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CONSTRUCTION OF THE DISTRICT OF COLUMBIA STADIUM, AND MATTERS RELATED THERETO

HEARINGS BEFORE THE COMMITTEE ON RULES AND ADMINISTRATION UNITED STATES SENATE EIGHTY-EIGHTH CONGRESS SECOND SESSION PURSUANT TO **S. Res. 212 and S. Res. 367**

RESOLUTIONS AUTHORIZING AN INVESTIGATION INTO THE FINANCIAL, BUSINESS, OR OTHER INTERESTS OR ACTIVITIES OF PRESENT OR FORMER MEMBERS, OFFICERS, OR EMPLOYEES OF THE SENATE, WITH PARTICULAR EMPHASIS ON THE ALLEGATIONS RAISED IN CONNECTION WITH THE CONSTRUCTION OF THE DISTRICT OF COLUMBIA STADIUM, AND MATTERS RELATED THERETO

DECEMBER 1, 1964

PART 2
Testimony of Don B. Reynolds

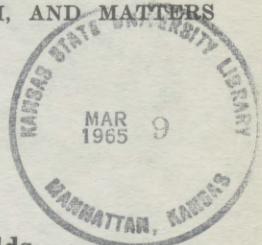
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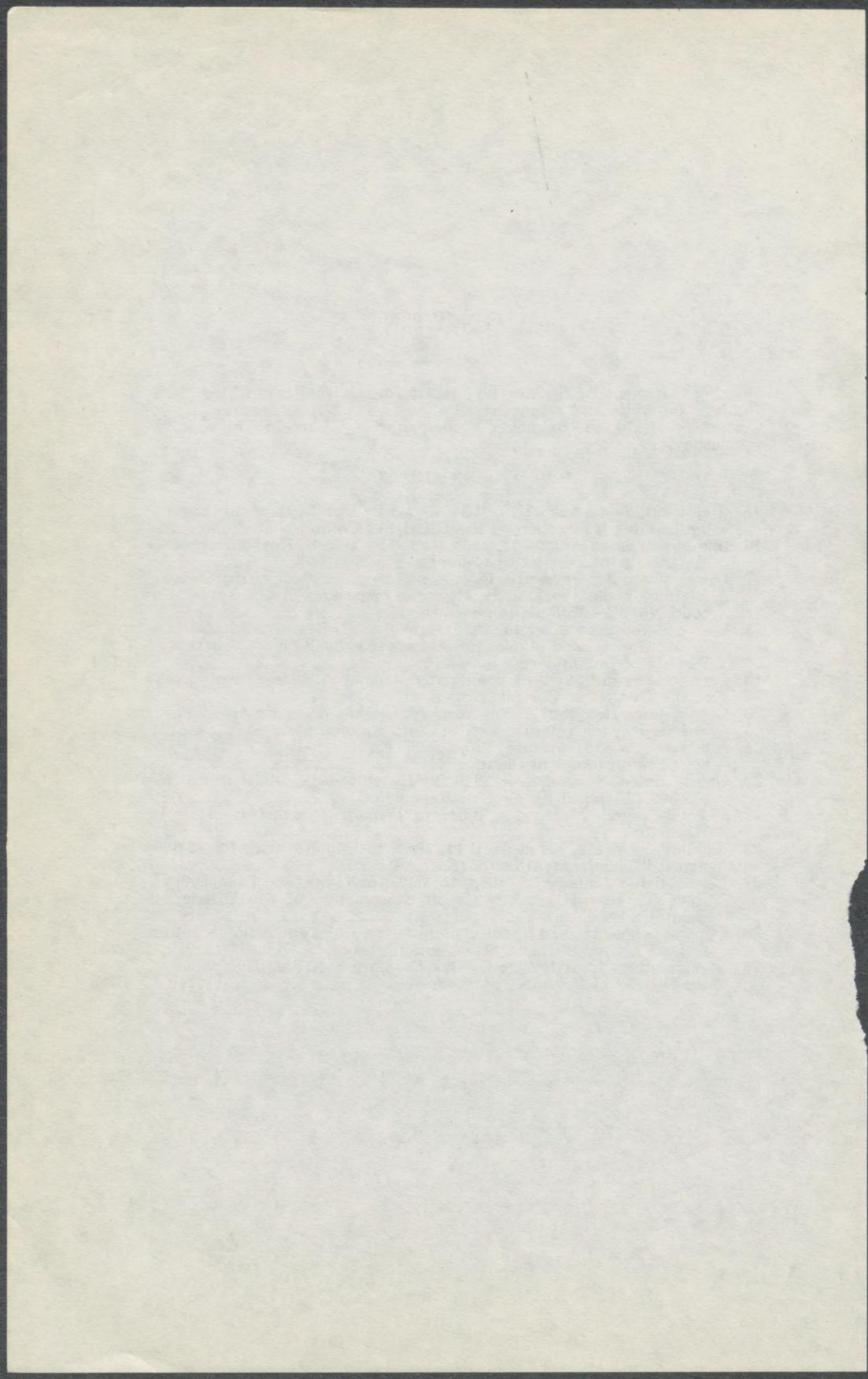
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CONSTRUCTION OF THE DISTRICT OF COLUMBIA STADIUM, AND MATTERS RELATED THERETO

TUESDAY, DECEMBER 1, 1964

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

The committee met, pursuant to recess, at 2:40 p.m. in the caucus room, Old Senate Office Building, Senator B. Everett Jordan (chairman) presiding.

Present: Senators Jordan, Hayden, Pell, Byrd, and Curtis. Also present: Senator Williams of Delaware.

Also present: Gordon F. Harrison, staff director; Hugh Q. Alexander, chief counsel; L. P. McLendon, general counsel; James H. Duffy, associate counsel; William Ellis Meehan, investigator; Walter L. Mote, professional staff member; Samuel J. Scott, investigator; William B. Whitley, staff assistant to Senator Jordan; Edward T. Hugler, investigator; E. George Pazianos, associate counsel; and William R. Haley, staff assistant to Senator Cooper.

The CHAIRMAN. The committee will please come to order. I would appreciate the audience being as quiet as possible. We have a quorum of three, which is all that is necessary to conduct hearings. Mr. Reynolds has already been sworn this morning, and has his counsel, so we won't need to put you under oath again, sir.

Major McLendon, you may start with the witness.

Mr. MCLENDON. Mr. Chairman and gentlemen of the committee, before examining this witness, I want to make this statement in the record. October 1 and 2, when the committee took evidence in public hearings from all of the people connected with the District Armory Board relating to the construction of the District Stadium, awarding of contract and other matters, all members of the Board were present and testified except Mr. Walter N. Tobriner—he was out of the country. He was furnished with a copy of the transcript of evidence in those hearings, and asked to advise if he wished to testify, and he called me later and said he could not add anything to the testimony of the other members of the Board but he was available and if the committee wanted him to attend and testify, either directly on his own accord or by questions, he would be glad to do it. I make that statement for the record, at his request.

The CHAIRMAN. May I also make this announcement. Senator Cooper will be here later this afternoon; he may be late—it may be after we adjourn today—but I had a message yesterday from the State Department that he was on his way back. He had been on a mission to Europe and he was on his way back today. I want to get that on the record.

Senator CURTIS. Mr. Chairman, Mr. Cooper accepted an official assignment of some sort prior to knowing about these hearings. I have been contacted and he would like to have the cable that he sent you—I am not referring to the one to the State Department but the other cable—made a part of the record when his absence was announced.

The CHAIRMAN. So far as I know I did not receive a cable from him.

Senator CURTIS. May it be inserted here?

The CHAIRMAN. Yes; I did get a call from the State Department that he was on his way back. He has been in Europe on a mission for them and he is on his way back and will be here as soon as possible. If that cable was sent to me it might have come to the committee. I will see that it is placed in the record when I receive it.

(The cable referred to has not yet been received by the committee.)

Mr. McLENDON. Mr. Reynolds, are you accompanied now by the same counsel who appeared with you this morning in executive session before this committee?

TESTIMONY OF DON B. REYNOLDS; ACCCOMPANIED BY JAMES F. FITZGERALD, ATTORNEY

Mr. REYNOLDS. I am, sir.

Mr. McLENDON. Is he the same counsel that accompanied you when you testified before the committee previously?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. In 1960, what experience did you have in the insurance and bond business?

Mr. REYNOLDS. Sir, I don't understand your question. What experience what?

Mr. McLENDON. What experience had you had in the insurance business and the bond business?

Mr. REYNOLDS. I had been in the field of general insurance since 1955, sir.

Mr. McLENDON. And what does the term "general insurance" include?

Mr. REYNOLDS. Everything from workmen's compensation to any type of insurance. However, it is distinguished between what is known as a surety bond. Bond is suretyship. That has nothing whatsoever to do with general insurance.

Mr. McLENDON. It has nothing to do with general insurance?

Mr. REYNOLDS. That is correct. It is entirely separable.

Mr. McLENDON. It is bonding and insurance?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Did you have experience in the bonding business also? My question includes both.

Mr. REYNOLDS. Yes, sir, and I had finished the school in both fields.

Mr. McLENDON. Been to school in both fields?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Had you had such training and experience that you considered yourself an expert?

Mr. REYNOLDS. I don't think that I consider myself an outstanding expert, sir. I was well informed, if that is what you have in mind.

Mr. McLENDON. Let's leave out the word "outstanding" and let me ask the question again: Did you consider yourself an expert?

Mr. REYNOLDS. I consider that I was well informed, sir.

Mr. McLENDON. You understood the nature of performance bonds, did you not?

Mr. REYNOLDS. I understood it was a three-way, let's say, obligation instead of insurance as between the company and the other person covered.

Mr. McLENDON. Did you also understand the general types of insurance ordinarily carried by contractors in the construction business?

Mr. REYNOLDS. I had probably had it in school, sir.

Mr. McLENDON. When did you first make contact with Mr. Matthew H. McCloskey or the McCloskey Co.?

Mr. REYNOLDS. I was introduced to Mr. McCloskey at a breakfast in the Mayflower Hotel about 7 o'clock in the morning, and it might have been in 1959 or early 1960; I am not sure, sir.

Mr. McLENDON. You can't tell the committee whether it was in the year 1959 or the year 1960?

Mr. REYNOLDS. No; I cannot, sir. But I know that I went to a breakfast to which Mr. Baker invited me and in which the former President, Mr. Truman, was there, and another gentleman was there, and Mr. McCloskey and Baker.

Mr. McLENDON. Who was the other gentleman?

Mr. REYNOLDS. I do not know, sir; I cannot recall.

