haven't got them.

Senator CURTIS. And they are part of the same papers, the same papers that Baker refused to produce?

Mr. McLENDON. No, sir.

Senator CURTIS. How do you know?

Mr. McLENDON. They weren't called for in the subpena; I mean they weren't designated.

Senator SCOTT. Well, wasn't Baker subpoenaed to produce all records of his business transactions including his income tax returns?

Mr. McLENDON. I don't think so. We had better get the file out on it.

Senator PELL. Can we decide this later and make a decision now?

Mr. McLENDON. But even if it was, that would not make any difference so far as this witness is concerned.

Senator SCOTT. What I am thinking is, What about the possible effect on possible contempt proceedings if Baker, having taken the fifth amendment, is now able to help to clarify another situation pertaining to Baker by having his counsel, Mr. Williams, present to this committee papers taken from his files, whether prepared by him or not, which were a part of the records in his possession?

Mr. McLENDON. Well, if that were the case, even if these papers were subpoenaed and he refused to produce them and then later he does make them available, it would weaken his case rather than strengthen his defense.

Senator CURTIS. It makes them available for all purposes.

Senator SCOTT. Would it not also open the door and make—and raise the possibility of contempt proceedings by pointing out that he has offered certain records and refused to offer others and, therefore, you can lay the groundwork for contempt by demanding the rest of the papers in his possession? Can you, in other words, have a partial

release of records by a witness who has taken the fifth amendment without altering the status of the witness with relation to contempt proceedings?

Senator PELL. Before counsel answers that question, may I ask a question of fact? Who do the papers belong to? Do they belong to Mr. Baker or Mr. Hauff?

Mr. McLENDON. Well, that is a good question. The working papers themselves ordinarily would belong to the auditor.

Senator PELL. So they wouldn't be liable for return here.

Mr. McLENDON. The copy of the tax return would belong to the taxpayer.

Senator SCOTT. But the auditor had surrendered the papers to Baker; then they become a part of Baker's records; wouldn't they?

Mr. McLENDON. Then I suppose technically that would be true.

Senator CURTIS. They are papers in Baker's possession relating to his business transactions.

Senator SCOTT. Yes.

Mr. McLENDON. I don't think that problem has to be decided today.

Senator CANNON. I would agree with counsel. I think the problem to be decided now is: Do we want to call Mr. Hauff and, if so, when do we call him? What is the pleasure of the committee?

Senator SCOTT. On that I want to be heard. I want a little more information about Mr. Hauff. Is it not a fact that he is an employee of the U.S. Government?

Mr. McLENDON. Yes, sir. He was when he testified.

Senator SCOTT. When he testified. What department?

Mr. McLENDON. Beg pardon?

Senator SCOTT. At what department was he employed?

Mr. McLENDON. Department of Labor, I am told. I thought it was the Post Office. He worked for the Post Office at one time. But I think he was with the Department of Labor when he testified.

Senator SCOTT. Then he also had an independent business as an accountant, did he not?

Mr. McLENDON. No, sir; he testified he did this gratuitously; he never was paid. I think he said on one occasion Baker gave him \$100, but it was gratuitous.

Senator SCOTT. Then he was paid. He received \$100, whether you call it a gratuity or not.

Mr. McLENDON. He said he was given \$100.

Senator SCOTT. And has Mr. Hauff explained why he designated the alleged signatures on both these returns as forgeries?

Mr. McLENDON. Senator Scott, I have not asked him the question, but I am told in the appearance he made before the television yesterday morning he did. But I was not interested in him, what he said or not. I am interested in the facts.

Senator CURTIS. That is a fact. If a man says, "This is not my signature, and I did not authorize it," that is forgery.

Mr. McLENDON. No, sir.

Senator CURTIS. Oh, yes.

Senator SCOTT. You mean a material transaction.

Senator CURTIS. As a fact it might be disputed.

Senator CANNON. That statement alone does not constitute a forgery, Senator. You, as a lawyer, well know that.

Senator SCOTT. In a material transaction with a purpose to deceive.

Senator CANNON. That is something else again, but that is not what Senator Curtis said. The statement that he made does not constitute a forgery, that statement alone. Certainly you can qualify it to the extent that it could be a forgery. I think the question now is to decide whether you want to call Hauff. Do you want to call him?

Mr. McLENDON. Well, all the evidence, all the witnesses, our own man, Mr. Hugler down there, and perhaps Tucker—

Senator CLARK. Mr. Chairman, I move we call Hauff in public hearing tomorrow afternoon.

Senator PELL. I second that motion.

Senator CANNON. Is there objection.

Senator CURTIS. May I ask is it your contention this is not forgery?

Mr. McLENDON. Senator Curtis, my position as counsel is to present all the facts, and once a fact—

Senator CURTIS. You said it was not; I said it was.

Mr. McLENDON. No, sir. Wait a minute. Your statement was somebody signing your signature without permission and consent you said was forgery. I said it does not constitute forgery. My position as counsel is that it is my duty to present the facts to this committee, and then the committee draws the conclusions of whether it is a forgery or not, and I want to present them all. I do not want to present them piecemeal.

Senator CANNON. If I may, to verify Senator Curtis' statement, the definition of forgery in criminal law requires the intent to defraud. So the signing, the mere signing, of somebody else's name without authorization does not constitute forgery in the definition of forgery in criminal law, and—

Senator CURTIS. How do you show intent?

Senator CANNON. Secondly, in this instance, it has been pointed out many times that this is not a prosecuting committee.

Senator CURTIS. I understand.

Senator CANNON. So whether there is or is not forgery is not so important to us as to ascertain what the facts are, if they are material to the inquiry. Now we have a motion made and seconded that we call Mr. Hauff in public hearings tomorrow. I presume that would be at 2 o'clock. Is there objection?

(At this point in the proceedings, Senator Byrd entered the committee room.)

Senator SCOTT. I would like to say something.

Senator CANNON. Very well, Senator Scott.

Senator SCOTT. I do not think it is enough to accept this statement alone of Mr. Hauff or of Mr. Baker by way of his counsel. There seems to be a conclusion here that there was no substituted return. I think the committee is not going far enough if they merely call Mr. Hauff, who for some reason now sees fit to give a different—put his testimony, put his previous statement in a different light. I would think the committee would like to pursue further whether or not there might have been a substitution. Mr. Hauff presumably will testify that these were his working papers.

(At this point in the proceedings, Senator Cooper left the committee room.)

Senator SCOTT. I think I would like to know whether or not any persons had any access to the Baker returns in the Internal Revenue

Service, who those people were, whether they will appear and testify that on a certain date the tax return of Mr. Baker was received. That this is the only tax return that ever was received. Tell us why there could not be a substitution, if he can.

Senator CLARK. You will have a chance to go into all of that when we call him.

Senator SCOTT. Not when we call him. These are things I am suggesting for the Internal Revenue Service.

Senator CURTIS. You have no objection to taking his testimony.

Senator SCOTT. I just said, no, I have no objection, but before voting on it I want to have certain things clarified. Where are the documents covering this?

Mr. McLENDON. Let me remind the Senator, was there a substitution, my answer was apparently not. Now the Bureau is making a very extensive investigation into that, so they tell us. I think you wrote them a letter about it; did you not?

Senator CURTIS. I wrote them a letter—no; I called them up.

Mr. McLENDON. You called them up.

Senator CURTIS. And I asked them to come down and advise me of the procedure through which the various steps were taken in the filing of a tax return and where it was lodged and so on, and what their findings were. They had an arrangement for him to come to my office; I told him I was calling him as a member of the Finance Committee as well as a member of the Rules Committee. He did not come down but sent a general letter to me and to the committee. When Mr. Hauft is called, I would like to have available whatever members of the staff or other persons who had knowledge of it so that they can testify as to all the conversations that led up to sending Hauft to Bennett Williams' office.

Mr. McLENDON. No; I did that.

Senator CURTIS. How did you know that Baker would make these available?

Mr. McLENDON. I did not know. All I knew was that Hauft had told our investigator that his work papers were left with Baker. That is all I knew. I then called Williams and told him I had that information and asked him if there was any reason why those working papers could not be deposited at some place where our investigator and Mr. Hauft could jointly inspect them. He did not answer my question immediately. He called—he said he called—Baker's tax counsel in New York. I forget his name—Kostelanetz. Later he called me back, and he said, "We have no objection to Hauft and one of your investigators inspecting the work papers." I did not ask him to deliver them to us; just asked his permission to see them. Yesterday, Mr. Hauft and Mr. Hugler went down and looked at them, and that is the story.

Senator CURTIS. They talked only to Williams?

Mr. McLENDON. Did you talk to anybody else?

Mr. HUGLER. Mr. Williams had in his office a member of his staff.

Senator CURTIS. Who produced the information about Tucker's participation?

Mr. HUGLER. This was not disclosed by Mr. Williams yesterday. I think it would be of interest to the committee to know the fashion in which we obtained these working papers of Hauft's. Mr. Williams was very careful when we went in to lay down some ground rules. He

asked me to go and sit down in one corner of the room and explained he was going to give to Mr. Haft a set of documents; he was going to ask Mr. Haft after he looked at them to say whether they were his working papers, in his longhand. He said if Mr. Haft agreed that they were his work papers indeed and were in his handwriting, that he, Williams, would turn them over to Mr. Haft, and that Mr. Haft could then do with them as he saw fit. He explained also that if Mr. Haft could not identify them as his own, he, Williams, would take them back, and we would walk out emptyhanded.

Mr. Haft did examine these working papers, declared them to be his own. Mr. Williams then handed them to him, not to me. He pointedly did not hand them to me. He told Haft that Haft could then, since they were his working papers—Haft's working papers—could do with them as he saw fit, to give them to anyone he saw fit.

Senator CURTIS. You have them?

Mr. McLENDON. Mr. Haft then returned them to me and agreed to let me make a copy of his working papers, which I now have with me.

Senator SCOTT. At this point the subpoenas to various banks read in this form:

and to bring with you and produce for the period January 1, 1959, to date all the records including but not limited to all records of bank accounts, opened or closed, bank statements, financial statements, memorandums, deposit slips, canceled checks, check stubs, safe deposit records, correspondence, income tax, and other records and all other office records including carbon, microfilm, and other copies, relating to the affairs and accounts of Dorothy C. and Robert G. Baker and the Serv-U Corp.

Now, curiously enough, the subpoena to Baker—I do not have the covering one; that is what I would like to see——

Mr. McLENDON. I have it here.

Senator SCOTT. May I see the original subpoena because the original subpoena simply, and this I never knew before, although I have many times made the request that the income tax records of Baker be subpoenaed by the committee, and the transcript will show that I many times asked that; now it does instead of that——

Mr. McLENDON. Senator Scott, let me interrupt you. The committee has no power to subpoena the income tax returns from the Bureau. All we can do——

Senator SCOTT. Not from the Bureau; from Baker. I am referring to the income tax returns from Baker. Let me finish.

Mr. McLENDON. Excuse me.

Senator SCOTT. Notwithstanding the numerous requests on the 14th of February, a subpoena was issued to Baker, and the typed-in part simply says, "and produce for the period January 1, 1960, through October 7, 1963, the documents described in schedule 1 attached hereto and made a part hereof." And although other organizations are requested to produce all of their income tax records which would pertain to Baker and Mrs. Baker, the schedule here is limited and restricted to certain business transactions, 12 in number, as to which correspondence and documents are requested, and there is no request in the subpoena to Baker that I can see to produce his income tax record and documents pertaining thereto, although that is very carefully done in regard to a number of other subpoenas, and at this point I would like to have an explanation as to why my requests for subpoena

of Baker's income tax returns and other records was not complied with.

Mr. McLENDON. The explanation is very simple. One of the first things we did was to make an application for an Executive order, for permission to have access to all of the tax returns, tax information concerning Baker on file with the Bureau. After some little time that permission was granted, and from that time until now our investigators have had access to records and have conferred over and over and over again with representatives of the Bureau with respect to Baker's income tax returns.

Senator SCOTT. But, Major, by virtue of not asking Baker for any records he has regarding his income tax returns, it would be impossible to institute any contempt proceedings for the failure to produce these returns which now become quite relevant in relation to what has been definitely opened by Mr. Hauff. And I must say I am surprised that the schedule of things which Baker was to produce was so specifically limited in 12 items that there is no evidence of any attempt to secure from Baker any income tax returns still in his possession, any working papers or any other documents that would pertain to income tax returns.

Senator CLARK. Mr. Chairman—

Senator CANNON. Senator Clark.

Senator CLARK. It occurs to me we are really getting into the nit-picking area. The motion before the committee is whether to call Hauff tomorrow afternoon or not and not the question of whether Baker's income tax should or should not have been subpoenaed, a different question, and I and every member knows that if he had been subpoenaed he would take the fifth with respect to them as well as with anything else. Whether we can bring contempt proceedings against him is under consideration by counsel, and I do not think this has any relevant bearing on the motion. My request is that we come back to the motion to see whether we want to call Hauff or not and then go to the other question.

Senator SCOTT. I have no objection to calling Hauff.

Senator CANNON. I must say I agree with you, Senator Clark, and it is obvious that our investigative staff have had full access to the complete income tax returns, with the Bureau, for the purpose of making this investigation.

Is there objection to the motion, duly seconded, to call Mr. Hauff tomorrow? The time was not stated. I shall say tomorrow afternoon at 2 o'clock in open hearing.

Mr. McLENDON. The motion said "including related witnesses."

Senator CLARK. I will accept the amendment if counsel will tell us who the related witnesses are before we call them.

Mr. McLENDON. Our investigator, Mr. Hugler, sitting at the end of the table, and this man Tucker, and perhaps somebody from the Bureau.

Senator CANNON. Is there objection? Without objection the motion is agreed to, and this will be set for public hearing at 2 o'clock tomorrow afternoon. Now, Counsel, do you have anything further to present at this point?

Mr. McLENDON. No, sir; except Mr. Hugler has photostatic copies of most of these records, and if members of the committee would like to have copies now, we can give you copies now.

Senator CANNON. Any copies desired will be made available. We are ready now to proceed with the list of witnesses. Senator Scott was in the process of presenting them, and you may proceed.

Senator SCOTT. I believe Senator Curtis has a statement to make in connection with that before I make a statement.

Mr. McLENDON. Mr. Hugler, will you give each of the Senators a copy of the photostats?

Senator CURTIS. I will be very brief, but I assume that the comments relating to the same transactions made previously need not be repeated. The reason for calling Sampson is to complete the investigation regarding the insurance transaction. We were unable to get testimony from Baker, unable to get Jenkins here for questioning. Sampson was the insurance agent. It is a question of him supplying the details; of determining the weight to attach to Reynolds' testimony. Furthermore, I have one other area that I want to talk to him about, and that is telephone calls received by the—the telephone call or calls received by him, by Sampson, after the investigation started.

Senator CANNON. Counsel, do you have a report of an interview with Mr. Sampson?

Mr. McLENDON. We had two interviews with him.

Senator CANNON. Will you summarize them?

Mr. McLENDON. The first was December 12, 1963, and it is in detail with respect to the sale of insurance to the then Senator Johnson. Mr. Sampson acted in the capacity of an expert in cases involving unusual risks. He says he knows nothing about any agreement between Baker and Reynolds for sharing profits arising out of this or similar transactions. He had no conversations with Baker about it at any time. In fact, the only contact he had with Jenkins was in connection with some inquiries to be made of Jenkins with respect to some details about the insurance.

He narrates at length the amount of premiums that were payable by Johnson, and he says that in 1963 at the time the term policy was approaching its renewal, Mr. Reynolds asked him to speak to Mr. Jenkins regarding conversion of the policy, Reynolds explaining he was going to be out of town, and he would not be able to see Mr. Jenkins himself, and he did meet with Mr. Jenkins and discussed the proposal for converting the policy, and subsequently the policy was converted.

Senator COOPER. What year was that?

Mr. McLENDON. 1963. In 1959 he had a letter from the home office of the Manhattan Co. referring to a letter dated April 3, 1959, in which Baines inquired, "Would you please tell me how to proceed in regard to having the premiums reduced on two policies which Mr. Johnson now owns?" and attached to that was a letter from Mr. Johnson addressed to the Manhattan office, saying, "This letter would authorize Mr. Baines to represent me in having the rates reduced on these two policies. I am anxious to have my rates reduced in line with what the Southland Lincoln National Life have recently done with me"; that has reference to a competitor and getting the rates reduced because of experience with respect to his health. That is about all that is covered in that original interview. He described Reynolds as a real operator, and he says he believes only about half of what Reynolds tells him. He says that Reynolds called him the night before, which was on the 12th.

Senator CANNON. The 12th of what?

Mr. McLENDON. The 12th of December. Mr. Reynolds called him the night before, which would be December 11, and mentioned to him a hi-fi set he had given to Johnson as a gift, and Mr. Reynolds also mentioned he had bought some TV time in Texas. Mr. Sampson said that was the first time he had heard of either of these transactions. That is the gist of that one.

Senator COOPER. Can I see that? Where does Sampson live?

Mr. McLENDON. He lives in Washington. He is considered an expert. He is a general agent and considered sort of expert in the area of unusual cases. The last investigation was on March 16 of this year. He lists the premiums paid and the commissions on each of the policies, 1961, 1962, and 1963. He says he recalls that in February 1962, Reynolds told him that he, Reynolds, talked to Bobby Baker about Johnson's interest in conversion of the \$100,000 policy. He understood Manhattan Life Insurance Co. would face stiff competition by a company represented by Huff Baines. The company's proposal was drawn up in final written form by Sampson and discussed with Walter Jenkins in room 5121 of the New Senate Office Building on the same date. This proposal listed the proposal and breakdown and so forth. He thinks Reynolds was in there at that time. He says that Reynolds in 1963, in February, returned from a vacation, at a point Mr. Sampson did not recall, and Reynolds inquired about the amount of commissions due him as a result of the conversion of the \$100,000 policy, and he says that Reynolds told him that they—the word "they" is in quotation marks—had called him collect from Washington on vacation to determine how much kickback would be paid by Reynolds on the commission he was to receive on a premium paid by Johnson to cover the cost of conversion. By the term "they" Sampson assumed, but did not know, that Reynolds was referring to Bobby Baker, Walter Jenkins, and L. B. Johnson. Sampson did not know whether Reynolds ever paid anything on this commission in the form of a kickback. In other words, he says that Reynolds did not tell him anything was paid, and he has no knowledge.

Senator PELL. Point of information. If he had paid it back, isn't that a criminal offense?

Mr. McLENDON. No, sir; not necessarily.

Senator PELL. Kickback in the insurance business.

Mr. McLENDON. It depends on whether it is paid back as a rebate or paid back in some other transaction.

Senator PELL. But if it is legal it would be a rebate; if it is illegal it would be a kickback.

Mr. McLENDON. Well, let us put it this way: The rule of the Commission in the District and everywhere else that I know anything about is that if an insurance agent sells you a policy, and the premium is \$5,000, and he agrees on the side it won't cost you five but will only cost you four, that will be illegal and his license could be forfeited, and most any reputable insurance company would discharge him as agent, but that does not mean that an agreement for one man to buy insurance and another man to buy something else that it would be a kickback, nor would it be illegal.

Senator PELL. If you did it with a stockbroker, the stockbroker could buy stock.

Senator COOPER. Let me ask this: All these conversations relate to conversion of the policy?

Mr. McLENDON. Not all of them; no, sir. Some of them are related to the original issuance of the policy.

Senator COOPER. Where is that?

Mr. McLENDON. But most of the—a large part of the report here deals with the conversion.

Senator CANNON. Conversion from one type to another; is that it?

Mr. McLENDON. That is right.

Senator CANNON. From term to what?

Mr. McLENDON. From term to life.

Senator CANNON. Which bears the higher premium; the term or the life?

Senator PELL. The life.

Mr. McLENDON. The life would bear the higher premium.

Senator CANNON. Would bear a higher premium?

Senator CURTIS. Does he receive—he received a commission that he paid to Reynolds or the company paid to Reynolds.

Mr. McLENDON. No, sir.

Senator CURTIS. That is something over \$4,000.

Mr. McLENDON. It is more than that, Senator, if you take it altogether, this conversion.

Senator CURTIS. It said \$4,000.

Mr. McLENDON. That is with respect to the original policy. On the 1963 policy, \$100,000, he shows that the commission was \$1,930.50, and the annual percentage, commission on the annual renewal, is shown as nothing because I assume it was converted before it was a year old. You see, he was getting 5-percent commission on each renewal premium in addition to the original premium.

Senator CURTIS. It says commission to Reynolds, and that totals \$4,267.20.

Mr. McLENDON. Yes.

Senator CURTIS. As I figure it.

Mr. McLENDON. That is right; plus the—

Senator CANNON. Is that on the first policy?

Mr. McLENDON. That is all three of them.

Senator CURTIS. That is Reynolds. It doesn't disclose—

Mr. McLENDON. No, sir; it does not.

Senator CANNON. Anything additional on Sampson in your report to the committee?

Mr. McLENDON. The only other thing—I don't believe it is in this report, because this occurred by telephone—I called him, it must have been subsequent to the date of the last report, and he told me over the telephone that in 1963, after this conversion took place that Senator—Vice President Johnson was in the market for an additional \$100,000 of insurance and it was wild competition among a number of companies that were selling, and Reynolds got excited about it and tried to sell it and he lost the sale and the policy was not given to him and he was quite upset about that.

He also said that he had lunch with Reynolds recently, and said to Reynolds, "I always thought it was a bad idea to bite the hand that feeds you. Why, if you made so much money out of these people, are you going around abusing them and talking about them?" And

Reynolds' answer was, "Well, I was caught in the middle. The Republicans wanted me to talk and the Democrats didn't want me to talk." Sampson's comment was, well, that is a strange answer, or words to that effect. I have given you a brief outline and I will be glad to state my reasons for not calling him in the beginning.

Senator COOPER. Can I ask a question here? A transaction in selling a life insurance policy to the Vice President or to be converted—the transaction of selling a policy to President Johnson or reconverting it—is a private transaction between a company and the President. How did Sampson get into this so far as his testimony; how did he get into this so far as being related to Baker?

Mr. McLENDON. Senator, I don't think it has any relation to Baker. Mr. Sampson—

Senator COOPER. Or any employee?

Mr. McLENDON. Mr. Sampson didn't even know him. He said he had no knowledge of any agreement between Baker and Reynolds. He did know Jenkins because he was in contact with Jenkins because of some of the details, certainly, I assume, to sign applications and that kind of thing for the conversion of this insurance. He had no dealings with Baker, or very limited dealings with Jenkins, and I didn't think that his testimony added a thing because the committee was interested in the transaction primarily with Baker and with Jenkins as employees of the Senate. It wouldn't have made any difference what insurance company sold the insurance or what person was representing the insurance company; unless he had some knowledge of the transaction involving Baker and Jenkins it wouldn't be of any importance to the committee.

Senator CANNON. Is it your advice that the testimony, based on two interviews in writing and one telephonic interview with Mr. Sampson, is irrelevant to the inquiry?

Mr. McLENDON. I think so, Senator. I don't think it has a thing that would help the committee arrive at any conclusion. The important fact is that it was established beyond peradventure that the policies were bought. I think the Chair will rule that the testimony of Mr. Sampson is irrelevant to this inquiry.

Senator CURTIS. Hold up a moment. With the permission of the acting chairman, we will withdraw our request that Sampson be called, at least for the present, unless something new develops in the testimony of some other witness, on the ground that counsel has stated it shows no relation to Baker.

Senator CLARK. What did you say?

Senator CURTIS. I said we withdraw.

Senator CLARK. On the ground of what?

Senator CURTIS. On the ground that counsel has said he had no contact or connection with Baker.

Senator CANNON. The Chair has already ruled that the testimony is irrelevant. Of course, if there is no appeal from the ruling of the Chair, that would stand and Mr. Sampson would not be called. Senator Curtis, do you want to proceed with the next one?

Senator CURTIS. As a matter—we want the record to show, also, that we withdrew it.

Senator CANNON. The record will so show that the ranking minority member—

Senator CURTIS. On behalf of all the others.

Senator CANNON. Senator Curtis, on behalf of the minority, has requested that Mr. Sampson's name be withdrawn and that this request was made after the Chair had ruled that his testimony is irrelevant and the record will so show, that there was no appeal from the ruling of the Chair.

Senator CURTIS. I don't want—Mr. Chairman, I don't want to quibble; we were in a huddle when you made the ruling having in mind to withdraw so we didn't withdraw because of the ruling; we would have withdrawn it either way.

Senator COOPER. I would like to say I don't think the transaction involved events in which nobody is an employee of the Senate; it is a private transaction which it discusses.

Senator CURTIS. Our next one is the recall of Reynolds on the basis of the affidavit delivered to the committee by Senator Williams, and my next one would be the accompanying affidavit of the woman who handled the telephone answering service. I believe her name is Clements. The reason I mention both of them is because they are related, in somewhat connected affidavits, and you can dispose of them one at a time or both if you wish.

Senator CANNON. Very well; Counsel, will you give us your views? (At this point, Senator Clark left the hearing room.)

Mr. McLENDON. I think I should at this time read a letter from Mr. Reynolds addressed to the chairman. The letter is dated March 16, 1964, addressed to Hon. Senator Everett Jordan, Senate Office Building, Washington, D.C.

DEAR SIR: This letter is written with the express desire that you as Senate Rules Committee chairman clarify beyond any reasonable doubt the truthfulness of the statements I made under oath in the matter pertaining to the purchase of TV time arranged by Walter Jenkins and the question of rebate requested by Mr. Jenkins and Bobby Baker as furnished in my supplemental affidavit.

That is the affidavit Senator Curtis just referred to.

I should like to point out that there is no double standard under our system of democracy as expressed in the Constitution where one man who is an ordinary citizen takes an oath and answers all questions, and another man because of his politically appointed position merely submits an affidavit attached to the statements of two investigators. I know that my statements are completely true and I respectfully request that you either call Mr. Jenkins before your committee and question him under oath or that you issue a categorical statement to me which shall be published that all of my sworn testimony regarding the negotiations with Walter Jenkins for the purchase of TV time on station KTVB is true and correct and that the supplemental affidavit concerning further attempts to obtain rebate on insurance conversion is true and correct.

Senator Jordan, suppose Mr. Alger Hiss had gone free because the testimony of Mr. Chambers had been disregarded. I am not trying to imply that there is anything as sinister as a Communist plot involved in this affair but the same principle is involved in this affair and the same principle is involved in the treatment of conflicting testimony between witnesses. I feel that as an American citizen, ex-serviceman, and civil servant my character is at stake in that my rights have been abridged.

It appears that you have permitted a conspiracy to discredit my testimony for having known these people and in certain facts embarrassing to them. I appeal to you not in your position as a politician but as an American, with a high sense of responsibility, to remove the clouds of doubt that will persist because of the conflict in testimony.

This communication is directed to you out of no political motivation nor for any other purpose than to urge that justice and right rule over power politics. Please give me an answer at your earliest possible convenience.

Sincerely,

DON B. REYNOLDS.

Senator Jordan hasn't answered this letter because I understood him—I think you understood him yesterday—to say that he wanted the committee to have knowledge of it, and any advice or suggestions from the committee with respect to, one, as to whether he should answer, and if he should answer it, what he would say.

At the moment the only thing I call attention to is that there is no request in Mr. Reynolds' letter that he be recalled and be permitted to testify. I don't think, Mr. Chairman and gentlemen of the committee, that any good purpose will be served by my recounting Reynolds' testimony. I will make some observations about him.

No. 1: He was interviewed at great length originally after Senator John Williams had presented to this committee the first evidence concerning Reynolds. You will remember that Senator John Williams, when he came before the committee, presented some of the documents that he had obtained from Reynolds, and as I recall his statement it was to the effect that after he got the documents from Reynolds that he hurriedly had them copied for fear Reynolds might come back and ask that they be returned. That is not significant in and of itself, except it does indicate that he, Senator Williams, had some concern about whether Reynolds would stand hitched, so to speak.

Now, he was interviewed at great length, gentlemen. I wasn't present at the original interview. The interviewer is here and available to everybody. After he was interviewed at great length he was called back the second time and I interviewed him. I didn't go over all of the information that he had previously given, but I did try to make it a point to have him list every single business transaction that he had ever had with Baker, and he listed as I recall it, either 10 or 11. They are in the file.

You will remember when I examined him under oath I went through that list, all through every single one of them, and the last one was this insurance sale to Senator Johnson; not because it was listed last by him when he made up the list, I think it was probably No. 5, but I listed it last in examining him because I attached some importance to it, if for no other reason, because of the Senator's conspicuous position in public life.

He never suggested to me at any time, and didn't suggest it at the time that there was anything else he knew about Baker or his business transactions. You will recall he was examined at length about Baker's purchase of an interest or his intent to purchase an interest in Reynolds' business. You will remember the very peculiar testimony he gave about that. Baker never paid a cent for it, and yet as late as 1962 the record shows that this question came up and there was in the public press, and in quotation marks, Baker's statement that he was an officer in the company and had a small investment in it, about a thousand dollars.

You will recall that he testified without any equivocation at all that he and Baker had an agreement—he called it a tacit understanding, to use his exact words—and the affidavit which he filed with the Internal Revenue Service was to the effect that whenever Baker referred any business to him which resulted in any compensation that he would share that compensation with Baker. You will remember that he went through a long list of transactions in which he paid Baker money; dates, exact dates, were disclosed; the amounts were disclosed, and in most instances, not in every one of them, but in most

instances the payments were related to a specific transaction as witness the same with the performance bond to McCloskey Co., in the construction of the stadium. In that instance Reynolds made no effort to conceal his contention that Bobby Baker got \$4,000 out of that very transaction, and there was no effort by him to conceal, except in a very limited way, that McLeod got \$1,500.

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

Mr. McLENDON. With respect to McLeod, it is a peculiar thing that is worth consideration, I think, when you appraise the testimony of a man like this, to recall that he said that McLeod had done him a lot of favors over the years such as buying tickets for him, things like that—meaning tickets to baseball and football games—and that when he was ready to pay McLeod that McLeod rendered bills to him for \$2,000, two bills for a thousand dollars each.

He didn't say a word about his having suggested those bills. He didn't make an explanation at all of why he should have handled it that way. On the contrary, he said that McLeod had never rendered any legal services to him, and yet he pays a bill for legal services of a thousand dollars. He said when it came to a second thousand dollar bill he and McLeod reached a compromise on \$500; that he would pay off five, which was half the bill.

McLeod comes before the committee under oath and says that Reynolds asked him to prepare these bills because his auditor, Reynolds' auditor, said that was the best way for Reynolds to handle it, and McLeod said he hadn't rendered any legal services to Reynolds. He prepared these two bills because Reynolds asked him to do it, and you will also recall that Reynolds told him to—he wanted to pay him some money because he, Reynolds, had made a lot of money during that time and he had been good to him and done him a lot of favors, so forth and so on.