Mr. McLENDON. You can't recall his name?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Well, can you relate this first meeting with McCloskey to the time the contract was awarded to him and executed, which, as you will remember, was July 7, 1961?

Mr. REYNOLDS. Well, it was—

Mr. McLENDON. 1960; I beg your pardon, 1960.

Mr. REYNOLDS. It was far previous to that because, as I remember, sir, the bill had not passed the House or the Senate at the time of my meeting with him.

Mr. McLENDON. Yes, and this was the first time you had ever met him?

Mr. REYNOLDS. To the best of my knowledge; yes, sir.

Mr. McLENDON. You didn't know him before?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Never been introduced to him?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. And you say that Baker arranged this breakfast meeting?

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. Could you be any more definite with respect to the time?

Mr. REYNOLDS. Seven o'clock in the morning, and I can't tell you whether it was autumn of 1959 or summer of 1959; I cannot, sir.

Mr. McLENDON. You can't even approximate the month?

Mr. REYNOLDS. Well, it was before—if you will give me a date the stadium bill was passed, sir, I can definitely identify it; it was prior to that, sir.

Mr. McLENDON. I think the record shows—you are talking about the stadium bill?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. The bill as amended passed on September 23, 1959, according to this record.

Mr. REYNOLDS. Then it would have been in early 1959 that I met him, in the spring of 1959, sir.

Mr. McLENDON. In the spring of 1959?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. That is the nearest you can fix it?

Mr. REYNOLDS. Spring or early summer; yes, sir.

Mr. McLENDON. You never had been in his presence before that date?

Mr. REYNOLDS. Not that I ever remember, sir.

Mr. McLENDON. Did you say that Baker invited you to attend that meeting?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Did he explain to you the purpose of it?

Mr. REYNOLDS. He told me he wanted me to meet Mr. McCloskey; yes, sir; he did.

Mr. McLENDON. Did he explain why he wanted you to meet Mr. McCloskey?

Mr. REYNOLDS. Yes, sir. Because of the fact that the previous person interested in possibly building the stadium found that he did not wish to proceed further and he thought that Mr. McCloskey would be interested in trying to build the stadium.

Mr. McLENDON. I didn't understand the first part of your answer; somebody not interested in proceeding?

Mr. REYNOLDS. There was a person, a previous person; if you wish the name I will be free to tell you.

Mr. McLENDON. I would like for you to call names instead of talking in enigmas.

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Who was the person?

Mr. REYNOLDS. Mr. Clint Murchison, sir.

Mr. McLENDON. Just tell it like Baker told it to you; repeat the exact language.

Mr. REYNOLDS. I had been as a guest in Miami, Fla., of Mr. Clint Murchison, Jr.

Mr. McLENDON. Yes.

Mr. REYNOLDS. At the invitation of Mr. Thomas D. Webb, Jr., and I had gone down to such a meeting in Miami and at this meeting it was discussed, the possibility of a stadium bill being passed to construct a stadium in the District of Columbia. And I was informed—I never saw any documents, sir, at that time—that Tecon was a company only owned by Mr. Murchison of which Mr. Bob Thompson was the executive vice president, and that they were very much interested in constructing stadiums because they did heavy construction work, sir.

Mr. McLENDON. Did they ask you to be of some assistance to them in that connection?

Mr. REYNOLDS. They asked for me to keep my ears, I think, to the ground is the expression they used, to see what I could find out about

the bill and if I could offer any assistance in their being awarded the contract, sir, on a negotiated basis.

Mr. McLENDON. Did they offer to compensate you for this service?

Mr. REYNOLDS. No, sir; there was never any mention of any money or other consideration.

Mr. McLENDON. Did you ask them to compensate you?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Are you telling the committee then that you were willing to devote your time and attention to this job they gave you without compensation or expectation of compensation?

Mr. REYNOLDS. Mr. Baker had informed me that Mr. Murchison was one of the wealthiest gentlemen in our country, and if I helped him put the thing together he was sure that I would be remunerated, sir.

Mr. McLENDON. So your answer is that you did expect to be remunerated by one of the wealthiest men in America?

Mr. REYNOLDS. There is a difference between hope and expectation.

Mr. McLENDON. Oh, there is. What is that difference, in your mind?

Mr. REYNOLDS. Well, you can hope to go to heaven, sir, but you may not expect to. [Laughter.]

Mr. McLENDON. In this case did you hope to be rewarded or expect to be rewarded?

Mr. REYNOLDS. I hoped.

Mr. McLENDON. You hoped.

Mr. REYNOLDS. I had no other reason from what Mr. Baker told me, sir.

Mr. McLENDON. What did you do in performing this request?

Mr. REYNOLDS. After I came back I went to see Mr. McLeod—Bill McLeod—who was the chief clerk of the House District Committee, and I asked him what the status was and he told me, I think, Mr. Harris—Mr. Oren Harris, of Mississippi or somewhere down South—was working on it but they had been sitting on the bill several years, and since Mr. John McMillan had been my friend I might put in a good word and tell him I was interested in it; it wouldn't do any harm.

Mr. McLENDON. Let me see if I understand that. Baker told you that he didn't think it would do any harm if you would put in a word with Mr. McMillan?

Mr. REYNOLDS. Not Mr. Baker, sir.

Mr. McLENDON. Who told you?

Mr. REYNOLDS. Mr. William McLeod.

Mr. McLENDON. William McLeod told you that?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Mr. McMillan was at that time chairman of the House Committee on the District of Columbia?

Mr. REYNOLDS. I believe this is correct, sir.

Mr. McLENDON. Had you ever spoken to him about the stadium bill?

Mr. REYNOLDS. Previous to that, sir?

Mr. McLENDON. Yes.

Mr. REYNOLDS. No, sir.

Mr. McLENDON. I thought you testified, when you appeared before the committee, you had an interest in this for years because of an interest in the performing arts.

Mr. REYNOLDS. May I make a statement, sir?

Mr. McLENDON. I am not asking you for a statement. I am just asking you if you did make a statement.

Mr. REYNOLDS. Sir, I think your time element is incorrect.

Mr. McLENDON. What is wrong with the statement?

Mr. REYNOLDS. I think I had stated to you that I had been interested in the performing arts, being a member of the Cultural Development Committee of the District of Columbia, and I had previously discussed with McMillan a hope of getting an opera house and a center for the performing arts, sir, and when I discussed such things as that I didn't get to first base.

Mr. McLENDON. Was that disassociated entirely from the idea of a stadium?

Mr. REYNOLDS. As far as I know there was no connection, sir.

Mr. McLENDON. After you had this conversation with Mr. McLeod what else did you do in response to Murchison's request?

Mr. REYNOLDS. I at some subsequent time went to John McMillan and said, "I am interested, if it is all right with you that you see fit, in trying to help obtain a stadium for the District of Columbia," No. 1, to get his response because I got nowhere, I got no place at all, in trying to discuss the performing arts, and I was and am of the opinion that the District of Columbia needs certain facilities for people of all ages, sir.

Mr. McLENDON. Still does, doesn't it?

Mr. REYNOLDS. I believe so, sir.

Mr. McLENDON. All right. Well now, what did you do next in obedience to the request of Murchison?

Mr. REYNOLDS. Well, as a result of that Miami trip, sir, Mr. Webb—Mr. Thomas D. Webb—had talked with Baker about the possibility of a stadium, and I frequently discussed with Bobby the possibility of a stadium and he said, "Have no fear; it would go through the Senate."

Mr. McLENDON. What year are you talking about now?

Mr. REYNOLDS. 1959, sir.

Mr. McLENDON. 1959?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. The very year the bill passed?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Weren't you aware of the fact that information was published daily about all pending legislation?

Mr. REYNOLDS. Sir, I only read "Peanuts" on certain days in the paper.

Mr. McLENDON. "Peanuts"?

Mr. REYNOLDS. Yes, sir; cartoons.

Mr. McLENDON. You are referring to cartoons?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. In 1959 you spent your time reading "Peanuts" when you were on a mission for Murchison?

Mr. REYNOLDS. Sir, I had the source of the horse's mouth. Why should I read the paper?

Mr. McLENDON. Well, let's see now, horse's mouth. Who was the horse's mouth?

Mr. REYNOLDS. Mr. Baker.

Mr. McLENDON. Mr. Baker?

Mr. REYNOLDS. And Mr. McLeod on the House District side, sir.

Mr. McLENDON. You considered that they knew it all?

Mr. REYNOLDS. They knew anything dealing with legislation as far as I was concerned who could tell me the answers, sir.

Mr. McLENDON. OK. Did you make any effort to find out on your own accord the status of the stadium bill?

Mr. REYNOLDS. With any other source, sir?

Mr. McLENDON. Yes.

Mr. REYNOLDS. No, sir.

Mr. McLENDON. None at all?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Did you finally notify Murchison what you found out?

Mr. REYNOLDS. I called from Mr. Baker's office.

Mr. McLENDON. What did you tell him?

Mr. REYNOLDS. And I told him it was apparent from the information developed that the stadium bill would not be given on a negotiated basis.

Mr. McLENDON. You mean the stadium contract, do you not?

Mr. REYNOLDS. Contract; yes, sir.

Mr. McLENDON. Had the bill passed then when you told him that?

Mr. REYNOLDS. I don't believe the final version had been passed. I think they had had a difference of opinion between the House and the Senate side, sir.

Mr. McLENDON. Who gave you that information—that the contract would be awarded on a bid basis?

Mr. REYNOLDS. Mr. McLeod and Mr. Baker.

Mr. McLENDON. The bill hadn't passed at that time?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. Did you know that the amendment to the bill contained a provision permitting the Armory Board to use its discretion with respect to awarding the contract?

Mr. REYNOLDS. No, sir; I did not.

Mr. McLENDON. You didn't know that?

Mr. REYNOLDS. And I don't know it now.

Mr. McLENDON. So if McLeod told you it only would be awarded on a contract basis and the bill does provide that it can be done either way, the answer is that the Armory Board was the one to decide that question, was it not?

Mr. REYNOLDS. It was, but I accepted Mr. McLeod's and Baker's words.

Mr. McLENDON. And the Armory Board at that time hadn't even been appointed, had it?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. Were you familiar with the fact that the bill, stadium bill, provided that the chairman of the House committee and the chairman of the Senate committee would appoint one member of the Armory Board?

Mr. REYNOLDS. I remember some discussion of it, sir. It was not important to me.

Mr. McLENDON. Of course, that wasn't known until after the bill passed.

Mr. REYNOLDS. I remember some discussion, but it was not important to me, sir.