Senator CANNON. Major, we discussed at some length the testimony, the discrepancies between Reynolds' testimony and Mr. Jenkins and so on yesterday, and I am wondering now in light of the additional affidavit that was presented and in light of Mr. Reynolds' additional letter, in your opinion, is there any justification for calling him, as to any relevant testimony, any additional testimony that would be exhibited.

Mr. McLENDON. There are two reasons, Mr. Chairman, why I suggest to the committee he not be called. No. 1, anything that he testified would be purely repetitious and contradictory to what he has already sworn, that he didn't have any other business transaction, and No. 2, I don't see how on earth you could examine this man without putting him on trial. I don't see how you could avoid it. It would be an unseemly performance.

Senator CANNON. The Chair will rule.

Mr. McLENDON. Put him on trial.

Senator SCOTT. Wait a minute. I think it is obvious that some of us want to be heard, Mr. Chairman.

Senator CANNON. You will certainly have an opportunity to be recognized.

Senator SCOTT. Give us an opportunity to be recognized. You go ahead.

Senator CURTIS. The request is not based on the letter he wrote to the chairman. We shouldn't call any witness for the benefit of the wit-

ness nor because he thinks that the procedure has been unfair. That is a matter for the committee to determine and, even though we haven't agreed on it, the committee will determine it.

It is based entirely upon his affidavit; that is, that his affidavit which he cites concerning telephone calls, attempted and consummated, from Jenkins to Reynolds and from Baker to Reynolds, which relate to the insurance transaction. And the further fact that the affidavit of Irene Clements' interview says that she does recall—it says “thereafter she reconstructed from recollection three phone calls she stated in her affidavit she received from Walter Jenkins for Reynolds.” She says she had no record of calls, and her recollection was refreshed from the following. She went ahead and stated that. It is additional testimony that does relate to a Senate employee. That is all I have to say.

Senator CANNON. You mean a telephone call to a Senate employee. The affidavit just simply supports that telephone calls were attempted; does it not? In other words, the affidavit doesn't verify any transaction, any conversation, or anything except the fact that a telephone call existed.

Senator CURTIS. Yes; her testimony would support Reynolds' contention about the telephone calls, and that is the reason that I mentioned that she was next on my list in case you wanted to dispose of them together. It doesn't make any difference.

Senator CANNON. I think they should be considered separately, but when Senator Scott is finished we will act on it.

Senator COOPER. Go ahead. I have nothing to say at this point.

Senator SCOTT. Well, I think, supplementing counsel's testimony, it should be observed that on page 13 of Mr. Reynolds' testimony I asked him this question :

On that general subject of the payment for services rendered, would it be fair to say that the greater part of the services rendered pertains, as you have said, to his getting the bill through the House, the stadium bill?

Mr. REYNOLDS. Yes, sir. In other words, as far as I was personally concerned—

so that that, I think, ought to be noted.

Now, in the affidavit of Mr. Reynolds which he offers as—in connection with a letter, the affidavit of March 9, 1964, in that letter he points out that he is at least entitled to the same consideration as a citizen given to Mr. Jenkins, and then offers this information which is a part of the affidavit, and now I am quoting :

In March or April 1963, Mr. Baker asked me to call Walter Jenkins who, when contacted, asked if the insurance conversion was completed. That in April or early May 1963, in the office of John McMillan, I received a call from my answering service advising me that Walter Jenkins was urgently calling me. That I called Mr. Jenkins and was asked if I had received my commission, and I stated I had. He then stated that whatever I work out with Mr. Baker should be given to Mr. Baker in cash and Mr. Baker would bring it in.

Now, this affidavit is in the first person, unlike the Jenkins affidavit which merely undertakes to confirm an interview. It is supported by telephone answering service records which he offers, the originals of which he offers to produce, showing calls from Reynolds to Bobby Baker, and that “during the month,” referring to the Irene Clements affidavit, she says that during the month—

of January 1963, I received, among other calls, a call for Mr. Reynolds from a person who identified himself as Walter Jenkins and he left a number, Capital 4-3121, extension 5141, for Mr. Reynolds to call. But thereafter, during the

month of April 1963, I received another call for Mr. Reynolds from a person who identified himself as Walter Jenkins in which the caller stated that it was urgent that he reach Mr. Reynolds. That thereafter, about 2 weeks later, another call was received from a person who identified himself as Walter Jenkins, again stating that it was important that Mr. Reynolds be located and stating further that he, Mr. Jenkins, would wait in his office until the call was returned. I located Mr. Reynolds in the office of Congressman John McMillan and delivered the message. The time was about 6 p.m.

Now, Mr. Reynolds offers to contradict directly, to traverse directly, the affidavit of Mr. Jenkins. He asks that his affidavit be received, and he has indicated, certainly outside of this room, that he would like to be called as a witness. He called my attention to this, to his desire to be called as a witness in reference to the letter he wrote Senator Williams, which I did not see. As I walked out of the door he was standing there beside the members of the press. I believe that if he were asked whether he would like to testify directly, I think there is no question that he would.

But, taking these things step by step, I would like to first suggest that in fairness to Mr. Reynolds in view of the fact that the committee has accepted an affidavit from Mr. Jenkins that the affidavit of Mr. Reynolds and the supporting affidavit of Irene Clements be received as a part of the information made available to the committee at this time, and received at this time, have it included in the record.

Senator CANNON. The Chair will rule on that after this one matter is disposed of. I am going to rule on that by a vote.

Senator SCOTT. Then we can have a ruling on the other afterward?

Senator CANNON. Pardon?

Senator SCOTT. We can have a ruling on this one afterward?

Senator CANNON. Yes.

Senator SCOTT. I would say if the committee does not want to recall Mr. Reynolds, it can hardly be because Mr. Reynolds does not have additional testimony to offer, because he specifically states what that testimony is. It can hardly be because it doesn't contradict Walter Jenkins, because it does. It can hardly be because it furnishes further proof that Mr. Jenkins should be called as a witness, because it does. It can hardly be that it isn't relevant, because it is. Therefore, it can only be for reasons upon which I can only speculate, but I again say that there is such a thing in American justice as fairness, fair dealing, and I think the question without regard to Mr. Reynolds' personality—and he is no one I ever heard of before this investigation—I think the committee ought to give serious consideration to recalling him so that the record may be complete and so that the committee may judge as to which witnesses are telling the truth in the instances involved.

I think this is common fairness. I think it is also common fairness to receive the affidavit because otherwise the committee is in a position of saying, "We will not call Mr. Jenkins but we will take his affidavit. We will not call Mr. Reynolds but we won't even take his affidavit," and I don't know how you can call this a thorough investigation. I know I can't, if you act merely because you have the power of the majority votes.

I think this is an extremely important thing. There are all kinds of attacks have been made on Mr. Reynolds, which may or may not be true. I hold no brief for Mr. Reynolds one way or the other, but witnesses are not judged or should not be judged by outside attacks upon them, but whether or not they have something to contribute to the

investigation. I think it is clear Mr. Reynolds does have something to contribute.

Senator CURTIS. I would just add that this is based, our request is based, on the affidavit delivered to this committee by Senator Williams and believed by him to be relevant to the investigation, and I don't believe it is contradictory to previous testimony and for that reason I believe he ought to be called.

Senator SCOTT. May I say this, too. I don't believe it would be proper for any of us later to say that the committee has cooperated completely with Senator Williams and has called all the witnesses he wants called if in this case you refuse to call witnesses whose testimony he has made available to the committee, and I would certainly note a dissent to any statement in the committee report that full cooperation has been accorded to Senator Williams of Delaware.

Senator PELL. May I ask the counsel a legal question?

Mr. McLENDON. Yes, sir.

Senator PELL. Would anything be established by proving the fact that Mr. Reynolds was not telling the truth when he said he had no additional dealings with Mr. Baker or that now he says he did have additional dealings; is that a factor there?

Mr. McLENDON. It cuts two ways; it goes to the question of his credibility and it also goes to the truthfulness of this document, the affidavit. Let me call your attention to the fact that the statement in this affidavit, that Baker called him with respect to his share—Baker's share—of the commissions derived out of the conversion of this policy, is entirely consistent with what Reynolds has testified; that he is under contract to pay Baker.

The only thing in this affidavit that Reynolds does is he goes way out of his way to say that Vice President Lyndon Johnson desired to know about the rebate. He never testified at any time that Vice President Lyndon Johnson knew anything about these things, and this is the first time that he has ever said that Jenkins had any knowledge of any rebate. The only thing he said about Jenkins under oath before is that Jenkins knew about the advertising, but in this one he is undertaking to tie Jenkins in it.

Senator CANNON. That comes after he had been twice interviewed by the staff.

Mr. McLENDON. Yes, sir.

Senator CANNON. And had appeared twice under oath in executive session.

Mr. McLENDON. That is right.

Senator CANNON. Before the committee.

Senator PELL. One further question in connection with Reynolds: Was any effort ever made to see whether he took his deductions, the gift of the stereo set, or any of these other fees?

Mr. McLENDON. Senator, you will recall that one of the Senators examined him at length on that—I forget which one of you did that—and it was because of a peculiar situation resulting from his having given Baker notes. Do you remember that?

Senator PELL. Yes.

Mr. McLENDON. And all of us had difficulty in understanding how he owed money and paid it and then accepted a note from a man he paid it to.

Senator BYRD. And the notes continued to be renewed from time to time.

Mr. McLENDON. I believe Senator Byrd was the one who examined him about that.

Senator BYRD. Yes.

Mr. McLENDON. I believe he testified there had been no interest paid on the notes except as they might have accumulated a new note.

Senator PELL. That makes a business deduction instead of a gift.

Mr. McLENDON. Yes; I think he finally stated he didn't expect to collect the notes.

Senator PELL. Did he list the stereo set; was that returned as a note?

Mr. McLENDON. I don't believe I can answer that; I don't know.

Senator SCOTT. Mr. Chairman.

Senator CANNON. Senator Scott.

Senator SCOTT. There was conversation yesterday regarding Mr. Reynolds' statements on the stereo and I believe discussion revealed the fact in the testimony Reynolds said something about "I talked to Jenkins about the insurance, to Baker about the stereo." But Reynolds has made another offer—I don't know whether it is in the investigation, but he made a public offer—to establish the fact by his testimony that this other stereo was repaired several times—I think the committee has had some discussion of it, that it was sent back as requiring various repairs on various occasions—that all the bills for these repairs were paid not by Mr. Baker but by Mr. Reynolds. So, Mr. Reynolds paid for all of the expense of putting the stereo in condition, and that further would substantiate Reynolds' statement as to why he bought the stereo and as to why he made the presentation of these two gifts.

Mr. McLENDON. But when you sum it up, Senator, you come to the same conclusion; that whatever he paid for the stereo, whatever stereo, whatever he paid for installing them, whatever he paid for repairing them, whatever he paid for express was pursuant to his agreement with Baker to divide the commissions.

Senator SCOTT. Well, it is a little more than that. It is also an obligation which was recognized on his part to keep in good shape something which was delivered and wasn't working and he said he paid for it, and that goes to substantiate the rest of his testimony that it was he who gave the stereo and not Bobby Baker.

Mr. McLENDON. Well, I don't see any use in continuing the argument.

Senator CANNON. Does anyone else wish to be heard on the matter?

Mr. McLENDON. One other thing, Mr. Chairman. When our investigators interviewed Miss Clements she said she had no record of these supposed calls and she had to rely on her recollection. She tried to reconstruct them by reference to events.

Senator CANNON. If you want to just hold that, we are going to consider these one at a time.

Mr. McLENDON. I am sorry.

Senator CANNON. We are going to act on Reynolds first. The Chair feels that where this man has been interviewed extensively on two occasions by the staff, has appeared twice in executive session, and has now submitted a letter which doesn't even request to be heard—and I agree with Senator Curtis that we don't sit here for

the purpose of accommodating witnesses who want to be heard that cannot add anything, on the basis of counsel's statement that the affidavit presented does not add or that the man's testimony would be merely cumulative and not relevant to matters already before the committee, the Chair will so rule.

Senator SCOTT. Would the Chair accept this statement as being made prior to the ruling because he didn't want to interrupt the Chair, that I do request here and now that Mr. Reynolds be recalled, and under rule 10, under rule 19, any member of the committee may make such a request. The chairman is empowered only to overrule it on the ground of relevancy, and may I ask if the Chair's decision is based, in view of my statement, on the ground that the testimony of Mr. Reynolds is irrelevant to these proceedings?

Senator CANNON. The chairman's statement speaks for itself. It covered the entire matter thoroughly. The request was already on file prior to your request, Senator Scott, by Senator Curtis, that Mr. Reynolds be recalled as a witness. Is there an appeal from the ruling of the Chair?

Senator CLARK. Mr. Chairman, I would like the record to note that in the voting I did yesterday, and in the voting I am doing today, I do not consider myself bound by rule 19 at all. I think there are other broader principles of constitutional law which have been stated by our counsel, which supersede rule 19, and my voting is not to be construed as being merely based on rule 19.

Senator CANNON. The Chair would agree with that statement, that certainly the calling of this witness, in addition to the reasons already given, could do nothing but constitute a legislative trial of the witness and that we do not have the authority to conduct, as I understand the law.

Senator PELL. Or the desire.

Senator COOPER. May I make a statement?

Senator CANNON. Yes, sir.

Senator COOPER. I concur in the calling of Reynolds for these reasons: One, the transaction which he alleges happened is in 1963.

Senator SCOTT. May I say, in order that we don't lose the right, there would be an appeal from the ruling of the Chair?

Senator COOPER. In 1963 Reynolds claimed he talked with Baker, and that Baker wanted a kickback out of the premiums which accrued to Reynolds on the sale of the insurance policy. That is a new transaction which was not testified to, has not been testified to before. It may be cumulative in showing Baker's operation, but it is a new transaction and has not been offered and I don't see how the committee could refuse, in my own judgment, could take the position not to take evidence on that. Again, I do want to say and this may seem contradictory but I want to put my whole views on the record.

Whatever Jenkins did, or any other person in 1963, I don't think is within the scope of this investigation, because we are dealing with acts of Senate employees or the acts of former Senate employees at the time they were Senate employees. Even if this alleged proposition of Jenkins is true, I would have to say that in my judgment I believe it is outside the scope of the investigation. But I don't think that what Baker did in 1963 is outside the scope of the investigation. I think I would have to say, also, in fairness, that Reynolds did have

the opportunity to testify to this alleged call and the other things he volunteers in the call, and I think that it is an unsupported charge against the President of the United States; I would say that.

Senator SCOTT. I would like to join in that comment.

Senator COOPER. But I would say that whatever he said to Baker or what Baker said to him is relevant, I think. I don't think the other part is relevant.

Senator CANNON. If I may, I would just simply like to say in answer to Senator Cooper that Major McLendon pointed out yesterday that Reynolds was specifically asked as to whether he had testified to all business transactions that he had with Baker or in which Baker had been instrumental in promoting, and he answered that he did not "recollect any other."

Senator CURTIS. Doesn't this fall in the category of additional facts relating to the same transaction, Senator?

Senator CANNON. It might be argued, that, but if you take that position, then a hearing could never be concluded because you always have the problem of someone coming back and saying, "Well, there was something else that occurred even though they say that they testified to everything." Senator BYRD?

Senator BYRD. Mr. Chairman, I just want to repeat my statement which I made yesterday. Mr. Reynolds was before this committee twice in executive session. He was interviewed at considerable length upon at least two occasions by the investigators and general counsel to this committee. He was given ample opportunity to reveal to the investigators and to the general counsel and to the members of this committee all of the information in his possession concerning the transactions he had had with Mr. Baker and any other Senate employee or former Senate employee.

For some reason he chose not to divulge that information and he was asked a specific question by our general counsel as to whether or not he had revealed and testified to all business transactions he had had with Mr. Baker, and he indicated that he had no recollection of any additional transactions, and for some unknown and curious and mysterious reason he has sought to inject into this matter information which he did not care to divulge to the committee when he was before it, and in so doing he has also chosen to make snide remarks about the committee and about the majority members of the committee to the effect that they did not want him to testify or to the effect that they did not want this additional information.

He was given ample opportunity to present it, and he chose to attack the majority members of the committee and he chose to attack the integrity of the committee, and by so doing attack the integrity of counsel, the investigators, and employees of the committee and the Senate. I think the committee has been eminently fair to Mr. Reynolds in having him twice before this committee and interviewing him at great length by supplementary investigative processes, and I cannot see the wisdom of calling him back before the committee. We would have no justification for believing whatever information he might seek to divulge at this time when he had clearly indicated before that he had no recollection of any transactions other than those to which he had already testified, and so I shall vote to sustain the ruling of the Chair.

Senator SCOTT. May I ask the Chair whether or not the Chair is ruling under rule 19 or not?

Senator CANNON. The Chair has already made his statement of the basis for the ruling and think it is adequately answered in the record. The chief clerk will call the roll.

Mr. HARRISON. Mr. Hayden?

Senator HAYDEN. Aye.

Mr. HARRISON. Mr. Pell?

Senator CANNON. I have his proxy. I vote him aye.

Mr. HARRISON. Mr. Clark? Mr. Byrd of West Virginia.

Senator BYRD. I have Mr. Clark's proxy and I vote him aye.

Mr. HARRISON. Mr. Byrd of West Virginia?

Senator BYRD. Aye.

Mr. HARRISON. Mr. Curtis?

Senator CURTIS. No.

Mr. HARRISON. Mr. Cooper?

Senator COOPER. No.

Mr. HARRISON. Mr. Scott?

Senator SCOTT. No.

Mr. HARRISON. Mr. Cannon?

Senator CANNON. Aye.

Mr. HARRISON. Mr. Chairman?

Senator CANNON. The chairman's vote is aye.

Mr. HARRISON. Six ayes and three noes.

Senator CANNON. There was a request that the affidavit of Mr. Reynolds be accepted as a matter of evidence, and I would like again to ask counsel: Does he feel that this affidavit should be accepted as adding anything to it?

Mr. McLENDON. No, sir; I think it is all right to put in the file of the committee—it should be—but I don't think it ought to be accepted as evidence.

Senator SCOTT. Before the Chair rules, may I be heard?

Senator CANNON. Yes.

Senator SCOTT. Would counsel give us the reason for his distinction as between filing the affidavit away in the records of the committee and, inasmuch as it has been discussed at considerable length, permitting it to go into the record of these proceedings?

Mr. McLENDON. Senator, I think an honest answer to that question would be that there isn't much difference from the practical standpoint; technically there is a difference. Of course, if you make it a part of the record of hearing, it is evidence, whereas if it is a part of the record of the files of the committee it is there for information and not as formal evidence.

Senator SCOTT. May I ask counsel how he distinguishes between his view that this affidavit should not be received in evidence and in support of the receipt of the Jenkins affidavit in evidence?

Mr. McLENDON. I made that explanation in great detail yesterday. I don't think it is necessary to repeat it.

Senator SCOTT. Would counsel just repeat it briefly, then?

Mr. McLENDON. Briefly, I remind you again that the affidavit of Mr. Jenkins was submitted to the committee at his request while Reynolds was on the witness stand. It was received by the committee in evidence without objection from anyone. The witness Reynolds was

examined about it under oath, and he said it was right and he had no objections to it except in one respect and that was dealing with the purchase of television time.

That affidavit, therefore, was accepted by the whole committee as evidence and it went into the record for whatever it is worth. In this case the affidavit is simply presented through some other person to the committee for action by the committee, and in the committee this morning it was voted that Reynolds should not be recalled and, therefore, the affidavit would not become a part of the record of evidence.

Senator SCOTT. The committee had not voted, Counsel, that the affidavit was not to become a part of the record.

Mr. McLENDON. I see; the committee having voted not to recall Reynolds, then the affidavit was not a part of the evidence and it should be in the file, of course. And also that was the point I tried to make about the Hauff affidavit the other day.

Senator CANNON. Is there an appeal from the ruling of the Chair?

Senator SCOTT. Yes, sir.

Senator COOPER. Can I make my statement?

Senator CANNON. Excuse me.

Senator COOPER. I make the same statement I made with reference to calling Jenkins. As to this purported evidence that he would give, it is my judgment that any evidence he would give regarding any alleged activities or conversations with Mr. Jenkins regarding this transaction, alleged transaction, would not be relevant because it does not deal with any Senate employee. I voted to call Jenkins because he furnished a statement or affidavit which deals with the alleged conversation with Baker at the time he was an employee. I didn't think we could ignore that.

If Jenkins had been called and he had tried to—not Jenkins, but Reynolds—had testified about conversations with Jenkins or anything dealing with the reconversion of this insurance policy, I think I would have had to vote it would not be relevant. But if there is an opportunity to strike from this affidavit the portion—that which dealt with such alleged calls—I would have to do so because I do not think they are relevant.

I repeat again that I think he has volunteered statements and allegations about the President which are not relevant according to the scope of this investigation and which are not supported except by his own statement. But for the same reason that I voted to call Reynolds, because he speaks of a new transaction or alleged transaction with Baker, at the time he was an employee of the Senate, I would vote to let his statement be made a part of the record.

Senator SCOTT. I would amend my motion to strike out from the affidavit any reference to the President, because I agree that it is irrelevant and unsupported, and that it would work an injustice to include it, but I believe that the remainder of the affidavit offers new evidence and should be received.

Senator CLARK. Mr. Chairman, could I be heard before the Chair rules on this?

Senator CANNON. Yes.

Senator CLARK. I have got pretty close, I guess, to a parliamentary inquiry I would like to ask our counsel. It occurs to me that whether something is in the record or not in the record may be quite immaterial

to the purpose of our inquiry and the report we are going to make. Whether we should or should not call a witness in person does become an administrative problem because of the press and the radio and the TV, the swearing of the witnesses and the conflict and all that sort of stuff.

But I wonder, Major, whether when we come to write our report, aren't we going to rely, it seems to me, almost unconsciously, subconsciously, we are going to rely on a lot of matters we—I shouldn't use the word "rely"—we are going to be influenced by a lot of matters that are not in this printed record at all. This is not like a court trying a jury case or even an equity court rendering a decree with supporting opinion on the evidence.

I certainly am going to find it almost impossible not to be influenced by these interviews which have been had, some of which have been read into the printed record and some of which haven't, in determining what I want to recommend to the committee with respect to rules, regulations, and so forth, and I am going to take judicial notice of a lot of things that I know Senators have been doing, which aren't in this record at all. So, I come to this question, Major: How important is it, in your opinion, whether this affidavit is or is not in the record? Is this a matter of any real significance in determining the kind of a statement, kind of a report, you are going to write or the kind of recommendations you are going to make to us for carrying out the duty imposed on us by the Senate resolution?

Mr. McLENDON. Senator Clark, my feeling about that is this: If this affidavit is made a part of the record proper, it would have to be published as part of the public record and spread out to the public, to the world. If it is received in executive session or by the staff as information upon which the staff makes recommendations to the committee and upon which the committee finally decides not to call the person who made the affidavit, then it is not a part of the record and need not be published. I think it makes a lot of difference. It would be misleading to the public for that affidavit to be in the public record unless you are going to publish everything that takes place in this executive session, which you may or may not do.

Senator CLARK. Now, yesterday, in determining whether or not to call particular witnesses, quite voluminous excerpts from interviews carried on by investigators and counsel were read into the record. What is the status of interviews taken and reduced to writing but not read into the record? Are we at liberty to consider them in dealing with this report?

Mr. McLENDON. I think you would have to answer that "Yes," you have a right to consider them but you would have to consider them in a different status from sworn testimony. All these interviews are taken without any person being sworn.

Senator CLARK. I understand.

Mr. McLENDON. They are just ex parte statements of a person being interviewed, and while I suppose informalities in these kinds of investigations would permit the committee to examine anything in the file, I would think that individual members of the committee would be rather reluctant to base factual conclusions upon unsworn testimony, whether it be interviews, newspaper articles or editorials, or whatnot, as distinguished from the sworn testimony.

Senator CLARK. But not necessarily his recommendations as to what the committee should take back to the Senate.

Mr. McLENDON. I think that is a good distinction. I think when it comes to recommendations you are not even bound by the record; you can make them upon any information the committee has.

Senator CLARK. In view of what counsel has said, Mr. Chairman, I am prepared to vote.

Senator BYRD. Mr. Chairman.

Senator CANNON. Senator Byrd.

Senator BYRD. I am prepared to object to deleting any portion of this affidavit if it is included in the record. We had quite a discussion some time ago about deletions in this committee and I think that we applied the rule there and we ought to apply it here. I don't think we have any right to delete any portion of this affidavit. If the committee votes to include it in the record, I am not prepared to support the inclusion of this affidavit in the record. I think—

Mr. McLENDON. I think you made a good point.

Senator BYRD. I don't think we ought to accord to this affidavit the dignity of probative evidence. If we are going to do that we might as well have Mr. Reynolds come back here. As far as I am concerned I am not prepared to prove it, but I think—I think this affidavit could very well be challenged as being spurious. He was given an opportunity to testify. He didn't choose to recall these things, and I, for one, will support the chairman if he rules that that affidavit should not be included.

Senator CANNON. I must say, Senator Byrd, I would have to agree. I think it would be highly improper for us to accept a part of an affidavit and not accept the rest of it. It is unfortunate that the affidavit does contain a lot of unsupported charges which, I think, are certainly regrettable, and my ruling is going to be—

Senator SCOTT. Before the ruling, maybe this would be helpful. Yesterday we did agree that certain things could be deleted from the transcript by agreement of the full committee and I had hoped we could accomplish this purpose by my suggestion to eliminate the references which are generally agreed are not relevant. But rather than press this point further, I think that I will not ask for an appeal from the ruling of the Chair because I would not want my position to involve any implication that I would join in any attack on the President or in bringing into the record information which is unsupported and not relevant to the inquiry or in fact to the rest of the affidavit. And while I would very much like to see the rest of the affidavit included, I think, under the circumstances I would not ask for an appeal from the ruling of the Chair.

Senator COOPER. Very well.

Senator SCOTT. The Chair has not ruled.

Senator CANNON. The Chair had already ruled, so you say you are not taking any appeal from the ruling of the Chair.

Mr. McLENDON. The ruling was it was not a part of the record.

Senator CANNON. The ruling was it was not accepted.

Senator CURTIS. On Clements, my intention is the testimony would be very relevant if we had the testimony of Reynolds, and while I do not accept as being correct that Reynolds is not going to be called, I do not press Miss Clements' request.

Senator CANNON. You are not going to press it?

Senator CURTIS. Yes.

Senator SCOTT. Why not let the Chair rule?

Senator CURTIS. I really think her affidavit supports Reynolds, and the refusal to hear Reynolds itself—

Senator SCOTT. Renders it useless.

Senator CURTIS. It renders it useless.

Senator COOPER. I don't think it is relevant anyway because it deals with calls which occurred in 1963, and I would vote against submitting it.

Senator CURTIS. Senator Cooper, that is assumed; that we could not interrogate her about the calls for Baker.

Senator CANNON. The committee will stand in recess until 2 p.m.

Mr. McLENDON. The request for Clements is withdrawn?

Senator CURTIS. Could you make that a little later? The minority have a meeting every Tuesday.

Senator CANNON. 2:30?

Senator CURTIS. Yes.

Senator CANNON. Recess until 2:30.

(Whereupon, at 12:30 p.m., the committee recessed, to reconvene at 2:30 p.m., the same day.)

#### AFTERNOON SESSION

(Present at this point: Senators Cannon (presiding), Pell, Clark, Curtis, and Scott.)

Senator CANNON. The committee will come to order. We will proceed. Senator Curtis, let's see, were you proposing a name now, or was Senator Scott?

Senator CURTIS. No.

Senator CANNON. Senator Scott, we are ready for you to proceed with such additional names as you have. Senator Cooper sent word he would be a little late.

Senator SCOTT. Does this letter have any relevance?

Mr. McLENDON. I have not read it too carefully. It is just requesting information.

Senator CURTIS. What letter is that?

Mr. McLENDON. That is the letter from the counsel of MGIC.

Mr. VAN KIRK. Excuse me; I put it on your desk, Senator Scott, and will explain it to you later.

Senator SCOTT. I see. May I say, Mr. Chairman, that I would propose that the witnesses I will mention be called en bloc in two categories, but if any Senator wishes discussion of any one witness to be separate, I have no objection. But I propose that many of these witnesses have—are able to testify to various linkages or areas which would furnish new evidence or supporting evidence, and I will go into the two groups separately. I have on this list, as I stated yesterday, various duplications, a number of witnesses who have already been heard, and I will not, of course, ask that they be called. And as to some of the others, in the interest of expediting the hearing, I concluded that it may not be necessary to call them. Before I do that, may I ask that we go off the record for a moment, the purpose of which will be obvious as soon as I state it.

Senator CANNON. Any objection? Without objection, we will go off the record.

(Discussion off the record.)

Senator CANNON. Back on the record. You may proceed, Senator Scott.

Senator SCOTT. I propose that the committee call—avail itself of the following evidence. The records of the Banco Credito y Ahorro Ponceno, that is “y” and then the next word is A-h-o-r-r-o P-o-n-c-e-n-o, which would be the bank records of the business transactions of Mr. Baker and his partners in Puerto Rico. The second would be Deane Beman—

Senator CANNON. Shouldn't we consider these—you want to consider them as a group?

Senator SCOTT. I am proposing them as a group, and if after the committee has heard them you want it broken down—

Senator CURTIS. Where is that bank?

Senator SCOTT. It is in Puerto Rico, and I think it is in Ponce. I am not sure of the town. It may be in San Juan. The second one I propose is Deane Beman, who is on Melpar's payroll allegedly for \$15,000 a year. He refuses to talk to investigators, and whom I understand does have information regarding the relationship of Bostick and Baker. The third witness is Don Donegan—wait, we have had him. Strike that out. The next one is Warren P. Lasher.

Senator CANNON. What is the last name?

Senator SCOTT. Warren P. Lasher, L-a-s-h-e-r, incorrectly shown on my list as “Etzler,” president of the bank which gave Baker the \$100,000 loan for 15 days under restriction that it could not be withdrawn, the loan being presumably to give Baker the benefit of a line of credit which, in fact, was not a line of credit. The next witness is Paul E. Ferrero, Deputy Commissioner of the Federal Housing Administration, who was called by Baker on behalf of the transaction in which Aguirre, A-g-u-i-r-r-e, was interested. The next witness is Arthur Haas, a representative for Hampco, the meat company involved in the Baker meat transaction. A man whose name I have as Jake Jernigan who took title to the—originally was involved in the—Baker town-house transaction.

Senator CURTIS. How do you spell the last name?

Senator SCOTT. J-e-r-n-i-g-a-n. Clifford Jones, who was engaged with Baker, Levinson, and Kozloff in their meeting with Intercontinental Hotels to arrange gambling concessions, who I believe was in Europe and who may now have returned. Mr. Andres Lopez, who was the contact between the parties in interest on the Hampco Corp. Dr. Oterio Roque, doctor alleged to have performed an abortion or abortions in Puerto Rico on the allegation that he was recommended by Baker. Mike Singer, who was alleged to be an underworld character employed by Serv-U. Dr. James C. Walsh, a director of Serv-U, and I believe the notes or the minutes of Serv-U indicate that he objected to having been designated as an officer and wished his name withdrawn, and who can testify to some of the Serv-U transactions. Juan LaBoy.