Mr. McLENDON. Now getting back to the point that you are making—

Senator CURTIS. May I ask one question there? It did turn out just as Baker and McLeod suggested, didn't it?

Mr. REYNOLDS. It did, sir.

Mr. McLENDON. Practically; not the law.

Senator CURTIS. You didn't ask about the law.

Mr. McLENDON. I asked him.

Senator CURTIS. The question was he was to find out how the bid was to be let, not what the law says.

Mr. McLENDON. It couldn't be found out until the law was passed because the law vested the discretion in the Board; that is in the record in this case and it was only after the Board was created and that—

Senator CURTIS. Bobby Baker knew a lot of things.

Mr. McLENDON. He would have to be a magician to know that before the Board was appointed or before it even met. Did you finally disengage yourself from Murchison?

Mr. REYNOLDS. After Mr. Murchison said to me, "I think I shall withdraw because there is a Mr. Brown who is a friend of Senator Johnson's in a construction firm and even if they negotiated—and you have assurance they will not—I don't think he would permit me to have the contract so I will withdraw."

Mr. McLENDON. All right. Did these conversations with Murchison and with McLeod take place after your breakfast meeting with Mr. McCloskey and ex-President Truman and others?

Mr. REYNOLDS. Yes, sir—no; I am sorry; with Murchison they did not, sir.

Mr. McLENDON. When did it take place with respect to—

Mr. REYNOLDS. Just prior to my meeting with Mr. McCloskey. I had been to Florida with Mr. Murchison and Mr. Murchison had written it off as far as his interest, before Mr. Baker brought into my orbit—I think is the word Senator Clark used—Mr. McCloskey.

Mr. McLENDON. You brought Mr.____

Mr. REYNOLDS. Mr. Baker brought into my orbit.

Mr. McLENDON. Orbit?

Mr. REYNOLDS. Meaning his orbit, sir.

Mr. McLENDON. What I am trying to find out at the moment, Mr. Reynolds, is the order of things.

Mr. REYNOLDS. I met with Mr. McCloskey after Mr. Murchison discussed with me, on the telephone in Mr. Baker's office, that he had no further interest in trying to obtain the District of Columbia Stadium contract, sir.

Mr. McLENDON. I believe you have already stated that your breakfast meeting with Mr. McCloskey and ex-President Truman and Baker occurred before the bill passed.

Mr. REYNOLDS. Before the finalized bill was passed, sir.

Mr. McLENDON. All right.

Senator CURTIS. Mr. Chairman, may I ask a question there? Mr. Truman happened to be at the same breakfast?

Mr. REYNOLDS. Yes; he did, sir.

Senator CURTIS. But was he a party to any conversations about the stadium?

Mr. REYNOLDS. Not at all, sir, to the best of my knowledge.

Senator CURTIS. You have no intention of so inferring?

Mr. REYNOLDS. Not at all, sir.

Senator CURTIS. But it happened at a meeting that Mr. Truman was there in some other part of the room you had this conversation?

Mr. REYNOLDS. Mr. Baker called me aside after the breakfast, sir.

Senator CURTIS. I see.

Mr. REYNOLDS. Along with Mr. McCloskey.

Mr. McLENDON. Did Baker tell you, when he called you about this appointment, that the ex-President of the United States would be at this meeting?

Mr. REYNOLDS. No; he did not, sir.

Mr. McLENDON. He did not.

Mr. REYNOLDS. To the best of my knowledge. I was pleasantly surprised.

Mr. McLENDON. And he didn't tell you this unnamed man was to be there?

Mr. REYNOLDS. No; he did not.

Mr. McLENDON. And you can't tell me who that was?

Mr. REYNOLDS. No; I can't. Mr. Baker can, I am sure.

Mr. McLENDON. Will you tell the committee in your own words exactly what occurred at this breakfast meeting or following the meeting insofar as it is related to the construction of the District of Columbia Stadium?

Mr. REYNOLDS. After the breakfast was finished and they had discussed the political personalities involved, Bobby called me aside and he said to Mr. McCloskey:

Matt, this is Don, my insurance partner, I was telling you about, and he can handle for you and help you in the House side with Bill McLeod and the necessary people, and I can insure passage of the bill on the Senate side.

Mr. McLENDON. He said, "He can help you"?

Mr. REYNOLDS. Yes; he said—Mr. McCloskey said—"It is no good until the bill was passed; there is no use talking about it," and Bobby says:

I can assure you that the bill will be passed because I can assure it in the Senate and I am reasonably sure that Don through his friendship with McLeod and McMillan can make reasonably sure it goes through the House side.

Mr. McLENDON. Subsequent to that, did you meet Mr. McCloskey in Baker's office?

Mr. REYNOLDS. Yes, sir; but before we get away from that, sir, I would like to inform you that he said to Mr. McCloskey:

The additional funds we were discussing may be directed through Mr. Reynolds.

Mr. McLENDON. "Additional funds we were discussing"—

Mr. REYNOLDS (continuing):

That we have discussed, can be directed through Mr. Reynolds.

Mr. McLENDON. Was any explanation made of that?

Mr. REYNOLDS (continuing):

And you may deduct them as an expense, and then Don will have to disburse the funds according to the instructions I give him.

Mr. McLENDON. Was that the first time you had any knowledge of any discussion about funds to be derived from McCloskey in the event that he obtained the contract?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Baker had not told you about this conversation to which he referred?

Mr. REYNOLDS. No; he only told me that he had discussed with Mr. McCloskey; he did not tell me the context of any discussion with him.

Mr. McLENDON. What had he said he discussed about the contract?

Mr. REYNOLDS. He said he discussed the stadium, and Matt definitely wanted to construct the stadium.

Mr. McLENDON. Did he say he had discussed with McCloskey the bond or insurance?

Mr. REYNOLDS. No; he did not.

Mr. McLENDON. The first time you heard that—

Mr. REYNOLDS. Was after the breakfast.

Mr. McLENDON. At the breakfast?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. You, Baker, and McCloskey were the only three in the conversation?

Mr. REYNOLDS. In other words, Mr. Truman was talking with the other gentleman who was present and we were by the side, sir.

Mr. McLENDON. Now, I asked you a moment ago if you met with Baker and McCloskey in Baker's office.

Mr. REYNOLDS. Yes, sir; later.

Mr. McLENDON. When?

Mr. REYNOLDS. I don't remember the date, but it is in the record, sir, in your previous hearings.

Mr. McLENDON. Did you say when you testified before this committee that that meeting was held for the purpose of introducing McCloskey?

Mr. REYNOLDS. Introducing—I did not say to me, I believe, sir.

Mr. McLENDON. I beg your pardon.

Mr. REYNOLDS. It was to introduce Mr. McMillan and Mr. McLeod, in my estimation, and vice versa, to Mr. McCloskey, sir.

Mr. McLENDON. Did you testify before that you had met McCloskey before you saw him in Baker's office on the occasion we are now talking about?

Mr. REYNOLDS. No, sir; the question was never asked.

Mr. McLENDON. We didn't have to ask you a question; did we?

Mr. REYNOLDS. Sir, I tried to answer the exact questions the way you asked them; the way I interpreted them.

Mr. McLENDON. You testified about this meeting in Baker's office under oath before this committee; you testified who was present, did you not?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Who did you say were present?

Mr. REYNOLDS. To the best of my knowledge I said Mr. McMillan, Mr. McLeod, Mr. Baker, and Mr. McCloskey and one other man that I don't remember, sir.

Mr. McLENDON. Do you know now who it was?

Mr. REYNOLDS. At some subsequent date I met a man named Mr. Stewart and I also met Mr. McHale, Mr. McCloskey's son-in-law; it could have been either one of them, sir.

Mr. McLENDON. You are not sure whether it was either one of them?

Mr. REYNOLDS. No, sir; I was not impressed.

Mr. McLENDON. You were not impressed?

Mr. REYNOLDS. I was not impressed so it made no deep impression on my subconscious to remember which one.

Mr. McLENDON. What conversation took place on that occasion?

Mr. REYNOLDS. As well as I remember they discussed who each person was and Bobby identified the fact that Mr. McCloskey was interested in construction of the stadium, sir.

Mr. McLENDON. What else?

Mr. REYNOLDS. I do not remember any—they made the generalities, and I assume remarks that had no direct meeting on the stadium directly or indirectly, sir. It was only after everyone started to leave that Bobby pulled me aside and said that—

Don is now in position to go ahead and write the surety bond, and the fact that I will work out with him for the surplus moneys. There is no problem involved, and he may do it for us.

Mr. McLENDON. Did Mr. McMillan have anything to say?

Mr. REYNOLDS. To the best of my knowledge, "Mac" might have said hello or goodby, but I have no other recollection, sir.

Mr. McLENDON. Were you identified as to what business you were in?

Mr. REYNOLDS. I think Bobby did it after he identified with the other ones because Mr. McCloskey met me at that particular breakfast prior to this time, sir.

Mr. McLENDON. What did he say about you?

Mr. REYNOLDS. He just said, "Good day; how are you; fine."

Mr. McLENDON. What did he say about you by way of identification of you?

Mr. REYNOLDS. Of him, sir?

Mr. McLENDON. Yes.

Mr. REYNOLDS. Mr. Baker said he was treasurer of the National Democratic Party and a real big builder; one of the biggest in the country, sir.

Mr. McLENDON. Did he say that in the presence of Mr. McCloskey?

Mr. REYNOLDS. Yes; I am sure he did, sir.

Mr. McLENDON. He did?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Was there any discussion at that meeting about bond or insurance?

Mr. REYNOLDS. Only after the meeting was over when McLeod, to the best of my knowledge—McMillan started to wave Bobby aside again, in the usual manner that he operated, of which I knew Bobby to operate, he would call aside in a little group and discussed what he wished to discuss, sir.

Mr. McLENDON. Mr. Reynolds, have you read your testimony that you gave on this very point on the 9th day of January 1964?

Mr. REYNOLDS. I have read it, but on purpose I have not tried to read it—to recite it—only to the best of my knowledge and belief, sir.

Mr. McLENDON. I call your attention to the fact that on page 3 of this report—do you have a copy of it?

Mr. REYNOLDS. I don't think I have one, sir.

Mr. McLENDON. Somebody get him a copy—

Mr. REYNOLDS. Excuse me; I do have it.

Mr. McLENDON. Will you turn to page 3?

Mr. REYNOLDS. This is your report; not the testimony, sir.

Mr. McLENDON. It is called "Part 1, Testimony of Don B. Reynolds."