Senator CANNON. What was the first name?

Senator SCOTT. Pedro Juan LaBoy, confidential secretary to former President Juan Bosch of the Dominican Republic, identified by Dr.

Bosch as a close friend of Baker, and who had at least one meeting with Baker in the Dominican Republic at the time when other testimony indicates that Baker was there in connection with gambling enterprises, as I recall it.

Mr. Staley Brinkley, who received a loan—allegedly received a loan—from Baker of \$11,111.11 to go into the savings and loan business, and the name which we did not have down here, but I think I ought to include it if there is no objection, the same Mr. Samuel Ferber who was a contact between the Haitian Government and Hampco in the meat transaction.

Mr. McLendon. How do you spell his last name?

Senator Scott. F-e-r-b-e-r; Samuel Ferber.

Senator Cannon. What was he?

Senator Scott. He was a contact between the Hampco Co., which was paying commissions to Baker, and the Haitian Government. And while I am unable to name a witness who could testify to this, I raise the question that we have not pursued whether or not the owner of the Van Ness house received, as I recall, received full payment from Mr. Baker for the house and whether or not the loan there involved was genuine, and I do not ask for you to call him as a witness because I am unable to locate any witness to establish that. But I just thought it would be relevant.

Mr. Ferber is from Brooklyn, N.Y., and is alleged to be an underworld character, and from the information furnished by Lopez, had a financial interest in the Hampco Corp. Lopez stated in the notes we have, the notes of investigation, that in order for any businessman outside of Haiti to do business he must receive the blessings of Ferber, and someone named Furcand in Haiti. Now these are the names of witnesses who could, so I am informed, and so I believe, from the advice of our minority counsel and such information as is in the file, could furnish additional and useful information to the committee.

Senator Clark. About what?

Senator Scott. About the connections of Baker in relation to the various transactions which I have mentioned; I mentioned them as I went along.

Senator Cannon. Well, I think we had better go through those one by one, starting with the Puerto Rico bank records. What is purported to be available to be shown through the Puerto Rican bank records?

Senator Scott. I will ask Mr. Van Kirk. We have here only the information that Pasantic Corp., was down there, and that they had a bank account in this bank, and I have said that there is slight, very slight, evidence on this bank, but I am suggesting that the committee might well be interested in what could be found as to whether or not Baker indeed did have a bank account with his associates in Puerto Rico.

Senator Cannon. Well, the suggestion you have made is that the Pasantic Co. had a bank account there. Would there be something wrong with that or is that the import?

Senator Scott. We are trying to show a linkage there between Baker's operations and the Pasantic Co. because I believe the information is Baker was going to put some money up and did not, and we would like to know a little more about it.

Senator CLARK. Mr. Chairman, I wonder if counsel could refresh our recollection as to what he thinks the record so far establishes with respect to Mr. Baker's activities in Puerto Rico which bear on the inquiry we are engaged in.

Senator CANNON. Counsel?

Mr. McLENDON. Well, the staff has no information about a single business transaction in Puerto Rico in which Baker had any investment or any investing interest.

Senator CANNON. Were investigators sent to Puerto Rico as both representatives of minority and majority?

Mr. McLENDON. Oh, yes. Mr. Scott did that.

Senator CANNON. How long did they spend there?

Mr. McLENDON. Ten days.

Senator CANNON. Did they attempt to run down any leads available to the committee?

Mr. McLENDON. Yes; they attempted to interview a number of people. All they could find were visits Baker made down there.

Senator CLARK. Which were ostensibly in an effort to engage in business transactions which did not eventually transpire.

Mr. McLENDON. I do not think they even proved that. He was there, and he met some certain individuals on certain occasions at several hotels.

Senator CLARK. Mr. Scott was on that trip?

Mr. McLENDON. Yes, sir.

Senator CLARK. You talked to Mr. Scott?

Mr. McLENDON. Well, I have talked to him. I would not leave the impression I talked to him in great detail. I have talked to him, and I have read the reports.

Senator CLARK. May I ask Senator Scott whether the minority investigator, Mr. Sam Scott, has reported to you any belief on his part that further inquiry into Puerto Rican activities of Baker would be productive of business or financial irregularities?

Senator SCOTT. No; I have no report from Mr. Sam Scott, and in view of what our counsel has said, I will withdraw the request for the bank records since it does not appear to be a useful lead.

Senator CANNON. All right. Mr. Deane Beman then. What is the connection, supposed connection, insofar as Mr. Beman is concerned as it relates to the inquiry?

Mr. McLENDON. Well the information—

Senator CANNON. I was asking Senator Scott.

Senator SCOTT. I would like to hear from counsel first.

Senator CANNON. I think it would be proper to hear some basis for calling these people. I do not care whether it is before or after, but if there isn't some reasonable basis as to why they should be called, I am wondering if we should even take the time to go into the matter with counsel.

Senator SCOTT. It is my information that Mr. Beman has been most reluctant to talk to anybody and has refused to talk to the investigators. He is on the Melpar payroll for \$15,000 a year. If he were called and put under oath and were to so testify, would, I believe, in view of the testimony of Mr. Bostick and if he were to testify otherwise that he was on the payroll of a related company doing business with Mr. Bostick's company, that this also would tend to impugn the

testimony of Bostick. Now whether counsel has other information, I do not know.

Senator CURTIS. May I answer that?

Senator SCOTT. Yes.

Senator CURTIS. I have a strong feeling that Baker held some sort of grip over Melpar. That he could put in a vending company and take it out. I do not know whether it was through his social contacts or what it was, but there is quite a little evidence supporting that view, and I think that the individuals who may have been connected with Melpar in many of their operations should be heard from.

Senator CANNON. As I recall the record, of course, it discloses that the head of Melpar, Mr. Bostick, has testified. At least two of their employees, of their major employees, have testified. I do not recall any discrepancy in their testimony. I would like to ask counsel: Is there anything in the record that we have before us either by way of testimony or in investigative reports that would give any information that this man has anything that would be of value to the committee?

Mr. McLENDON. No; the fact is that Mr. Hill, of Capitol, testified that either he or one of his top executive officers talked to this man Beman, and in a conversation Beman made inquiry whether he, Hill, would sell his company and made the comment that "I know," or "we know," "I know how you got the contract with Melpar, and you got it by"—I cannot remember the word he used, but indicated he got it through some unusual method or manner. That is all. As a result of that, our investigator went to see him then, and he would not tell him anything, and he went back a second time recently and still he would not talk to him.

Senator CURTIS. May I inquire what do you mean would not tell him?

Mr. McLENDON. He just would not talk. He said, "I am not going to talk to you." In other words, in effect, "I have nothing to do with this thing, and I just won't talk." He just refused to be interviewed.

Senator CURTIS. I would think that would be grounds for suspicion.

Mr. McLENDON. If I thought he knew anything, it would. But we have no knowledge that he knew anything in the world except he was employed by Melpar. We cannot talk to everybody in Melpar unless we think he knows something.

Senator CURTIS. But here is a man who tells investigators he won't talk; it arouses interest.

Senator CLARK. What does the Senator from Pennsylvania think Mr. Beman might testify to which would be pertinent to the inquiry?

Senator SCOTT. Well, I have already stated that. That it would, if he were to testify that he is in fact on the payroll of Melpar for \$15,000 a year, it would tend to impugn the testimony of Mr. Bostick, and if that is so, then Mr. Bostick's testimony as to his relations with Baker comes under considerable scrutiny, and moreover, if he were to say that he had been on some other payroll of an associated company with which Melpar had dealings, it would be interesting to discover whether or not Mr. Bostick's company was passing on the charges for his services to the taxpayers in the cost-plus defense contracts, and moreover, he is mentioned, I believe, in the testimony as having met with or gone with Baker and Bostick to certain gatherings or on occasions, and I have the impression that if he were to be called, we would find out more about his relationship with Baker.

Senator CLARK. It sounds pretty remote to me, Mr. Chairman.

Senator CANNON. It sounds to me like a fishing expedition, frankly. Senator SCOTT, do you have any evidence as to who this man is working for? You say if you ask him if he is working for Melpar at \$15,000 a year, and he says he is not, then we would ask him if he is working for somebody else. It seems to me this is entirely based on speculation.

Senator CLARK. I cannot see what connection it has with the legitimate purposes of this inquiry.

Senator SCOTT. I believe the testimony would show that he was described as an insurance consultant to Melpar.

Senator CANNON. So, if he were, how would that affect the investigation?

Senator SCOTT. I have already made my statement.

Senator CURTIS. If I may state, I would like to call him for a little different reason. His name was brought up by a witness. According to general counsel, the witness, Hill, had a conversation with Beman in which he, Beman, was alleged to have said that he knew how Hill got the contract with Melpar. He refused to talk to our investigators. There was a valid reason for an investigator going to see him. Since that failed, we should subpoena him.

Senator CANNON. Counsel, may I ask: Do the records reflect how Hill got his contracts with Melpar?

Mr. McLENDON. Oh, yes; in great detail.

Senator CANNON. The record was rather voluminous as to how he got it.

Mr. McLENDON. Oh, yes; a tremendous amount of testimony, tremendous.

Senator CURTIS. May I see the staff report on that?

Mr. McLENDON. It is serial No. 148. There is a subsequent one to this, February 11. I thought you made one recently.

Senator SCOTT. I note that the notes of investigation contain the statement that the investigator strongly suggests that both Beman and Buppert be served and required to testify. It goes on to say:

We always wondered just why the Melpar contract went to Ralph Hill. Perhaps Buppert and Beman can tell the committee what they meant by "the wild stroke of coincidence" where they heard the story. These names came up on one other occasion; the other occasion, however, relates to Thomas Webb, and would not be apparently relevant to Melpar or to Baker. While Beman himself refused to testify, the investigator states about a number of incidents between Teddy P. Collier and Beman concerning a Melpar vending contract to the Capitol Vending Co. There is information that Beman could supply the approximate amount of business that Capitol was doing at Melpar. Beman told Collier, according to Collier, that Capitol could not hold on to Melpar, and he could see where Capitol was going to lose Melpar. Beman said they knew somebody who could keep the Melpar account. They felt that this person they knew could control the Melpar account.

The testimony goes on to indicate that Mr. Beman had a good deal of knowledge of the Melpar account and the Capitol Vending Co.

Mr. McLENDON. What is the date of that interview, sir?

Senator SCOTT. February 11, 1964. The recommendation was made by Mr. E. T. Hugler, a committee investigator, that Beman be called; he says he strongly suggested it.

Mr. McLENDON. That situation was, as nearly as I can see it, in a few words, this: After we completed the hearing on the Melpar thing, and, as you recall, we went into great length in that, great detail, trying

to establish Baker's control over that account, I think I expressed my belief on more than one occasion that I thought Baker did have certain control of it. He channeled it any way he wanted to, and when we finally got the evidence from the—what is the name of the one who finally got the contract, Interstate?—we finally got the evidence of Interstate, and talked to the man Donegan and those other people in here plus the testimony of Hancock, it seemed to me that thing was established about as well as you could ever prove any fact. This fellow here evidently was playing around hoping to get some kind of deal with Hill. He probably knew that the conversation was going on about the sale of his business, so he got into it, and that is the only contact he had with it.

Mr. Bostick testified he had absolutely nothing to do with the vending business in Melpar and that he was a consultant in other directions, and I think some other witnesses testified in substance to the same thing, and I think it would just be a waste of effort to have him down here just on the chance that he might know something connected with the vending machine business in Melpar.

Senator CANNON. Senator Scott also mentioned that he knows something about the amount of business that Capitol does with Melpar. Isn't that established?

Mr. McLENDON. Oh, yes; that is in the record, and there seemed to be no secret about that. The Melpar people themselves finally gave that information to several other people, the volume of business they were doing.

Senator CANNON. The Chair is prepared to rule that based on the recommendation of counsel that the testimony of Beman, based on the files and records and interviews that we have, would not add anything to the hearing, would be irrelevant to it, and cumulative at best, that we would not call him if the Chair's position is sustained.

(At this point in the proceedings, Senator Clark left the committee room.)

Senator CURTIS. I appeal from the ruling.

Senator CANNON. The chief clerk will call the roll.

Mr. HARRISON. Mr. Chairman?

Senator CANNON. I vote the chairman aye.

Mr. HARRISON. Mr. Hayden?

Senator CANNON. I vote Mr. Hayden aye.

Mr. HARRISON. Mr. Pell?

Senator PELL. Aye.

Mr. HARRISON. Mr. Clark?

Senator CANNON. I vote Mr. Clark aye.

Mr. HARRISON. Mr. Byrd of West Virginia?

Senator CANNON. I am informed that I have his proxy. I vote aye.

Mr. HARRISON. Mr. Curtis.

Senator CURTIS. No.

Mr. HARRISON. Mr. Cooper?

Senator CURTIS. No.

Mr. HARRISON. Senator Scott?

Senator SCOTT. No.

Mr. HARRISON. Mr. Acting Chairman?

Senator CANNON. Aye.

Next is Mr. Warren P. Lasher.

Senator SCOTT. On that I have consulted with counsel, and I believe he does have evidence regarding the way in which Baker obtained the \$100,000, 15-day loan, but as we check back, we find that that has been pretty well established, I believe, established by the vice president of the bank concerned, and, therefore, I withdraw this request as being duplicative.

Senator CANNON. Very well. The next one is Paul Ferrero.

Senator SCOTT. We have an interview on Mr. Ferrero which I would like to see. He is the Deputy Commissioner, Federal Housing Administration, who was called by Mr. Baker on behalf of Aguirre to obtain approval of a project in which Mr. Aguirre was interested, and I believe Mr. Ferrero either ruled against it or informed Mr. Baker that there was a ruling against it. I think his testimony would be interesting and valuable as showing whether or not Mr. Baker sought to influence Mr. Ferrero's decision, whether Mr. Baker's approach to him was on behalf of a client or whether it was made as secretary to the majority. We are investigating, among other things here, the improper use of influence, and this is one of the things we ought to go into with Mr. Ferrero even though an attempt to use influence, if it was made, appears in this instance to have been unsuccessful.

Senator CANNON. Counsel?

Mr. McLENDON. This has already been reviewed in connection with Aguirre, I believe. This is the incident, you will remember, where Baker called the FHA office and spoke to someone down there and asked them if they would review a previous ruling made by the Puerto Rican Housing Commission's authority disapproving some housing project down there. They did review it and still denied it, and there was only one communication between Baker and that office, and—

Senator CANNON. Is the record clear that Baker did make the call?

Mr. McLENDON. Yes, sir.

Senator CANNON. There is no dispute on that?

Mr. McLENDON. Not a bit.

Senator CANNON. And the record is clear that it was denied; is that right?

Mr. McLENDON. That is right.

Senator CURTIS. What did Baker say in his call?

Mr. McLENDON. Here is what this man reported. He said Mr. Baker—Robert G. Baker, secretary for the majority of the Senate—directed an inquiry to the Commissioner's office relative to a proposed section 207 project by the Development Corp. of Puerto Rico. Paul Aguirre is apparently connected with this sponsorship and the mortgagee is James T. Barnes Mortgage Co. Apparently the project has been rejected by the Santurce Insurance Office.

It is requested that the process be reviewed for the purpose of determining whether the Santurce decision had been appropriate. Please prepare reply to Mr. Baker's inquiry from the Commission.

This is an interoffice memorandum; then the reply was that it had been reviewed and they would not change the decision.

Senator CURTIS. None of that has been put in evidence.

Mr. McLENDON. I do not think we have got it in evidence. I do not believe we have.

Senator CURTIS. I think we ought to call him. It was not a request for a status report. It was intervention asking that the decision be changed, and Mr. Aguirre probably would be a very willing witness inasmuch as he did not agree with it.

Senator CANNON. Senator Curtis, what would this add to the investigation, as long as the record shows Mr. Baker did make the call, that the loan was not successful? There is no dispute on that.

(At this point in the proceedings, Senator Jordan entered the committee room.)

Senator CURTIS. It is along the line of a great many questions asked by committee members; the witness that was asked: Did Baker ever intervene; did he ever ask any favors? Here we have got a situation where he did ask that an executive agency change the ruling. Whether he admitted it or not does not change Baker's position. I believe this is the very question asked by members of the committee. Regardless of what happened makes this quite relevant.

Senator CANNON. The point I am trying to find out: Isn't the record clear that he did request this review? We have been informed of that; it is in the record now that he requested the review, that it was reviewed and that the application was denied. That is well established, isn't it, Counsel, in the record?

Mr. McLENDON. That is right; Mr. Ferrero stated in the interview that this was his only participation in the matter, that this inquiry was not an unusual type of inquiry made to FHA.

Senator SCOTT. My only question is: Is the committee interested in the use of influence when it is successful or is it interested in the attempt to use influence when it is unsuccessful?

Senator CANNON. I think the committee is interested in the improper use of influence under any circumstances, and I do not—would the Senator represent that no one from his office or any other office here ever calls an agency and asks that they review a decision?

Senator SCOTT. No. Senator Curtis has made the distinction between asking for a status report or inquiring as to what an agency has done on the one hand and an attempt to secure a change of a decision not by someone who has been elected to represent the people of his State but by an employee of the Senate whose duties as secretary of the majority are pretty well known even though Baker took the fifth amendment as to what they were.

Mr. McLENDON. There is a letter in the file, Mr. Chairman, from the local Commission addressed to Baker on this project, which is attached to the record and it reads, "Dear Mr. Baker," dated May 9, 1962.

In accordance with your request to Deputy Commissioner Paul E. Ferrero, a review has been made of the proposal submitted by the Development Corp. of Puerto Rico with representatives of sponsoring corporation and the mortgagee, James T. Barnes Mortgage Co.

We find no basis for disagreeing with the Santurce Insuring Office to intercede. However, a counterproposal has been suggested which will be explored by the sponsoring group, and a resubmission may well occur which will permit our participation and assistance.

That is signed by Neal J. Hardy, Commissioner.

Senator CURTIS. Was a resubmission made?

Mr. McLENDON. I think we have some information, Senator, that they changed the proposal thereafter.

Senator CURTIS. That is what I gathered by resubmission.

Mr. McLENDON. Yes; I think they changed the proposal under another title of the Housing Act. You know they have several housing titles.

Senator CURTIS. Was that successful?

Mr. McLENDON. I do not think so. The record shows as of this date no further information has been received, but they did know that they were trying to definitely open a different sort of approach.

Senator CURTIS. No information at what point?

Mr. McLENDON. This was—well, let's see—as of, he said as of February 27, 1964, no information has been received from the Barnes & Co., and therefore this company apparently is no longer being considered by Barnes & Co.

Senator CANNON. That is in the record of FHA?

Mr. McLENDON. Yes, sir. Either they abandoned it—what I am trying to say is either they abandoned it entirely, or they went off in a different direction.

Senator CURTIS. If they went off in different directions and that was approved, did that come to Washington?

Mr. McLENDON. Yes, from my understanding; is that right?

Mr. MEEHAN. Apparently when they saw that they would try to definitely open it under another section of FHA, they started to see if they could qualify and found they could not qualify and abandoned it. In other words, there was no further action.

Mr. McLENDON. I see.

Senator CANNON. Counsel, in your opinion then, would the testimony of Mr. Ferrero be material other than what we have?

Mr. McLENDON. I do not think so.

(At this point in the proceedings, Senator Byrd of West Virginia entered the committee room.)

(Discussion off the record.)

Senator CANNON. We will resume.

Senator SCOTT, did you have anything further to say on this one?

Senator SCOTT. Not on this one.

Senator CANNON. The Chair—as I stated, based on the recommendation of counsel, and the status of the record, the Chair will rule that the testimony of Mr. Ferrero is irrelevant to the inquiry and would add nothing further. Is there an appeal from the ruling of the Chair?

Senator SCOTT. Call the roll.

Mr. HARRISON. Mr. Hayden?

Senator CANNON. I vote Mr. Hayden aye.

Mr. HARRISON. Mr. Pell?

Senator PELL. Aye.

Mr. HARRISON. Mr. Clark?

Senator CANNON. I vote Mr. Clark aye.

Mr. HARRISON. Mr. Byrd of West Virginia?

Senator BYRD. Mr. Chairman, I have not heard the discussion on this one. I am going to pass.

Mr. HARRISON. Mr. Curtis?

Senator CURTIS. No.

Mr. HARRISON. Mr. Cooper?

Senator COOPER. No.

Mr. HARRISON. Mr. Scott?

Senator SCOTT. No.

Mr. HARRISON. Mr. Jordan?

The CHAIRMAN. Aye.

Mr. HARRISON. And Mr. Acting Chairman?

Senator CANNON. Aye.

Senator Scott?

Senator SCOTT. Mr. Chairman, at this time, with reference to this block of witnesses, the pattern is now clear that the committee will refuse to call witnesses suggested, and therefore I am going to mention the name of only one witness in this group and then proceed to the other group, without pressing for the rest of the names in the first group of witnesses, because it is obvious that to do so would simply use up the time of the committee, and would not avail to secure the testimony of the witnesses.

Senator BYRD. Mr. Chairman, I am going to object to this. I have voted in two instances in support of the minority, and I may vote again, and I think we ought to consider each of these witnesses whose names are on the list unless he wishes to withdraw them, and I think in each instance he should state which witness he wishes to withdraw, which name.

Senator PELL. I support Senator Byrd. I, too, might surprise, unbelievably, Senator Scott, by voting with him on occasion, although I do not think it is likely.

Senator SCOTT. Well, I again submit that I am not required to submit the names and sit here while they are voted down, but I will go ahead with several names in that case.

Senator PELL. I would strongly request you do.

Senator SCOTT. I also at any time would be glad to hear any suggestions of names of witnesses from any other members of the committee. The name I call up now is that of Dr. Oterio Roque, who is referred to in the testimony.

(Discussion off the record.)

Senator CANNON. On the record.

Senator SCOTT. Since I am told that a reference will be made in tomorrow's newspapers on the matter of Joseph Fabianich I would like to say that I have received no information from Mr. Fabianich, directly or indirectly.

That the reason for questioning him arose from a published report, for asking any questions about him, arose from a published report in which it is alleged that he had some knowledge, I am not going to go into details here, because then we may have to strike it out, but I am going to say that he is alleged to have certain knowledge and he was then transferred from the District of Columbia prison to the Leavenworth jail.

The only reason I bring it up at this time is to make the point, the statement which I am told will appear in tomorrow's paper is entirely without foundation as I have never had any contact whatever with Joseph Fabianich.

Now, as to the remaining names, the colloquy as to, earlier colloquies, not today, but earlier colloquies involving the differing interpretations of members of the committee concerning the scope of the resolution, and the meaning of the phrase "and other improprieties" the fact that any move to explore further what I may feel to be "other improprieties" would not be within the concept of the majority party as admissible, I will not at this time offer any more names of witnesses except

to request, if it has not been done, that the record of employees of the office of secretary of the majority, with the amounts of salaries paid to them, during the tenure of Mr. Baker in that office, be made available to the committee and be made a part of the record, and I submit as reason for this that I do not recall that we have ever actually had a list of the Senate employees included in who might be included in the scope of the investigation.

In other words, I don't think the record shows who were the employees of the office of the secretary of the majority. I think it is necessary for a complete record that it so disclose it, it is a public matter that can be found in the books.

Mr. McLENDON. We already have it.

Senator SCOTT. You already have it?

Mr. McLENDON. Yes.

Senator SCOTT. If you already have it I simply ask it be included with the salaries, and I don't expect counsel would have any objection?

Mr. McLENDON. Not a word.

Senator SCOTT. And I might inquire as to whether any of these people are related to Mr. Baker either by blood or marriage and I have no other witnesses to offer in view of the established, now well established, fact that the attempt to offer any other names would be futile.

Senator BYRD. Mr. Chairman.

Senator CANNON. Senator Byrd?

Senator BYRD. I suggest we take the list of names that were submitted yesterday for the record by Senator Scott, and that in each instance in which he has today decided not to present that name for consideration by the committee, I suggest that counsel place in the record a report which would indicate why it would not be relevant for that witness to be called so that we can have a record concerning each witness, and at least a statement by counsel as to why that witness' testimony would not be considered relevant.

Senator CURTIS. You are referring to names that he withdraws?

Senator BYRD. No; if he withdraws a name that is all right. But I would like for him to so state each name now if that is the case.

Senator SCOTT. It should be clearly stated that I have already mentioned in one group of witnesses the names that I was going to call and may not pursue further. Those names are simply those of Mike Singer, Dr. James C. Walsh, Mr. Pedro Juan La Boy.

Senator CANNON. Mr. Staley Brinkley.

Senator SCOTT. Mr. Staley Brinkley.

Senator CANNON. And Mr. Samuel Ferber?

Senator SCOTT. Mr. Samuel Ferber.

Senator CANNON. Mr. Arthur Haas.

Senator SCOTT. Mr. Arthur Haas.

Senator CANNON. Mr. Jake Jernigan.

Senator SCOTT. Mr. Jake Jernigan.

Senator CANNON. Mr. Clifford Jones.

Senator SCOTT. Mr. Clifford Jones.

Senator CANNON. Mr. Andres Lopez.

Senator SCOTT. Mr. Andres Lopez.

Senator CANNON. And Dr. Oterio Roque.

Senator SCOTT. Dr. Oterio—no; I think the name of Dr. Roque should be stricken out. Now, in protection of Senator Byrd here,

because he has made a motion which he might not wish to make if he knew all the facts, and I am obliged to see that he does——

Senator BYRD. All right.

Senator SCOTT. May we go off the record a moment?

Senator CANNON. Without objection, off the record.

(Discussion off the record.)

Senator CANNON. On the record. Senator Scott wants to make that statement with relation to other witnesses whom he was considering calling.

Senator SCOTT. Senator Cooper wants to make a statement first.

(At this point the chairman left the hearing room.)

(Discussion off the record.)

Senator CANNON. Back on the record. Senator Cooper?

Senator COOPER. Mr. Chairman, in view of the discussion which has been had on the scope of this inquiry I would like to say this: That I do not think our powers are limited only to activities or improprieties that are connected with financial or business interests. I would hold that if there is conduct of such a character by an employee, which reflects upon the integrity of the Senate, I would think that was within the scope of our committee.

Senator CURTIS. May the record show I concur in Senator Cooper's interpretation?

Senator CANNON. And to clarify the record, Counsel, have you discovered any evidence that would indicate that the investigation has not gone into this area suggested by Senator Cooper?

Mr. McLendon. No, sir.

Senator CANNON. Have you discovered any evidence that would indicate there has been such improper activity?

Mr. McLendon. No, sir.

Senator CANNON. Senator Scott?

Senator SCOTT. Mr. Chairman, the list I submitted yesterday contained, as I said then, duplications. It also contained the names of some witnesses who had been called since the list had been prepared for me with the assistance of minority counsel. I have raised the question of certain witnesses whom I desired to be called, and votes have been taken on them. In my own opinion, it would not be worthwhile or useful for me to submit other names, although I had a few additional names to introduce, not many, and I therefore at this time will not offer any further names. I believe that counsel has advised us that the names of persons employed by the office of the secretary of the majority during the tenure of Mr. Baker, together with their salaries, will be made a part of the record and that a statement will be made indicating whether or not any of these employees employed at any time during Mr. Baker's tenure are related to him or to his family by blood or marriage.

Mr. McLendon. We have the record itself, and if we don't have the information about the relationship we will attempt to get it.

Senator CANNON. That will be made a part of the record.

Mr. McLendon. Yes, sir; we will put it in.

Senator SCOTT. Is that all right?

Senator CANNON. That will be made a part of the record.

Senator SCOTT. May I state it a little more formally? Is that suggestion accepted by the Chair?

Senator CANNON. The Chair stated that would be made a part of the record, without objection.

(The information referred to above may be found as committee exhibit 1 at pp. 1718-1732 of pt. 18 of these hearings.)

Senator CANNON. Senator Cooper, do you have any further witnesses that you desire to have considered?

Senator COOPER. Yes; I have a name that I had overlooked. It is the name of the vice president of—I had had in mind the suggestion of the name of Mr. Dancy who was referred to in the testimony of Mr. Kentor. As I remember he testified that he had been importuned by Mr. Dancy to assume a contract between, which involved Mr. Baker in connection with the sale of meat my Hamco. I was interested in the fact that Mr. Dancy insisted that Kentor assume the contract and Mr. Kentor could not give any reason and I thought it would be of interest to find out why Mr. Dancy was so interested in Mr. Kentor assuming this obligation when he had no legal obligation to assume it. I offer it as a name of a witness to be called.

Senator CANNON. Counsel—

Senator SCOTT. So that he can make a statement.

Mr. McLENDON. We have a long report of interview with him, and his connection with this meat contract, so called, is only incidental. He was active in the management of this Hamco meat company, and he seemed to have spent most of his time in connection with the Haitian Government ironing out problems with the Government itself, and he says he didn't know much about the actual details of operation. He knows about the inspections of the Hamco plant by the Department of Agriculture, and approval of that plant for shipment of meats into the United States.

He had something to do with arranging credit for Lopez, who was the first person who made a contract in which Baker and his nephew were involved. He said he knew that Lopez and Baker had some agreement, and then he knows or says that Lopez later didn't handle the contract in a manner satisfactory with them and they canceled his contract, and he knew that Kentor had been wanting to get the contract for some time. So he does not say that he had any personal contact with Mr. Kentor in Chicago. In other words, he didn't arrange these deals, so to speak. That was done by Haas. He was the man who signed the agreement that was put in evidence about the 10 percent profit; do you remember that, Senator?

Senator COOPER. Yes.

Mr. McLENDON. Not Dancy. That is Haas; he was the one to sign the agreement. So I don't think he would add a thing to the essential fact that the thing was made and the money paid and was distributed among these people.

Senator COOPER. Dancy, according to this report, said that Kentor objected to the payment and he hoped Kentor would make an agreement with Haas as to the commission. Haas himself was another officer in Hamco.

Mr. McLENDON. Haas is the one who wrote that percentage contract, you remember.

Senator COOPER. It seemed to me kind of very curious, Kentor who said that he had no contract at all for payment of this money to the brother-in-law, and he was importuned to assume this payment and he agreed to assume part of the payment.

Mr. McLENDON. It is a little more than that, Senator; he refused to pay the 1 cent and agreed to pay half a cent.

Senator COOPER. Yes; part of it. There is a question also in my mind why was it that Dancy and his firm were so insistent upon a group of people including Benitez—he had nothing to do with it—and the fact that any other consideration going to these people which has not come into evidence. I know that addressed itself to my mind at the time we heard Kentor, and I wanted, I felt it should be further explored.

Senator CANNON. Counsel, do you think it would add anything?

Mr. McLENDON. I don't think it would add anything. We have got the contract established, the first one; we have the second one established. We proved the money was paid regularly every month and divided among these people, Baker and Law and Webb, the three people getting the money all the time.