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. At the bottom of page 3 do you find this:

Mr. Reynolds, did you attend a meeting in Robert G. Baker's office, his office as secretary for the majority of the Senate, about January 10—no—in the spring of 1960, attended by yourself; Matt McCloskey, contractor; William W. McLeod, Jr.—

I have the initial wrong; that ought to be "N"—

"clerk of the House Committee on the District of Columbia; Robert G. Baker, and Congressman John M. McMillan?"

Your answer was, "John L."—and then the question—"Did you attend that meeting?" You answered, "I did, sir." Did you not? Am I reading it correctly?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. Next question:

Who called it?

ANSWER. To the best of my knowledge, Bobby Baker called it himself.

McLENDON. What was the purpose of the meeting?

REYNOLDS. I truthfully don't know, sir; at first I thought it was for the purpose of just meeting Mr. McCloskey.

QUESTION. Did you discuss the construction of the District of Columbia Stadium, commonly referred to as the District of Columbia Stadium?

ANSWER. To the best of my recollection, the only thing that was discussed was Mr. McCloskey's desire to bid on the stadium.

Did you anywhere at any time testify to any conversation, either in the presence of McCloskey or anyone else, about your desire to write the bond?

Mr. REYNOLDS. I did not ever make a statement of my desire to write the bond. Mr. Baker had prepared the way and made all the arrangements, sir.

Mr. McLENDON. I am talking about this meeting, Mr. Reynolds. Did you ever discuss—

Mr. REYNOLDS. Did I discuss it with him?

Mr. McLENDON. No, no. I am asking you if you ever testified to any conversation by anybody on the occasion of this meeting about your desire to write the bond in case McCloskey became the successful bidder?

Mr. REYNOLDS. No question was asked about it.

Mr. McLENDON. I didn't ask you whether you were asked. Did you testify?

Mr. REYNOLDS. I beg your pardon, sir.

Mr. McLENDON. Did you testify under oath when you were relating this meeting—when you were testifying on January 9, 1964—to any comment by anyone about the bond on the stadium?

Mr. REYNOLDS. Did I?

Mr. McLENDON. Yes. You did not?

Mr. REYNOLDS. No, sir.

Senator CURTIS. May we read what it says here?

Mr. McLENDON. On page 12 you were asked this question by Senator Scott:

What conversation did Mr. McCloskey have at the meeting?

Mr. REYNOLDS. It is very vague, sir, because I was impressed by who he was because he was represented as being the treasurer of our National Democratic Party, sir, and I had not been exposed to such a level of people.

Mr. REYNOLDS. On a personal basis. When I met with Mr. Truman, Mr. McCloskey was a lesser of the lights present, sir.

Mr. McLENDON. Has that got anything to do with what was said at the meeting?

Mr. REYNOLDS. It does, sir; it has very much to do, sir. Because you must know what I was thinking inside in order to interpret what I am trying to tell you.

Mr. McLENDON. Senator, do you want to ask a question?

Senator CURTIS. Yes, sir; as I interpret this from reading page 4, Mr. McLendon asked if he was successful bidder was he required to give a bond, performance bond.

Mr. REYNOLDS. At that point it was not discussed.

Mr. McLENDON. Not discussed at that time?

Mr. REYNOLDS. To the best of my recollection, sir.

Then they went on about the award. The point of the conversation after the meeting was not brought up in this previous testimony. No one asked him about it.

Mr. McLENDON. He was asked to tell about it, Senator.

Senator CURTIS. No, no.

Mr. McLENDON. I am calling attention to the fact that he never mentioned in all of his testimony any conversation about the bond, either with Mr. McCloskey or Baker or anybody else.

Senator CURTIS. He said not discussed at that time.

Mr. McLENDON. Right.

Senator CURTIS. I think it implies it was clearly discussed at a later time.

Mr. McLENDON. This meeting we are talking about now was subsequent to the breakfast meeting you testified to; isn't that correct?

Mr. REYNOLDS. That is correct.

Mr. McLENDON. That is what you have sworn to today?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. So you had already heard through Baker at the breakfast meeting about the bond?

Mr. REYNOLDS. Major McLendon, I think that you are reading into something I do not intend nor do I wish for it to stand the way it is.

Mr. McLENDON. All I am asking you to do is answer the question.

Mr. REYNOLDS. I am answering the question, but I must have an opportunity to express what I am thinking, sir. At the time of the meeting with Mr. McCloskey and Bobby Baker, they had been talking about funding of campaign funds, sir.

Mr. McLENDON. But you were not present; you had to rely on what Baker told you, you said?

Mr. REYNOLDS. I beg your pardon; I was sitting right at the table, sir, when they were discussing personalities.

Mr. McLENDON. You hadn't told us that. Let's hear this now.

Mr. REYNOLDS. And they were discussing William Green, who was a Congressman from Philadelphia, and they were discussing the funneling of different funds into different areas to control the city machines.

Mr. McLENDON. Is that all?

Mr. REYNOLDS. And after it was all over I sat like, I guess, a frog on a cooter log until it was all over, I had no comment nor did I say "How do you know?" or anything else beyond a formal meeting, sir, and I listened to Mr. Truman's nice stories, and I enjoyed them and I enjoyed, immensely impressed—I want to point this out, sir. At that time Mr. McCloskey was such a lesser light in terms of the appearance of Mr. Truman, I was greatly impressed and it was only the second meeting that I considered that I got to really have anything to do as far as knowing Matt McCloskey as a person, sir.

Mr. McLENDON. But my question, Mr. Reynolds, is simply this: At this meeting in Bobby Baker's office about which you testified, you had already been told, according to your testimony today, by Baker that he—Baker—and McCloskey had discussed the procurement of funds by writing the bond in such a manner—

Mr. REYNOLDS. Sir, you are putting two things together in juxtaposition that should not be.

Mr. McLENDON. All right; will you explain it then?

Mr. REYNOLDS. The original conversation at the breakfast at which I was a silent person present, they discussed campaign funds, at this particular point had nothing to do with it. When Baker said to McCloskey, "This is Don Reynolds, my insurance man; I think he can be helpful in helping get the stadium built through the House side, and if he does he can channel the funds that you and I were discussing without any great difficulty." I did not know what he had reference to at that time whatsoever, sir.

Mr. McLENDON. And you didn't ask him?

Mr. REYNOLDS. No; I did not, sir.

Mr. McLENDON. And even after that meeting you didn't ask Baker what he had reference to?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Are you telling this committee that 2 months or 3 months later you met in Baker's office and still didn't know what Baker was referring to when he said, "funds that you and I, McCloskey, you and I had been discussing."

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. Mr. Reynolds, I show you a paper here—two papers, in fact. Give him exhibits 15 and 16. This document, exhibit 15, contains three typewritten pages, does it not?

(The documents referred to are as follows:)

EXHIBIT 15

This is a statement regarding the bonding transaction on the District of Columbia Stadium. The following information is furnished freely and without any fear of coercion or promise of any special consideration but in the hope of

helping in some small way to point toward the irregular financial transactions that have taken place with my knowledge.

The original agreement was for excess money to be paid to me which would be directed part toward the Democratic campaign fund, part toward Mr. Baker, part for Bill McLeod, and an additional part for me.

It was at a breakfast meeting in the Mayflower Hotel in the late spring of 1959 to which Bobby Baker invited me, along with Mr. McCloskey, former President Truman, and one other person, that I had my first contact with Mr. McCloskey.

After the breakfast Bobby called Matt McCloskey aside along with me and made a statement to the effect that he, Bobby, could insure passage of the stadium bill in the Senate and that I, Don, should be useful in working with Bill McLeod to insure its passing on the House side. Mr. Truman and the other person, I believe, knew nothing about this conversation.

In this conversation no specific amount was mentioned, but Bobby and Matt discussed the question of overpayment above that of the premium charged and the fact that by using me as a bonding agent the amounts could be directed to other persons or funds and could be made as a legitimate business expense to McCloskey & Co. It was discussed that, I believe, the sum of \$5,000 was the maximum political contribution that any person could make and that any such contribution could not normally be taken as a business expense but by directing the overpayment through me it could be taken as a business expense by McCloskey & Co. and there would be no record indicating any excess payment above the \$5,000 stipulated amount. In consideration for my being the media for passing these funds I was to receive the full amount of the normal commission on such a bond, including the contingency reserve loss, ratio-earned premium return.

Due to the fact that Mr. McCloskey had always placed his business through his own son-in-law, Mr. James B. McHale, Jr., I was informed that Mr. McHale would write the bond naming me as the broker of record for the transaction and the normal commissions would be permitted by the Hutchinson, Rivinus & Co. and that the additional funds that I would be permitted to keep would equal or be greater than the total earned commission which would have been received had the bond been placed through one of the surety companies my agency represented.

Sometime subsequent to this breakfast meeting which Bobby had arranged with Mr. McCloskey, Bobby telephoned me and told me that I should personally bill Mr. McCloskey, and Bobby gave me instructions as to the amount. He said that I should direct the communication marked "personal and confidential" to Mr. Matthew McCloskey. The amount given to me by Bobby was \$109,205.60. I complied with the instructions that Bobby gave me. Along with the statement submitted to Matt McCloskey I enclosed a note stating that I was enclosing invoice as agreed.

Sometime during September 1960 I received an invoice from the Hutchinson, Rivinus & Co. indicating the gross cost of bond release commissions and a net due to the Hutchinson, Rivinus & Co. After receiving a check from McCloskey & Co. for the \$109,205.60 I forwarded my check to the Hutchinson, Rivinus & Co. for the \$63,599.72. In compliance with the previous agreement with Bobby I transferred \$5,000 to Bobby Baker on three separate occasions, each time consisting of 50 \$100 bills. Bobby had informed me that I could not issue checks for the campaign contribution. I was told that these funds were to be directed for use in Mr. Johnson's campaign, and they came from the excess funds submitted to me by McCloskey & Co.

Bobby had advised me that this \$15,000, which was turned over in cash, was to be directed to Mr. Johnson's campaign fund; however, I have no knowledge whatsoever as to what happened to these moneys subsequent to my transferring them to Mr. Baker. However, discussion of the direction of these to campaign funds was made in my presence by Mr. McCloskey and Mr. Baker. There were other discussions as to political candidates of whom I had heard, but the only person's name I remember is a Bill Green of Philadelphia.

The other \$14,000-plus that has appeared in testimony regarding Robert G. Baker has nothing whatsoever to do with the foregoing \$15,000 as those additional moneys are evidenced by checks to Mr. Baker and by notes given to me by Bobby Baker at his own insistence with full knowledge and understanding that they were worthless and that no effort at any time would be made or expected as far as collections were concerned on them. These moneys referred to in com-

mittee hearings were Bobby's payoff for having engineered the stadium bill and having negotiated with Mr. McCloskey a method which permitted Mr. McCloskey to siphon moneys toward the campaign fund of Mr. Johnson in excess of the amount permitted and permitting a deduction as a legitimate business expense for said political contribution.

There may be a question asked as to why I had not brought out this information before. The reason is that although I knew the story I was not in a position to prove it and I had to bide my time until others could help me obtain the necessary documentation.

I had hoped that the Senate Rules Committee would have provided this co-operation and assistance. It had been my intention to call this to their attention and ask their assistance in getting certain documents; however, after my official interview with Major McLendon and the ex-FBI agent who tried to intimidate me in his questioning I decided otherwise. For example, when he asked me who discussed the purchase of television advertising space with me and I stated that Walter Jenkins and Walter Jenkins alone had, he, the interrogator, thereupon threw a book on the floor and in a boisterous manner informed me that I did not discuss this with Walter Jenkins, that I had discussed it with Bobby Baker. At this point I became somewhat reluctant to discuss openly anything further, knowing that his attitude was more toward defending certain people than toward ascertaining the real facts of the case. At two subsequent appearances before the Rules Committee I soon learned that the majority of that committee was more interested in discrediting me as a person and as a witness than it was in developing the actual facts of the case.

Having established a personal contact with Senator Williams and having apprised the Senator of the general circumstances surrounding these irregularities I asked for his help in obtaining such documentation as we could to substantiate my statements regarding excess payment on the stadium bond. In order to do this it was necessary to get a copy of the check issued by Mr. McCloskey. In some manner Senator Williams was able to obtain a photostatic copy of the \$109,205.60 check McCloskey & Co. had issued to me, and with this information I was able to put together the composite picture of this highly irregular transaction. Once I had evidence of this check I then felt free to furnish the additional information which would show how the money had been distributed.

It was during the latter part of the week ending August 15, 1964, that Senator Williams called and informed me that he had obtained a photostatic copy of the check issued to me by McCloskey & Co., and an appointment was set for me to meet him in his office on Monday night, August 17. At that time he showed me a copy of the check, and I verified it as being the check and my endorsement on the back of the check.

I can certify that this is the one and only transaction directly or indirectly which I have ever had with Mr. Matthew McCloskey or McCloskey & Co. and that the correct amount due on the insurance bond should have been \$73,631.28. The difference between the \$73,000 figure and the \$109,000 figure represented the overpayments which were to be directed and diverted to other people as campaign contributions and payoffs.

Witness:

DON B. REYNOLDS.

AUGUST 18, 1964.

ELEANOR R. LENHART.

EXHIBIT 16

The stadium bill through Bobby Baker's efforts was engineered in the Senate, and on the final night before the adjournment of the 1959 session the House found that it had passed a different version from the one which Bobby had gotten through the Senate. Thereupon Bobby contacted Mr. Rayburn, the late Speaker, sometime around midnight or later to make sure that through some parliamentary procedure the bill passed by the Senate or the House would be identical. Mr. Gross of Iowa said (and this was in the Record) that there was not a quorum present in the House of Representatives. Thereupon, Mr. Rayburn quickly made an estimate of the number present without having a quorum called through a rollcall and stated that there was a quorum present, and Bobby madⁿ the statement to me that who in the hell would take exception to Sam Rayburn's word. Therefore Mr. Gross' point of parliamentary procedure was overcome, and the bill was passed sometime between midnight and 2 a.m.

I was present in Bobby Baker's office during the entire evening, and during the course of the evening I heard many telephone conversations between Bobby and many other persons, both known and unknown. In particular I remember that Senator Smathers and Senator Jack Kennedy along with Scotty Peek were present in Bobby's office.

DON B. REYNOLDS.

Witness :

ELEANOR R. LENHART.

AUGUST 18, 1964.

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. And bears your genuine signature on the third page, does it not?

Mr. REYNOLDS. A photostat of it; yes, sir.

Mr. McLENDON. And it was witnessed by Eleanor R. Lenhart?

Mr. REYNOLDS. That is right.

Mr. McLENDON. Who was she?

Mr. REYNOLDS. She is Senator Williams' secretary, I believe, sir.

Mr. McLENDON. Did you write this statement?

Mr. REYNOLDS. I beg your pardon?

Mr. McLENDON. Did you write this statement?

Mr. REYNOLDS. I did not type it. I discussed it with Miss Lenhart as to the terminology of what I was trying to say, sir.

Mr. McLENDON. Did you dictate it to her?

Mr. REYNOLDS. I wrote it out, I believe, in rough draft or dictated to her; I am not sure.

Mr. McLENDON. You mean you may have written it in longhand?

Mr. REYNOLDS. I may have; I am not sure.

Mr. McLENDON. You don't recollect?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. But at any rate you either wrote it out in longhand and gave it to her to type or you dictated it; is that correct?

Mr. REYNOLDS. Or a combination.

Mr. McLENDON. Yes, sir. And after she had typed it, did you read it?

Mr. REYNOLDS. I perused it; yes, sir; I did.

Mr. McLENDON. I mean did you really read it to see if there were any errors in it?

Mr. REYNOLDS. I did not go into any detail or any great amount of time spending, looking. I assume it said what I intended to.

Mr. McLENDON. What was the purpose of this statement?

Mr. REYNOLDS. The purpose of the statement, sir—

Mr. McLENDON. Yes.

Mr. REYNOLDS (continuing). Was to let Senator Williams know after he had obtained a check which I had mentioned previously, sir, of an overpayment, that I wanted to at least get him something in writing to the best of my knowledge at the moment, what was there in case something should happen to me unfortunately along the route, that he would have it on record, sir.

Mr. McLENDON. Was this written at Senator Williams' request or your voluntary act?

Mr. REYNOLDS. My voluntary act, sir.

Mr. McLENDON. Was it your intent to tell him the truth?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. And is this statement a representation of the truth as you stated it on that occasion?

Mr. REYNOLDS. Major McLendon, there are discrepancies in it that with my own knowledge—

Mr. McLENDON. I beg your pardon?

Mr. REYNOLDS. There are discrepancies in the statement because the words that I considered at the time I wrote them did not say what I wished.

Mr. McLENDON. Is there anything in this statement that narrates or even mentions this meeting in Baker's office about which you have been testifying?

Mr. REYNOLDS. That was already on the record, sir.

Mr. McLENDON. I am not asking you that. Is there anything in this statement about that meeting?

Mr. REYNOLDS. It was not necessary.

Mr. McLENDON. Well, I am not asking you whether it was necessary. I am just asking whether it is in there.

Mr. REYNOLDS. No, sir; I don't see it.

Mr. McLENDON. It doesn't mention it.

Mr. REYNOLDS. I don't see anything in it about it. Should I have, sir?

Mr. McLENDON. The third paragraph on the first page reads:

It was at a breakfast meeting in the Mayflower Hotel in the late spring of 1959 to which Bobby Baker invited me, along with Mr. McCloskey, former President Truman, and one other person, that I had my first contact with Mr. McCloskey.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. Then it proceeds:

After the breakfast Bobby called Matt McCloskey aside along with me and made a statement to the effect that he, Bobby, could insure passage of the stadium bill in the Senate and that I, Don, should be useful in working with Bill McLeod to insure its passing on the House side. Mr. Truman and the other person, I believe, knew nothing about this conversation.

In this conversation no specific amount was mentioned but Bobby and Matt discussed the question of overpayment above that of the premium charged and the fact that by using me as a bonding agent the amounts could be directed to other persons or funds and could be made as a legitimate business expense to McCloskey & Co.

You didn't tell us about that a while ago, did you?

Mr. REYNOLDS. This morning I did, sir.

Mr. McLENDON. You mean that you have testified this morning that he made reference to overpayment?

Mr. REYNOLDS. Well, I did to you on Friday, whenever it was.

Mr. McLENDON. Beg your pardon?

Mr. REYNOLDS. Friday or whenever it was I was with you.

Mr. McLENDON. Oh, yes; you are talking about the interview. I am talking about your sworn testimony, Mr. Reynolds, and you proceed, still talking about this breakfast meeting:

It was discussed, I believe, the sum of \$5,000 was the maximum political contribution that any person could make and that any such contribution could not normally be taken as a business expense but by directing the overpayment through me it could be taken as a business expense by McCloskey & Co. and there would be no record indicating any excess payment above the \$5,000 stipulated amount. In consideration for my being the media for passing these funds I was to receive the full amount of the normal commission on such a bond, including the contingency reserve loss, ratio earned premium return.

Now, when you were asked this morning to narrate what the conversation was at this breakfast meeting and after the breakfast meeting, you didn't tell that, did you?

Mr. REYNOLDS. Sir, at no one particular time can you relate the full story; you must have association of ideas.

Mr. McLENDON. Mr. Reynolds, I am not accusing you of having a perfect memory, I am asking you a simple question. Here this morning under oath, facing this committee, you were asked to tell what took place in the conversation or what was said at the hotel and you narrated it and you didn't tell what was in this paragraph, did you?

Mr. REYNOLDS. May I request you to check—

Mr. McLENDON. I want you to answer my question.

Mr. REYNOLDS. Would you check the record first before you ask that question?

Mr. McLENDON. Beg your pardon?

Mr. REYNOLDS. Would you check the record to make sure your memory is correct?

Mr. McLENDON. On what you said this morning?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Mr. Chairman, I was present this morning. The testimony this morning was directed at matters other than the stadium.

Mr. McLENDON. We are not talking about the executive session, Senator; he does not mean that.

Senator CURTIS. That is what I understood from your question.

Mr. McLENDON. If I used the word "morning" I meant today.

Mr. REYNOLDS. You said I was under oath, Major McLendon, and you are completely in error, sir, when I talked to you the other day.

Mr. McLENDON. Mr. Reynolds, I haven't asked you a word about your conversation with me. Let me get this straight. Here this afternoon, under oath, you testified about the breakfast meeting and testified about what Baker said to McCloskey in your presence, did you not?

Mr. REYNOLDS. Would you identify the persons and repeat your statements, sir? I am confused.

Mr. McLENDON. I don't want to confuse you. Let me ask you again: Today, this afternoon—

Mr. REYNOLDS. Right.

Mr. McLENDON (continuing). Under oath, you testified in response to a question as to what was said at this breakfast meeting, and you told that you and McCloskey and Baker stepped aside and had a conversation.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. You repeated what Baker said, did you not?