Senator CURTIS. Was it ever established why it was paid?

Mr. McLENDON. Why?

Senator CURTIS. Yes.

Mr. McLENDON. Oh, yes; in their language, you remember Benitez said there was a finder's fee, and evidence, undisputed evidence, shows that Baker generated the thing by sending these people to Webb and Law, do you remember?

Senator CURTIS. Have the Murchisons been interviewed?

Mr. McLENDON. No, sir—yes, sir; one of them has been interviewed since by telephone, I believe.

Senator CURTIS. But they have never been asked why they as owners—I don't know if they are owners.

Mr. McLENDON. They are one-third owners; they own a one-third interest.

Senator CURTIS. And why their association with Baker? It is definitely a Government contact. Their agents' and employees' names show up once in a while.

Senator CANNON. Were you checking something, Senator?

Senator CURTIS. No. I was looking for something in support of Senator Cooper.

Senator CANNON. Well, the Chair is ready to rule if there is no other comment. In view of the statement of counsel that the interviews with this man indicate that it would add nothing to the record, it would be irrelevant and cumulative, the Chair will so rule.

Senator COOPER. I think that should be voted on.

Senator CANNON. Call the roll.

Mr. HARRISON. Mr. Hayden.

Senator CANNON. I vote Mr. Hayden aye.

Mr. HARRISON. Mr. Pell.

Senator CANNON. I vote Mr. Pell aye.

Mr. HARRISON. Mr. Clark.

Senator CANNON. I vote Mr. Clark aye.

Mr. HARRISON. Mr. Byrd of West Virginia.

Senator BYRD. I pass.

Mr. HARRISON. Mr. Curtis?

Senator CURTIS. No.

Mr. HARRISON. Mr. Cooper?

Senator COOPER. No.

Mr. HARRISON. Mr. Scott?

Senator SCOTT. No.

Mr. HARRISON. Mr. Jordan?

Senator CANNON. Put him down as aye.

Mr. HARRISON. And Mr. Cannon as chairman.

Senator CANNON. Aye.

Senator SCOTT. May I just revert to the fact that we have had some talk here about other income tax returns and if that is not broader than Mr. Hautt's I would like to have the opportunity thereafter to go into other income tax returns and to hear the reports of investigators. I do not think today is the time. It surely will be necessary. I would like to say further that I no longer have any reason for pressing something I raised quite a while back, and that is the right to call Mr. Valeo. What I had in mind was these records that counsel agreed to submit for the record. That is all, really, I wanted to say.

Mr. McLENDON. I intended tomorrow, if possible, to introduce such evidence available to us about Baker's income tax returns.

Senator SCOTT. That may well cover it.

Mr. McLENDON. I think it will, as far as we are permitted to do it. You see, we work under difficulties with that. Before you go, Senator Scott—Mr. Chairman, there is one man's name you left open yesterday; two, in fact—Kampelman and Carmichael—that have not been acted on.

Senator CURTIS. Did we act on Anderson?

Senator CANNON. I think Anderson was held open for the purpose of interview and I understand they were interviewing him today. Is that correct?

Mr. McLENDON. I have no report on it, so I cannot say.

Senator CANNON. What about Kampelman?

Mr. McLENDON. Kampelman was interviewed. I think Mr. Van Kirk interviewed him.

Mr. VAN KIRK. That interview I made yesterday.

Mr. McLENDON. Can you tell the committee what the result of the interview was?

(At this point Senator Scott left the room.)

Mr. VAN KIRK. Yes. Mr. Kampelman went into the original founders and organizers of District of Columbia National Bank and there was no particular partisan group. Those men were Russell Miller, Irving Lichtman, David Snyder, Arthur Arendale, General Hittel, Robert McLaughlin, and a Mr. Genario. Those were the original organizers of that bank. Those men filed an application in spring of 1961 to get a District of Columbia National Bank charter. The application was approved sometime in February 1962. I have forgotten the exact date. As yet no Government, senatorial, or congressional people had gotten into it, according to Mr. Kampelman.

After the press carried the story on March 3 that the District of Columbia National Bank had received the charter, he started getting the calls. He got four calls: one from Senator Sparkman, one from Mr. Yingling, one from Baker, and one from Felton M. Johnston, who is the Secretary of the Senate, asking to buy stock. He referred them to somebody else, and I forget the name he said he referred them to, but it was in due course. The list of stockholders was submitted to Saxon, who is the Comptroller of the Currency, for ap-

proval, that these people would agree to subscribe to stock. These people I have just indicated were the only congressional or Hill people on the list.

That is all at this date that he knows of his own knowledge that are congressional people that are on the stockholders' list. He did admit that he hadn't looked at them recently but these were just the four that had been called to his attention personally. Then we discussed the racial covenant problem with him; that is, when Baker went to buy the house out there and got in the problem of the racial restrictive covenant.

They referred him to this Dr. Lichtman, who is a lawyer—I don't know why he has a doctorate. But he was the one who went through the device of the four deeds. Then Baker called him back and thanked him and praised Lichtman for his method of getting around the covenant problem. He was going to let us know whether he would give us the stockholders' list. Baker told him the house on Van Ness Street was a good buy and he was getting it and, by that, Kampelman figured that he was getting it for less than it was really worth. That is about it in the nutshell.

Senator CURTIS. Well, did he know of Baker's purchase of the bank stock?

Mr. VAN KIRK. Yes; Baker told him that.

(Senator Clark entered the room.)

Senator CURTIS. Did he know what Baker was buying it for and that Levinson and Sigelbaum were in it?

Mr. VAN KIRK. No; Baker called him and asked him how he could buy it as well as these other three men, how each one could get him some stock, and he told them and made application for it.

Senator CURTIS. All three of them?

Mr. VAN KIRK. All four of them.

Senator CURTIS. I am talking about Baker's associates, Levinson and Sigelbaum.

Mr. VAN KIRK. Oh, no; he didn't know about Levinson and Sigelbaum.

Senator CURTIS. Did he know about Baker's application for a loan?

Mr. VAN KIRK. Yes; because Baker told him and he referred it to one of the other officers, Collins.

Senator CURTIS. Baker's first request to the bank for a loan was to Kampelman?

Mr. VAN KIRK. Yes.

Senator CURTIS. Did he know how much the request was for?

Mr. VAN KIRK. I do not remember specifically asking him that.

Senator CURTIS. He is a former Senate employee?

Mr. VAN KIRK. Yes; he worked for Senator Humphrey for 6 years.

Senator CURTIS. When did he leave the Hill? About when?

Mr. VAN KIRK. Roughly, it was 1955, I believe.

Senator CURTIS. What title does he hold in the bank?

Mr. VAN KIRK. He is attorney and director. Is that not correct, Major?

Mr. McLendon. I think so. He is counsel in regular employ.

Mr. VAN KIRK. I think he is general counsel and director.

Mr. McLendon. That is right.

Senator CURTIS. He contacted Collins or referred Baker to Collins?

Mr. VAN KIRK. He referred Baker to Collins. He volunteered the

statement that in financial matters like that, he had learned long ago not to try to act as banker, but to just funnel people to the bankers and let the board approve or disapprove the loan or however it might be.

Senator CURTIS. Did Baker make any inquiry of him before he bought stock?

Mr. VAN KIRK. Yes; he asked him how he could buy it. He knew Bobby well on the Hill and he had many, many meetings with him. He described their relationship as coming to crescendoes during election years when they would both work together and then tapering off and then, as political activity increased, it would come up to a crescendo again.

Senator CURTIS. Well, I think we ought to call him.

Mr. McLENDON. What would it add, Senator, to what you already have on the bank?

Senator CURTIS. That is why I want to call him, to find out. Here he is the man that is apparently Baker's contact man with the bank. Baker contacted him when he bought the stock; Baker contacted him when he went for the loan. And the loan was of sufficient importance that it is already a part of our record. It was a rather unusual amount for a loan, borrowing money unsecured, as I understand.

Mr. McLENDON. I do not see that it adds a thing. You have proof of the loan; you have proof that the bank holds deed to the property, considers it a good investment, has security. You have proof that Baker is a stockholder, subscribed to 1,700 shares and was allotted 1,500. You have proof that after Baker acquired it and while it was in Baker's name and still in his name, Black bought a third of it, Levinson bought a third, and Sigelbaum bought a third, although it is still in Baker's name. I don't see that this man will add a thing to the picture.

Senator CURTIS. I understand and would like to inquire into it that Kampelman was one of the principal organizers of the bank, obtained its charter, and thereafter, when they are doing business, why, he is Baker's contact man.

Senator CLARK. I might inquire, Mr. Chairman, what business or financial impropriety, if any, which is not already established could be established or even hinted at by Kampelman's testimony. Is it not merely corroborative of what we already know? I understand he has been fully investigated—he has been interviewed by minority counsel. Is this not correct?

Mr. McLENDON. Yes, Senator. Your statement is exactly correct. All you do is prove a second time what has been proven beyond peradventure. There is no doubt about it.

Senator CURTIS. It may be that in answer to questions we may get some information that in a more or less informal, unsworn interview is not brought out. By that I do not infer the telling of falsehoods. I think as a matter of good investigative procedure, the way to get answers is to swear the witness and ask him questions. We have an employee of the Senate making \$19,000 and borrowing \$1.7 million, or something over \$1 million. Here is a former employee who goes out and organizes a bank and then Baker contacts him and does business with him. Maybe it will just produce nothing vitally new, but we cannot sit here and guess what evidence is going to be adduced. The way to do it is to make an inquiry.

Mr. McLENDON. I would think that the committee would take judicial notice of the fact that the Comptroller of the Currency, Mr. Saxon, had a very long article in the newspaper of yesterday, I believe, which said this is like all bank charters; there is nothing unusual about it; that, being a local bank, it was perfectly natural for a lot of local people to become stockholders.

Senator CURTIS. Should we take judicial notice of everything that has been published or just what fits our viewpoint?

Mr. McLENDON. No. I do not think you should. Here is a high official of the Government. Mr. Bolton has also put us on notice that he has asked the Banking and Currency Committee of the House to investigate the thing. It is far more appropriate for him than it is for us.

Senator CURTIS. I have nothing more to say.

Senator CANNON. It is your recommendation that Mr. Kampelman not be examined, based on what has been put in the record?

Senator CURTIS. I appeal.

Senator CANNON. Call the roll.

Mr. HARRISON. Mr. Hayden?

Senator CANNON. I vote Mr. Hayden aye.

Mr. HARRISON. Mr. Pell.

Senator CANNON. I vote Mr. Pell aye.

Mr. HARRISON. Mr. Clark?

Senator CLARK. Aye.

Mr. HARRISON. Mr. Byrd of West Virginia.

Senator BYRD. No.

Mr. HARRISON. Mr. Curtis?

Senator CURTIS. No.

Mr. HARRISON. Mr. Cooper?

Senator COOPER. No.

Mr. HARRISON. Mr. Scott?

Senator CURTIS. No.

Mr. HARRISON. Mr. Jordan, Chairman——

Senator CANNON. I vote Mr. Jordan aye.

Mr. HARRISON. Mr. Cannon?

Senator CANNON. Aye.

Mr. HARRISON. Five ayes, four noes.

Mr. McLENDON. What about Carmichael?

Senator CANNON. Mr. Anderson was held over because of the other matter.

Mr. McLENDON. The memos——

Senator CANNON. What is your desire on Mr. Carmichael, gentlemen?

Senator CURTIS. I listed them together to indicate that we ought to get the information on the securing of the transportation. Not because the trip was not all right. I have never insinuated that. But the regulation of transportation is a very sensitive governmental area. You have to have a permit; your competitor can come in and get another permit. When a person connected with the Government, a right-hand man of an important legislator, makes requests of transportation companies, I think it indicates that there might be an impropriety, that we should exhaust every possibility of violation. We have nothing in our record from Riddle Airlines on this, but we do

know that CAB has investigated and levied a fine. The reason I list Anderson and Carmichael, I don't care which one appears, or if it is some other executive officer in charge, to see whether or not there was influence exerted upon the airline.

Senator BYRD. Are you linking Carmichael with Anderson?

Senator CURTIS. They are both officials. If it turns out that another official is the one that can better provide the information, that is all right. Because in that particular case, I attached a newspaper clipping which referred to the fine.

Senator CLARK. Mr. Chairman, are we finished with the investigation of the interview of Anderson?

Mr. McLENDON. No, sir. It took place this afternoon. We have not had a chance to see the report on it.

Senator CLARK. I would like to defer the decision on Carmichael until we get the report on Anderson.

Senator CURTIS. That is all right.

Senator CANNON. What was that, Senator Clark?

Senator CLARK. I would like to defer the action on Carmichael until we get the report on Anderson.

Senator CANNON. Is there any particular reason for it?

Senator CLARK. Largely because of Senator Curtis' position that one or the other of these executives of the airlines should be called, and I would like to have the benefit of the interview with Anderson as to whether there is any substance in Senator Curtis' position or not.

Senator CURTIS. In my letter, on one line there was Anderson and Carmichael, and a newspaper clipping on the Riddle Airlines flight.

Senator CANNON. Are we prepared to get a report on the interview with Anderson?

Mr. SCOTT. Mr. Ryan is going over it right now.

Mr. McLENDON. You mean you have not finished the interview?

Mr. SCOTT. No. We just finished with him about 20 minutes ago.

Mr. McLENDON. Cannot you make an oral report?

Senator CLARK. I think we ought to defer it.

Senator CURTIS. I have no objection if you can get the information, because my purpose is narrowed down to that one thing.

Mr. SCOTT. I might make one comment here. His information complained of short notice. I think he got it about 12:10 and he only had a sheet of yellow paper folded with some note scripts, claiming he did not have time to get his documents together.

Senator CLARK. Who is this?

Mr. SCOTT. Jack Anderson.

Senator CLARK. He is complaining he was not given enough time?

Mr. SCOTT. He just dealt in generalities, was not specific. The main thing was he felt Baker was not the fellow we ought to be looking into, but all the Senators. The suggestion is that, and he has made arrangements for us to call him on Thursday and he will have these documents. But what he is mostly concerned in is the bad example that the Senators have set for Bobby Baker, that he is a product of that.

Senator CLARK. I think this would be very interesting.

Senator CURTIS. Well, that, of course, is not the purpose for which I suggested his name, because I pinpointed it to the CAB transaction.

Mr. SCOTT. He was interviewed on that and was very vague—the Riddle Airlines?

Senator CANNON. Well, very well, then; without objection, consideration of Mr. Carmichael will be deferred until we are ready to consider Mr. Anderson. All right. The next witness?

Senator CURTIS. Well, I have not had a very good batting average. I have gotten whipped every time. I can offer no more.

Senator COOPER. I have no more.

Senator CANNON. Counsel, do you have any additional witnesses for us to consider?

Mr. McLENDON. No, sir. I do not think so.

Senator CLARK. May I ask, because I came in late, has Senator Scott indicated he ran out of witnesses?

Mr. McLENDON. He has withdrawn all but a limited number.

Senator CLARK. I was not here. He indicated he had no more when he left?

Mr. McLENDON. I think that is pretty clear on the record, isn't it, Senator?

Senator CANNON. That is correct. Now then, do I understand that we will be prepared to have a report on Mr. Anderson in the morning?

Mr. SCOTT. Yes, sir.

Senator CLARK. Wait a minute, Mr. Chairman. I understood from Mr. Scott—

Mr. SCOTT. We can only give the report—it is more or less preliminary.

Senator CLARK. My understanding from what you said, Mr. Scott, was that Anderson had said he would get these documents which he spoke about down here on Thursday; is that right?