Mr. REYNOLDS. I believe this is correct.

Mr. McLENDON. But you didn't repeat what is in this paragraph.

Mr. REYNOLDS. Sir, no one particular thing do I remember of the full context.

Mr. McLENDON. Mr. Reynolds, I am not asking you what you remembered; I am just asking you if you said today—

Mr. REYNOLDS. I can't tell you—

Mr. McLENDON (continuing). Anything that is in that paragraph?

Mr. REYNOLDS. Unless you read the testimony back I can't tell you, sir.

Mr. McLENDON. All right.

Senator CURTIS. Is the counsel asking about the executive session this morning?

Mr. McLENDON. I am asking about what he testified to here.

The CHAIRMAN. This afternoon?

Senator CURTIS. When he keeps talking about today.

Mr. McLENDON. Since we have been in public hearing since 2 o'clock this afternoon.

Senator CURTIS. I think we would proceed further if we attempted to get information rather than attempting to impeach the witness, but you are harassing him.

Mr. McLENDON. I am trying to ascertain the truth, and whatever it takes to ascertain the truth—

Senator CURTIS. No, sir. A great deal of effort has been put forth to discredit this witness; it is quite evident to anybody watching.

Senator PELL. Mr. Chairman, may I make a statement? My recollection is that 20 minutes ago when counsel asked the witness when this matter of political payment had been discussed and the witness said 2 or 3 months later, this, it seems to me, is what the counsel is driving at in contradiction of the statement in the affidavit. Would that be correct?

Mr. McLENDON. It is right.

Senator CURTIS. Let's read the record of what he said today. He said today in this public hearing that Reynolds called him aside in the presence—or that Baker called him aside in the presence of McCloskey and he said, "This is Don and he can handle some of the funds."

Mr. McLENDON. No, no.

Senator CURTIS. Let's read it.

Mr. McLENDON. That he would help him pass the bill.

Senator CURTIS. But there was also reference to handling funds, but he didn't know what it was all about until the subsequent meeting, and that is not—that is totally understandable, and I submit that is the record.

Senator PELL. But isn't that contradictory to this paragraph here?

Senator CURTIS. No; it isn't contradictory.

Senator PELL. Then my English is confused.

Mr. REYNOLDS. Sir, may I refer the committee—

Senator CURTIS. The important thing is what happened and I am quite interested in finding it out.

Mr. REYNOLDS. I will refer the committee to one thing if you will, please. To read the 32d verse of the Book of St. John and stop trying semantics to misinterpret what I am trying to get over to you.

Mr. McLENDON. I don't think the Book of St. John would help you or me, either, to understand the truth.

Mr. REYNOLDS. Sir—

Mr. McLENDON. You are the witness to the fact as to the charges that you make and with respect to this accusation, and I am trying my best, Mr. Reynolds, to get you to tell us what the facts are and when they occurred. We will pass on to another phase of the subject. After this meeting in Baker's office about which you have been testifying, when was the next time that you saw Mr. McCloskey?

Mr. REYNOLDS. I saw Mr. McCloskey, along with Gov. Pat Brown, at Harvey's Restaurant next to the Mayflower Hotel sometime subsequently.

Mr. McLENDON. Did you have any conversation with him about the stadium?

Mr. REYNOLDS. We were talking politics and where they were going to get money.

Mr. McLENDON. Did you speak to him?

Mr. REYNOLDS. I said hello.

Mr. McLENDON. Did he recognize you?

Mr. REYNOLDS. I am sure he did; and also the night of the election, presidential election of 1960.

Mr. McLENDON. When did you next see him?

Mr. REYNOLDS. I don't remember that I ever saw him subsequent to that date, sir.

Mr. McLENDON. Would you let me try to refresh your recollection?

Mr. REYNOLDS. Yes; please do, sir.

Mr. McLENDON. Do you not recall that Baker went with you to see McCloskey at a conference where Mr. McCloskey's son-in-law, Mr. McHale, was present?

Mr. REYNOLDS. No, sir. Mr. McHale was presented to me to the best of my knowledge in Mr. Baker's office separable and entirely apart from Mr. McCloskey. Now, Mr. McCloskey might have walked in; he was seeking nomination, I believe.

Mr. McLENDON. I am not talking about this meeting at Baker's office. I am asking you if you didn't attend a meeting attended by you, Baker, McCloskey, and McHale?

Mr. REYNOLDS. I do not believe so, sir.

Mr. McLENDON. You deny—

Mr. REYNOLDS. I have no knowledge of it, sir.

Mr. McLENDON. You have no knowledge of it?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. When did you first meet Mr. Stewart?

Mr. REYNOLDS. To the best of my knowledge it was in Mr. Baker's office on the day that Mr. McLeod was there, Mr. McCloskey was there and Mr. Baker was there, along with John McMillan and it was one other unidentified person, sir.

Mr. McLENDON. When did you have any discussion with Mr. McCloskey or any of his representatives with respect to the details of writing the bonds, performance bonds?

Mr. REYNOLDS. To the best of my knowledge it was after the bill was passed in July or August 1960, and I was given a telephone number, Mr. William Klem Stewart at District 7-1717 or Decatur 4-3680 to call.

Mr. McLENDON. Did you call him?

Mr. REYNOLDS. I assume I did, sir, to get the information about the—because the companies I represented said they would not bond Mr. Matthew McCloskey or McCloskey & Co. without a full financial disclosure.

Mr. McLENDON. Did you then meet Mr. Stewart?

Mr. REYNOLDS. I might have, but I do not remember, sir. I discussed it with him, I believe, by phone. Otherwise I would not have his number on the reverse side of the card.

Mr. McLendon. Do you deny that you met with Mr. Stewart and that you told him that you wanted to write not only the performance bond but all of the insurance for McCloskey Co.?

Mr. Reynolds. I don't deny it because I don't know, sir.

Mr. McLendon. Well, you would know whether you were there or not, wouldn't you?

Mr. Reynolds. But I do not have any knowledge of ever discussing such matters.

Mr. McLendon. With Mr. Stewart?

Mr. Reynolds. No, sir.

Mr. McLendon. Did he or anyone representing McCloskey Co. tell you what business they would give you?

Mr. Reynolds. No, sir; Mr. Baker told me.

Mr. McLendon. Mr. Baker?

Mr. Reynolds. Yes, sir.

Mr. McLendon. Let's see if we understand that now. Are you telling the committee that you had no information, no instructions from McCloskey Co. or anyone representing it as to writing the bond or writing insurance or not writing the bond or not writing insurance?

Mr. Reynolds. It all came through Mr. Robert G. Baker's office.

Mr. McLendon. I am asking did you ever talk to any of the McCloskey people about it?

Mr. Reynolds. To the best of my knowledge and recollection; no, sir.

Mr. McLendon. Weren't you told by Mr. Stewart that it was not practical to give you any insurance other than the general liability insurance and the bond, and he gave you the reason why the other insurance was not practical? Do you remember that?

Mr. Reynolds. Someone gave it to me, Major. I do not remember who.

Mr. McLendon. Well, what was said to you about the insurance?

Mr. Reynolds. They said to the effect that Mr. McCloskey had identified himself with the Aetna Casualty Co. for a great number of years, and that he had not been furnishing financial statements to them, they had been taking his word and they were not going to furnish financial statements to me, to my bonding company and, therefore, it would be necessary to be kept with the other company, and Bobby in turn told me that Mr. McCloskey would arrange for it to be written through the normal channels that he had used but he would make me the broker and agent of record.

Mr. McLendon. That is all the information you can give us about the instructions you had?

Mr. Reynolds. About the writing of the bond?

Mr. McLendon. Yes.

Mr. Reynolds. Because after I was denied the financial statements my companies said, "We are not interested in discussing further without it."

Mr. McLendon. I am not talking about the company. I am talking about the bond that was written.

Mr. Reynolds. Everything that I discussed about the bond from that point on was through Mr. Robert G. Baker to the best of my knowledge.

Mr. McLendon. Are you sure about that now?

Mr. REYNOLDS. I can't be sure, sir. I am never positive except taxes and death.

Mr. McLENDON. Did you learn that Hutchinson, Rivinus & Co. of Philadelphia were the regular insurance carriers for McCloskey & Co.?

Mr. REYNOLDS. After I got the statement from them, sir.

Mr. McLENDON. What statement are you referring to?

Mr. REYNOLDS. Statement for a premium, sir, and a covering letter or something about the—

Mr. McLENDON. Give him exhibit 17. Look at the exhibit 17, and state whether or not you received the letter that this purports to be a copy of September 13, 1960, from Hutchinson, Rivinus & Co., signed by Atwood H. Bent.

Mr. REYNOLDS. I did, sir.

(The letter and invoice referred to are as follows:)

EXHIBIT 17

HUTCHINSON, RIVINUS & Co.,
Philadelphia, September 13, 1960.

Re McCloskey & Co., bond No. 4S-40225, the Aetna Casualty & Surety Co., contract for construction of Columbia Stadium, Washington, D.C.

Mr. DON B. REYNOLDS,
President, Don Reynolds Associates, Inc.,
Silver Spring, Md.

DEAR MR. REYNOLDS: In accordance with instructions from Mr. J. B. McHale, Jr., of this office, we enclose herewith our invoice for the premium of \$73,631.28 covering performance bond in connection with the above captioned contract, less commission of \$10,031.56, or net owing us of \$63,599.72.

Yours very truly,

HUTCHINSON, RIVINUS & Co.,
By ATWOOD H. BENT.

cc: Mr. B. Reynolds, President
Mr. Reynolds Associates, Inc.
15 Fenton St.
Silver Spring, Md.

STATEMENT

Philadelphia 6, Pa.

Sept. 13, 1960

489

HUTCHINSON, RIVINUS & CO.

cc: McCloskey & Company

INSURANCE

Public Ledger Building

INDEPENDENCE SQUARE

JENKINS: PNS

Premiums are due and payable on date insurance takes effect

Date	Policy No.	Company	Property Insured	Amount	Premium
7/7/60	4S 40225	Aetna Cas. & Surety Co.	Bond to District of Columbia in support of contract for construction of Columbia Stadium, Washington, D.C.	\$14,182,187.50	\$73,631.28
			Less commission		<u>10,031.56</u>
					<u>\$63,599.72</u>

No Receipt Sent Unless Requested

Mr. McLENDON. It states:

In accordance with instructions from Mr. J. B. McHale, Jr., of this office, we enclose herewith our invoice for the premium of \$73,631.28 covering performance bond in connection with the above-captioned contract, less commission of \$10,031.56, or net owing us of \$63,599.72.