Mr. SCOTT. Yes, sir.

Senator CLARK. It seems to me under these circumstances we ought to wait and see what his documents are.

Mr. SCOTT. We are to call him at 11 o'clock Thursday morning.

Senator CLARK. He said he wanted 24 hours' notice and he did not get it. It seems to me this is a reasonable request.

(Senator Pell entered the room at this point.)

Senator CLARK. Mr. Chairman, is that all for the day?

Senator CANNON. We are just trying to find out whether there are any other requests here now. Are there any other requests from the minority now?

Senator PELL. I had one question that I wanted to ask before winding up. At one point I asked the name of the man in the Treasury Department, the customs fellow, that Benitez went down to talk to.

Mr. McLENDON. We have a letter in the file from the Secretary of the Treasury, written by his direction, that tells the whole story of that thing.

Senator PELL. That is all I wanted.

Mr. McLENDON. It has not been put in evidence, but we have it in the file.

Senator CANNON. Does it indicate any reason for calling him?

Senator McLENDON. No; it says Baker came in and introduced somebody and immediately left. That was the same evidence we had.

Senator PELL. Right; but he was not throwing his weight around in making the appointment.

Senator BYRD. Some time ago, there was some question as to whether or not Baker might have been connected with a timber deal in West

Virginia involving timber and sold some State forest land. For some unknown reason, it was rumored around that I might have had some connection with that. I think, for the record, I would like to insert all the correspondence that I had, and it only remotely dealt with the contract. I would like to insert it in the record.

Senator CANNON. Is there objection?

(No response.)

Senator CANNON. Without objection, it will be inserted.

Mr. McLENDON. I would like to add to that that when that came to our attention, we carefully investigated it in Washington and by telephone in West Virginia, and all we could find was that Baker had no connection of any kind with a timber deal. The only deal he had out there was a loan of \$10,000 he had gotten through the assistance of a man whose name I cannot remember at the moment in a bank in West Virginia.

Senator BYRD. That had no connection whatsoever with the timber deal?

Mr. McLENDON. Not at all.

Senator CURTIS. Does this refer to a case with which we dealt in our record, the matter you are referring to?

Mr. McLENDON. The loan is in the record.

Senator CURTIS. No; I mean the matter you are referring to. Does it have anything in the record?

Mr. McLENDON. No.

Senator BYRD. But it was rumored around that Baker was involved in this deal. I think that Law and Webb had perhaps some connection with it.

Mr. McLENDON. Webb and Law; yes, sir; they did have.

Senator BYRD. So it was rumored that Baker had some connection and then, for some unknown reason, my name was involved as having possibly been connected with the timber deal, and I would like to have included in the record the correspondence, the only correspondence which I had at any time with anyone in connection therewith.

Mr. McLENDON. You are going to furnish the reporter with it today or tomorrow?

Senator BYRD. I will have to get it to her tonight.

(The material referred to is as follows:)

SEPTEMBER 30, 1963.

Mr. JOSEPH H. MYLES,  
General Manager, Webster Business Development Corp.,  
Webster Springs, W. Va.

DEAR MR. MYLES: I am enclosing a self-explanatory letter which came today in response to my expression of interest in the matter which you brought to my attention in December of last year. I am sorry that the response was delayed in reaching me; however, I had become concerned at the lack of a reply to my inquiry and had requested that attention be given to the problem which you discussed. As a result, the enclosed letter from the West Virginia Department of Natural Resources has reached me, and I am transmitting it in the hope that it will be helpful to you.

I assure you that it is my desire to be of service whenever possible, and it has been a pleasure to try to be of assistance in this instance.

With kind wishes.

Sincerely yours,

ROBERT C. BYRD, U.S. Senator.

SEPTEMBER 30, 1963.

DR. WARDEN M. LANE,  
*Director, West Virginia Department of Natural Resources,  
 The Capitol, Charleston, W. Va.*

DEAR DR. LANE: This will acknowledge and thank you for your letter received today, regarding my inquiry in behalf of Mr. Joseph H. Myles, general manager, Webster Business Development Corp., of Webster Springs.

With kind wishes.

Sincerely yours,

ROBERT C. BYRD,  
*U.S. Senator.*

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STATE OF WEST VIRGINIA,  
 DEPARTMENT OF NATURAL RESOURCES,  
*Charleston, September 26, 1964.*

HON. ROBERT C. BYRD,  
*U.S. Senator,  
 Senate Office Building, Washington, D.C.*

DEAR SENATOR BYRD: The department of natural resources has been attempting to negotiate a contract for the sale of timber with a stipulation that the timber be harvested and used for the manufacture of furniture in West Virginia.

As you perhaps are aware, for every \$1 the West Virginia landowner receives for timber shipped out of State, the State doing the processing receives \$17. We hope to keep this \$17 in West Virginia.

We have almost reached an agreement for a processing plant to locate in the Elkins area. We plan to contact Webster Wood Industries in hopes that a beneficial program can be worked out with that organization.

I apologize for the delay in answering your previous correspondence. In fact, I admit that I was negligent in misplacing it.

Sincerely yours,

WARDEN M. LANE,  
*Director.*

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AUGUST 9, 1963.

DR. WARDEN M. LANE,  
*Director, West Virginia Department of Natural Resources,  
 Charleston, W. Va.*

DEAR MR. LANE: I would like to call your attention once more to my earlier correspondence of December 27, 1962, and also I should like to refer to my letter addressed to you on April 26. Both letters of the foregoing dates were with respect to a matter about which Mr. Joseph H. Myles, general manager, Webster Wood Industries, Inc., Webster Springs, inquired of me in December of last year. The letter from Mr. Myles was transmitted by me for your comment at the time I wrote to you on December 27.

I hesitate to trouble you again, but I would appreciate it if you could give me some comment on Mr. Myles' letter, so that I may close out my file on the subject involved. You may have had correspondence directly from Mr. Myles at some time in the past, and, if so, you may have already replied to his complete satisfaction. Nonetheless, I should like to provide Mr. Myles with a response to his inquiry; and I should, therefore, welcome receiving your remarks on the subject brought to my attention.

Sincerely yours,

ROBERT C. BYRD, *U.S. Senator.*

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MEMORANDUM

AUGUST 7, 1963.

Senator BYRD. Would you have a suggestion concerning any further course of action, other than to file this forward in pending for another 60 days?

M. M.

APRIL 26, 1963.

Dr. WARDEN M. LANE,  
Director, West Virginia Department of Natural Resources,  
Charleston, W. Va.

DEAR DR. LANE: I am writing to you in further regard to the matter about which Mr. Joseph H. Myles, general manager, Webster Business Development Corp., Webster Springs, inquired of me in December of last year. The letter from him was transmitted for your comment on December 27, 1962.

I am wondering if you have yet had an opportunity to look into the situation which he discussed.

With kind personal regards,  
Sincerely yours,

ROBERT C. BYRD, U.S. Senator.

DECEMBER 27, 1962.

Mr. JOSEPH H. MYLES,  
General Manager, Webster Business Development Corp.,  
Webster Springs, W. Va.

DEAR MR. MYLES: Thank you for your letter which I received today.

I have carefully noted your statements concerning the sale of State-owned forest products, and I very much appreciate your taking the time to write to me concerning this matter. I can well understand the concern which you express over the various ramifications of this situation. However, as a U.S. Senator, I have no voice in the administration of any of the various agencies and departments of the State of West Virginia, and my only proper action in regard to this problem is that of expressing my interest to the appropriate authorities within the State agency involved.

This action I am pleased to take, and I am, accordingly, communicating with Dr. Warden Lane, director of the West Virginia Department of Natural Resources, bringing my interest in this matter to his attention. I shall inform you promptly as to the response which I receive to my inquiry.

Your report on the success of your first ARA training class is indeed deserving of commendation. It is my hope that you will have equal success with the next one.

Again, may I say I appreciate your writing to me, and I am indeed grateful for your kind remarks concerning my efforts to be of service. Your invitation to visit your new plant will be remembered when I am in the vicinity on some future date.

With kind regards,  
Sincerely yours,

ROBERT C. BYRD, U.S. Senator.

DECEMBER 27, 1962.

Dr. WARDEN M. LANE,  
Director, West Virginia Department of Natural Resources,  
Charleston, W. Va.

DEAR MR. LANE: I am transmitting to you the enclosed letter, just received, from Mr. Joseph H. Myles, general manager, Webster Business Development Corp., Webster Springs, W. Va. I would be grateful if you would give me a response for him.

Thanking you for your cooperation, I am,  
Sincerely yours,

ROBERT C. BYRD, U.S. Senator.

WEBSTER BUSINESS DEVELOPMENT CORP.,  
Webster Springs, W. Va., December 26, 1962.

ROBERT C. BYRD,  
U.S. Senate,  
Washington, D.C.

DEAR MR. BYRD: Thank you for your letter of December 20. The discussion which I had with my brother, David T. Myles, was concerning the sale of State-owned forest to out-of-State concerns or to sell them at a discount in order to promote new industry.

As we understand it here, Warden Lane has proposed to sell approximately 40 million feet of timber to the Hardwood Corp. of America located in North Carolina in order to get them to build a furniture plant here in West Virginia. The proposal to sell this timber is for \$15 per thousand on the stump and the going rate for stumpage is around \$30 per thousand. This would give them quite an advantage over the local sawmills and dimension plants in the area who have used their life savings to get started and in time could run them out of business.

Don't misunderstand us or our intentions for we are obtaining all the industry here in West Virginia that is possible but do not want to jeopardize the chances of the small business in order to get one large one.

Another matter which I feel sure you would be interested in knowing is concerning the ARA training. Out of our first class of 20 here, 2 dropped out and the other 18 have been put on our payroll. Our next class of 20 starts January 7, 1963.

We wish to thank you for all the help given us and if you are in the area would appreciate your coming by to see our new plant.

Very truly yours,

WEBSTER WOOD INDUSTRIES, INC.,  
JOSEPH H. MYLES, *General Manager.*

DECEMBER 20, 1962.

MR. JOE MYLES,  
*Webster Springs, W. Va.*

DEAR MR. MYLES: I was talking with your brother, David Myles, in White Sulphur Springs, a few days ago, and he suggested that you have a matter about which you might like to write to me. Please do not hesitate to correspond about anything you have in mind.

I hope that you will have a good Christmas and that I shall have the pleasure of seeing you before many days.

Sincerely yours,

ROBERT C. BYRD, *U.S. Senator.*

Senator CANNON. May I ask counsel, then, for the record, so that I understand it correctly, counsel has no other names of witnesses to suggest that we might consider for calling at the present time?

Mr. McLendon. No, sir; none other.

Senator CANNON. And Senator Curtis and Senator Cooper and Senator Scott have said they had no other names to suggest at this time?

Mr. McLendon. That is my understanding.

Senator CANNON. We have now pending, then, a report to the committee on an interview with Mr. Anderson relating to his letter requesting to testify. Will that be—the documents will be brought in Thursday, as I understand it, in support. Then the other pending matter will be the consideration of Mr. Carmichael, whose name was mentioned at the same time with Mr. Anderson, and the testimony, the open hearing tomorrow with Mr. Hauff and related witnesses.

Mr. McLendon. That is right.

Senator CANNON. Counsel, may I ask you, Do we have any matters to consider in the morning at a 10 o'clock meeting?

Mr. McLendon. I do not think so. I have a letter here from the counsel for the MGIC. I gave a copy to Senator Scott. I have not studied the letter, but I do not think it calls for anything to be inserted in the record or any amendment to the record. I also have a long letter from the Melpar people that I have not had time to study. I just received that today.

Senator CLARK. Mr. Chairman, I would like to say for the record that as one of the floor managers of the bill, the civil rights bill, I was scheduled for duty today and, with some difficulty, I was able to arrange a substitute. Senator Pastore was very kind. But I had to make an absolute commitment that I would be on the floor from 10 o'clock, when we convene tomorrow morning, until 1, so it will be quite impossible for me to be here tomorrow morning.

Senator CANNON. I think we should recess until 2 tomorrow afternoon, then, for the public hearing and if we can, at the conclusion of that public hearing, then determine the exact time for the hearing to consider whether we will have Mr. Anderson in.

Senator CLARK. Well, I would hope in view of what Mr. Scott told us a little while ago in the preliminary report that we would give Mr. Anderson an opportunity to either fish or cut bait, which I understand he is going to do on Thursday. Is that right, Mr. Scott? He is going to give you the documents on Thursday?

Mr. SCOTT. He said they would have them available Thursday and asked Mr. Ryan to call him at 11 o'clock Thursday morning.

Senator CLARK. I would like to put it off until we see what develops from that further interview.

Senator CURTIS. Somewhere along the line, will we get a report of the account of the investigation or who is trying to reconstruct the acquisition of Robert Baker's net worth?

Mr. McLENDON. You mean now his value on the market?

Senator CURTIS. No; how he got it primarily.

Mr. McLENDON. Well, I think—

Senator CURTIS. I do not know how far along it is.

Mr. McLENDON. I think we have all the information as to the acquisition of property, different kinds of property.

Senator CURTIS. Where did he get the money?

Mr. McLENDON. Well, I do not know. I do not know if we can prove that, because in many instances you find a loan in the bank and you can trace the check and the proceeds into particular transactions.

(Senator Clark left the committee room at this point.)

Mr. McLENDON. But there are others you cannot. I have talked to people about that, and they have tried to reconstruct the loan. They can do it part way only.

Senator CURTIS. I mean will we have a record as far as they will go?

Mr. McLENDON. I think Mr. Drennan can give you a pretty good idea. There are a lot of transactions, as you know, numerous transactions. They can see that he borrowed \$5,000 from the Bank of the District of Columbia. It is hard as the dickens to see where that \$5,000 went. They can account for most of the investment, most of the purchases, and, as you know, they can report on the loans.

Senator Byrd, you asked me about this timber thing a while ago. I may have left the impression by what I said that there was some connection between that bank loan and the timber thing, because I said it very briefly. I want to make it very clear that there is no connection whatever. That was just an isolated bank loan that we stumbled on out there in West Virginia. It is accounted for in the testimony of Mr. Drennan, who gave a summary of all bank loans all over the country.

Senator BYRD. I am glad to have that clarification for the record.

Senator CANNON. Is there anything further, then?

Senator CURTIS. I would like to adjourn.

Senator CANNON. I presume we follow the same practice we did yesterday; announce the results of the votes on the people who were—the witnesses who were considered?

Senator PELL. And eventually we are going to release the testimony after pruning.

Senator CANNON. We did not have any discussion on that today.

Senator PELL. I would like to make the suggestion again today as we did yesterday, follow the same procedure as we did yesterday, and release this testimony as soon as convenient.

Senator CURTIS. That is all right.

Senator CANNON. Is there objection?

Senator CURTIS. No objection.

Mr. McLENDON. I would like again, if I am going to do any pruning, for somebody to help me prune. I do not like to do any pruning. I think Mr. Van Kirk ought to be assigned to help prune if there is going to be any.

Senator COOPER. I think, too, we ought to make clear what I think was the agreement yesterday, any checking would not go to any testimony of substance.

Senator CANNON. Off the record.

(Discussion off the record.)

Senator CANNON. Without objection, today's record will be transcribed and submitted to counsels for the majority and minority for checking and thereafter to be printed and released.

Mr. McLENDON. Yes.

Senator PELL. And I would like to make sure it is at my suggestion and motion.

Senator CANNON. The committee will stand in recess until 2 o'clock tomorrow, a public hearing.

(Whereupon, at 5:20 p.m., the committee recessed, to reconvene Wednesday, March 25, 1964, at 2 p.m.).

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