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. And the attached document is an invoice showing the contract price of \$14,182,187.50.

Mr. REYNOLDS. Yes, sir; and that was later changed, sir.

Mr. McLENDON. And those figures referred to in the letter were given on the invoice, exactly the same figures.

Mr. REYNOLDS. This is what I received from them, sir, these two documents.

Mr. McLENDON. Yes. Did you have any notice that you were going to receive this bill from Rivinus?

Mr. REYNOLDS. I didn't know when. I didn't know from whom I would receive it. I knew I would get a statement, I thought, from Mr. McHale.

Mr. McLENDON. Do you mean to tell the committee that you didn't know the bond was to be written through Hutchinson & Rivinus and you would act only as a broker?

Mr. REYNOLDS. I knew only Mr. McHale, Mr. McCloskey's son-in-law, would direct the writing of the bond, sir, and I knew I would receive a communication from Mr. McHale.

Mr. McLENDON. Yes.

Mr. REYNOLDS. He had identified himself with a company. It might have been Hutchinson, Rivinus; it might have been Joe Doakes: I don't know.

Mr. McLENDON. So when you got this communication from Hutchinson, Rivinus, that was the first time you had any communication with that company?

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. Did you know at that time they had mailed a similar bill directly to McCloskey & Co.?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Did you learn later they had?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Did you learn later that they had?

Mr. REYNOLDS. No, sir, because Mr. McCloskey told me not to tell his son-in-law about it.

Mr. McLENDON. To do what?

Mr. REYNOLDS. Not to inform his son-in-law about any of the regular arrangements that were to be made, sir.

Mr. McLENDON. Let's see about that. You say McCloskey told you not to let Mr. McHale—

Mr. REYNOLDS. Mr. Baker called me, and he said, "I had a call from Matt," and he said, "You are going to be meeting Jimmy McHale and having breakfast, I believe, or lunch with him. Do not mention anything about our previous conversations and about this; do not discuss anything with him."

Mr. McLENDON. So you did have breakfast with McHale?

Mr. REYNOLDS. But that was down at the Carlton Hotel, sir.

Mr. McLendon. I don't care where it was, but you did have breakfast with him?

Mr. REYNOLDS. Yes, but that was not your question, sir. You asked me if I was along with Mr. Stewart, Mr. McHale, and Mr. McCloskey; that is not the same thing, sir.

Mr. McLendon. All right. Well, where did you meet Mr. McHale then?

Mr. REYNOLDS. Mr. Baker took me over to the Carlton Hotel, the Sheraton-Carlton, and introduced me to Mr. McHale, and told me he had to run to do something for someone, and I stayed down there and had breakfast with him.

Mr. McLendon. So you saw Mr. McHale before you received this invoice from Hutchinson, Rivinus?

Mr. REYNOLDS. Yes, but we did not discuss the bond. We discussed his drinking and some lady friends.

Mr. McLendon. You met this man McHale and didn't say a word about the bond?

Mr. REYNOLDS. To the best of my knowledge we had no discussion. He asked me about my insurance business, and he said, "Are you getting any good contracts?" He said, "I would like to work out something for you."

Mr. McLendon. What did you tell him then?

Mr. REYNOLDS. I told him I haven't anything to offer.

Mr. McLendon. You didn't have anything to offer?

Mr. REYNOLDS. I said, "My God, with what you have got you need me like a hole in the head."

Mr. McLendon. Mr. Reynolds, do you want to leave the committee with the impression you met Mr. McHale, son-in-law of Mr. McCloskey and vice president of Hutchinson, Rivinus & Co., at a meeting arranged by Baker, and not a word was said about the bond?

Mr. REYNOLDS. That is correct. He was interested in other things.

Mr. McLendon. OK. But you still stick to it that not a word was said about it?

Mr. REYNOLDS. As far as I remember, sir.

Mr. McLendon. And a letter from Hutchinson, Rivinus in accordance with the instructions from J. B. McHale didn't make any impression upon you?

Mr. REYNOLDS. No, sir; he was Mr. McCloskey's son-in-law.

Mr. McLendon. I believe you said that you didn't know that, prior to the time that you received this bill from Hutchinson, Rivinus addressed to you, Hutchinson, Rivinus had previously billed this same invoice directly to McCloskey & Co.?

Mr. REYNOLDS. I had no knowledge of it, sir.

Mr. McLendon. Did you ever learn about it?

Mr. REYNOLDS. No, sir.

Mr. McLendon. Now, did you mail, prepare an invoice to McCloskey & Co.?

Mr. REYNOLDS. I either did it or had it done, sir.

Mr. McLendon. Show him exhibit 18, please. Do you have a copy of it before you?

Mr. REYNOLDS. I do, sir.

Mr. McLendon. Have you presented to Senator Williams what purports to be a copy of a transmittal letter, and it is marked "Exhibit 18" and the invoice is attached; is that correct?

Mr. REYNOLDS. Yes; exhibit 18 is the transmittal letter, sir, and the bill, sir.

(The transmittal letter and invoice are as follows:)

EXHIBIT 18

SEPTEMBER 14, 1960.

Mr. MATTHEW H. McCLOSKEY,
Philadelphia, Pa.

DEAR MATT: Enclosed is invoice as agreed. Please authorize payment at your earliest convenience.

Thank you very much.
Most sincerely,

DON B. REYNOLDS.

INVOICE

DATE September 12, 1960
McCloskey & Co.,
1620 Thompson St.,
Philadelphia, Pa.

BON REYNOLDS ASSOCIATES, Inc.
GENERAL INSURANCE—CONDS
"Personalized Service"
Citizens' Bldg., 8485 Fenton St., Suite 303
SILVER SPRING, MD.
Telephone: Limerick 5-8239

RENEWAL DATE	POLICY NUMBER	COMPANY	PROPERTY AND COVERAGE	AMOUNT	PREMIUM
CONTRACT CHG	12	Attn: Casualty	Performance & Completion Bond	\$14,198,000.	
APPROVED EXTERNSION PRICE ENTERED REMARKS	CHARGE VOUCHER VOUCHER DATED OCT 17 1960	"	General Liability		
				TOTAL	\$109,205.60.

* Premium due and payable on effective issue date of policy

Your cancelled check is your receipt.

Mr. McLENDON. Yes. At the time you wrote this letter, September 14, 1960, to Mr. McCloskey, you had only seen him twice?

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. You addressed him, "Dear Matt."

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. You got on a first-name basis pretty quick, didn't you?

Mr. REYNOLDS. I don't consider so under the circumstances, sir.

Mr. McLENDON. All right. Now, look at the invoice. It bears date of September 12, does it not?

Mr. REYNOLDS. It does, sir.

Mr. McLENDON. Exactly 1 day after the invoice that you previously identified as exhibit 17 from Hutchinson, Rivinus to you.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. You say you prepared this exhibit?

Mr. REYNOLDS. I either did it or had it done, sir.

Mr. McLENDON. Did you make any copies of it?

Mr. REYNOLDS. Mr. Baker got a copy, and a copy went to the Hutchinson—no; it went to McCloskey & Co. directly, sir, attention to Mr. McCloskey, and a third copy I had at one time, sir.

Mr. McLENDON. It shows the name of the company, does it not? In the column under the word "company"?

Mr. REYNOLDS. What is that, sir?

Mr. McLENDON. Aetna Casualty?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. Opposite that is performance and completion bond with the figure of \$14,198,000.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And under that is ditto to Aetna Casualty Co. and the words "general liability." What does that mean?

Mr. REYNOLDS. Mr. Baker asked me to put it there and I did so.

Mr. McLENDON. Did he write this invoice?

Mr. REYNOLDS. He called me and told me how to make it out, sir.

Mr. McLENDON. Are you telling the committee that he told you over the telephone how to make it out?

Mr. REYNOLDS. He did, sir.

Mr. McLENDON. What did this term "general liability" mean, sir?

Mr. REYNOLDS. I don't know. In this case it had no meaning at all, sir.

Mr. McLENDON. What did it mean? Why did you use it?

Mr. REYNOLDS. Mr. Baker told me to do it.

Mr. McLENDON. But you were the insurance man; not Baker.

Mr. REYNOLDS. But he was a partner, sir; ex officio anyway.

Mr. McLENDON. You have seen the bond and the calculation of the premium on it, have you not?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Give him No. 19. You notice on the back page of the bond there is set out the premium rate per thousand.

Mr. REYNOLDS. Right, sir; I see it now.

(The document referred to is as follows:)

EXHIBIT 19

6/18/60

District of Columbia

Standard Form No. ED 25

Revised

PERFORMANCE AND PAYMENT BOND

KNOW ALL MEN BY THESE PRESENTS, That we, McCloskey & Co., a corporation organized and existing under the laws of the State of Delaware, as Principal, and the Aetna Casualty and Surety Company, a Connecticut Corporation, of Hartford, Conn., as surety are held and firmly bound unto the District of Columbia Armory Board, hereinafter called the Board, in the penal sum of FOURTEEN MILLION TWO HUNDRED FORTY-SEVEN THOUSAND ONE HUNDRED EIGHTY-EIGHT DOLLARS AND NO CENTS (\$14,247,188.00), lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, That whereas the principal entered into a certain contract, hereto attached, with the Board, dated July 7th, 1960, for CONSTRUCTION OF THE D.C. STADIUM, 22d and East Capitol Streets, Washington, D.C. (Invitation No. C-60159-B), as more fully set forth in said contract.

Now, THEREFORE, if the principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Board, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby

waived, and shall save harmless and indemnify the Board from any and all claims, delays, suits, costs, charges, damages, counsel fees, judgments, and decrees to which said Board may be subjected at any time, on account of any infringement by said Principal of letters patent or copyrights, unless otherwise specifically stipulated in said contract, or on account of any injuries to persons or damage to property or premises that occur as a result of any act or omission of the principal in connection with the prosecution of the work, and pay the same, and if said contract is for work, material, or supplies, within the meaning of the Act of September 1, 1916 (39 Stat. 676, 688), or for the construction, alteration, or repair of a public building or public work, within the meaning of the Act of July 7, 1932 (47 Stat. 608), shall promptly make payment to all persons supplying the principal with labor and materials in the prosecution of the work provided for in said contract and any such authorized extension or modification thereof, and shall keep the work so performed under said contract in repair for such period as said contract may provide, then this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals this 7th day of July 1960, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed

Signed and sealed in the

presence of:
CHESTER H. GRAY.
CHESTER H. GRAY.
CHESTER H. GRAY.

DISTRICT OF COLUMBIA ARMORY BOARD,
By FLOYD D. AKERS, *Chairman*.
ROBERT E. McLAUGHLIN, *Member*.
WILLIAM H. ABENDROTH, *Member*.

[CORPORATE SEAL]

McCLOSKEY & CO.,
By T. D. McCLOSKEY,
Vice President, Principal.

1620 W. Thompson St., Phila. 21, Pa.

Attest:

J. DRESS PANNELL, *Secretary*.

[CORPORATE SEAL]

THE AETNA CASUALTY AND SURETY COMPANY,
By EUGENE FIELDS,

Attorney-in-Fact, Surety.

Hartford, Conn.

Attest:

W. J. RYAN.

The rate of premium on this bond is \$10.00 per thousand, first 100 M; \$6.50 per thousand, next 2,500,000; \$5.25 per thousand, next 2,500,000; \$5.00 per thousand, next 2,500,000; \$4.70 per thousand, over 7,500,000.

Total amount of premium charged, \$73,631.28.

(The above must be filled in by corporate surety.)

Authority of Attorney-in-Fact on file:

WILBUR H. LAWYER,
Supv., Bid & Contract Div., Procurement Office, D.C.

CERTIFICATE AS TO CORPORATE PRINCIPAL

I, J. Dress Pannell, certify that I am the Secretary of the Corporation named as principal in the within bond; that T. D. McCloskey, who signed the said bond on behalf of the principal, was then vice president of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

[CORPORATE SEAL]

J. DRESS PANNELL, *Secretary*.

Mr. McLendon. And by using that table of rates there you can calculate the total amount of the bond, can you not?

Mr. Reynolds. They did, and I could, too; that is right.

Mr. McLendon. Did you?

Mr. Reynolds. No, sir.

Mr. McLendon. You knew from the invoice from McCloskey that the figure was \$73,000, the same as appears on this bond, did you not?

Mr. REYNOLDS. Yes, sir, because I was instructed by Mr. Baker how much to make the premium for.

Senator CURTIS. The premium or the bill for?

Mr. REYNOLDS. The premium of the bill would be sent to the personal attention of Mr. Matt McCloskey, sir.

Mr. McLENDON. But on this invoice, exhibit 18, sir—

Mr. REYNOLDS. Right, sir.

Mr. McLENDON (continuing). You didn't state the amount of the premium for the bond, did you?

Mr. REYNOLDS. What, sir, please?

Mr. McLENDON. Exhibit 18.

Mr. REYNOLDS. I didn't state what, sir?

Mr. McLENDON. The premium—the amount of the premium on the bond. There is no figure on that to represent the premium, is there?

Mr. REYNOLDS. That was the only business ever written before or since, so it had to be for that much, Mr. McLendon.

Mr. McLENDON. I am not asking you that; I am asking you if this invoice that you testified you prepared contained any figure representing the premium on the bond?

Mr. REYNOLDS. That is the premium on the bond plus the excess I was instructed to include, sir.

Mr. McLENDON. I didn't ask you that.

Mr. REYNOLDS. Sir, would you ask your question—

Mr. McLENDON. Can't you look at this invoice and answer my question whether there is any figure on there identifiable as a premium on the bond?

Mr. REYNOLDS. I can't interpret what you think, sir. I can interpret what I think.

Mr. McLENDON. I am not asking you to interpret anything.

Mr. REYNOLDS. If I were to see that bond, sir, I would consider the premium on the bond as \$109,000.

Mr. McLENDON. But you have got "general liability" there, which means general liability insurance.

Mr. REYNOLDS. Do you see a policy number or anything else identifiable with it, sir? A policy must be written before a premium can be paid.

Mr. McLENDON. Mr. Reynolds, you prepared this invoice, did you not?

Mr. REYNOLDS. Without question, sir.

Mr. McLENDON. What?

Mr. REYNOLDS. Without question.

Mr. McLENDON. And you wrote on there "performance bond" and gave the amount of the contract but not the premium.

Mr. REYNOLDS. You are trying to read something completely in between the lines in cross-examining which is incorrect, Mr. McLendon.

Mr. McLENDON. Will you point out to me anything on this bill that would be identifiable as a premium on the bond?

Mr. REYNOLDS. Sir, there is a question of insurance intelligence and there is a question of ordinary civil intelligence. And any person reading that bond will know that the total premium I billed Mr. Matt McCloskey is \$109,205.60, period. There is no policy number nor identification. Under any policy that my agency has ever issued or

may issue there is a policy issued identifying it, and the premium on individual policies, sir.

Mr. McLENDON. Well—

Mr. REYNOLDS. It was a coverup that was made at the suggestion of Mr. McCloskey and Mr. Baker, Major McLendon; it wasn't mine.

Mr. McLENDON. All right; so the words "general liability" here are meaningless.

Mr. REYNOLDS. Absolutely no meaning except for people who want to read it in there.

Mr. McLENDON. That is camouflage?

Mr. REYNOLDS. Well, I consider it as such.

Mr. McLENDON. And you intended this to be an invoice for \$109,000 as a premium on the bond only?

Mr. REYNOLDS. Mr. McCloskey knew that, sir.

Mr. McLENDON. I didn't ask you what Mr. McCloskey knew. Did you intend this invoice to be for \$109,000 premium on the bond only?

Mr. REYNOLDS. I intended for it to read the way Mr. McCloskey and Mr. Baker had instructed me to issue it, sir.

Mr. McLENDON. Well, you wrote it?

Mr. REYNOLDS. Yes, but I was given instructions, sir.

Mr. McLENDON. And wouldn't you admit as an experienced insurance man that anybody reading this would interpret it to mean that the two items constituting the \$109,000 were one the premium on the bond and the other the premium on the general liability insurance?

Mr. REYNOLDS. Not if I had been on the original conversation and knew the background and knew the request for the full amount I would not construe such, sir.

Mr. McLENDON. Well, suppose somebody would see this invoice that knew nothing about the background?

Mr. REYNOLDS. Sir, I was instructed to mail it personal and confidential to Mr. Matthew McCloskey and no one else, which I did.

Mr. McLENDON. This letter doesn't show as personal and confidential?

Mr. REYNOLDS. It was on the envelope and Mr. Baker so instructed me to put it.

Mr. McLENDON. You haven't got the envelope?

Mr. REYNOLDS. I haven't got the envelope; Mr. McCloskey might be able to produce it.

Mr. McLENDON. I am asking if there is anything on the letter that shows it.

Mr. REYNOLDS. No; but it was done because Mr. Baker asked me to do it.

Mr. McLENDON. Did you know when you prepared this invoice for \$109,000 it was false?

Mr. REYNOLDS. It goes without saying; I was instructed what to put and I put it.

Mr. McLENDON. You knew it was false?

Mr. REYNOLDS. Certainly; I was told what to do.

Senator CURTIS. Mr. Chairman, may I ask a question? Is this billing to McCloskey for this \$109,205.60 in the column which is printed "premium," this billing is in the manner and in the form that you usually would send a bill if you write it?

Mr. REYNOLDS. No; without a company and a policy number it has no meaning whatsoever.

Senator CURTIS. In other words, this was a bill or an invoice that you made out at the direction of Mr. Baker?

Mr. REYNOLDS. Right, sir, and in turn—

Senator CURTIS. He gave you that direction over the telephone?

Mr. REYNOLDS. Correct, sir.

Senator CURTIS. And it was intended to be vague and misleading because you knew and Baker knew that the \$109,000 represented more than the actual premium for which he was billed; is that correct?

Mr. REYNOLDS. This is a hundred percent correct, sir.

Senator CURTIS. Yes, and you would—you sent a letter along with it, didn't you?

Mr. REYNOLDS. Right, sir.

Senator CURTIS. And that letter begins: "Enclosed is the invoice as agreed." In other words, that was as agreed and directed to you by Baker?

Mr. REYNOLDS. Baker told me that he and Matt had agreed on the amount, and how I should bill it, sir.

Senator CURTIS. Why did they make it 35,000-and-some-odd dollars more than the true amount?

Mr. REYNOLDS. Well, I asked Bobby why we didn't round it out to even dollars. It looked a little foolish and he said to throw anyone off who would later audit it.

Senator CURTIS. What was the excess for?

Mr. REYNOLDS. It was to be given part to me for being the bagman.

Senator CURTIS. Yes. How much?

Mr. REYNOLDS. \$10,000 additional premium which was the equivalent of what you would call the contingency reserve loss earned premium portion. In other words, had I written this through a company I represented I not only would have made the \$10,300 commission, which is what they call local agent or broker's commission, but if you have good contracts and your loss ratio falls below a certain point, sir, the surety companies will give you a contingency reserve loss ratio additional earned premium because you have developed good accounts, and—

Senator CURTIS. So you got the \$10,000 out of the \$73,000?

Mr. REYNOLDS. I got \$10,300 and something as commission as shown on the—

Senator CURTIS. Out of the 73?

Mr. REYNOLDS. Right, sir.

Senator CURTIS. And \$10,000 out of the excess?

Mr. REYNOLDS. Out of the \$35,000 plus; that is correct, sir.

Senator CURTIS. What was done with the balance of that?

Mr. REYNOLDS. I disbursed—

Senator CURTIS. It would be in the neighborhood of \$25,000.

Mr. REYNOLDS. \$25,000 plus, more or less; right, sir.

Senator CURTIS. Yes.

Mr. REYNOLDS. I delivered to Mr. Robert G. Baker \$5,000, or fifty \$100 bills, on five separate occasions.

Senator CURTIS. When this \$109,205.60 came to you, what did you do with it?

Mr. REYNOLDS. I asked Bobby could I give him the money then and he said "No." He said:

Stick it in a bank which you normally do not use so any of these people snooping around would have one hell of a time finding it.

Senator CURTIS. What bank or financial institution did you place it in?

Mr. REYNOLDS. In a building and loan because Bobby told me I could get interest on it.

Senator CURTIS. What building and loan?

Mr. REYNOLDS. Let's see; Citizens Building & Loan.

Senator CURTIS. Where is that located?

Mr. REYNOLDS. In Silver Spring.

Senator CURTIS. So far as you know their records bear this out?

Mr. REYNOLDS. Yes, sir. To the best of my knowledge.

Senator CURTIS. And you put in the entire \$109,000?

Mr. REYNOLDS. \$109,000.

Senator CURTIS. \$109,205.60?

Mr. REYNOLDS. Right.

Senator CURTIS. How did you get the \$73-odd-thousand out?

Mr. REYNOLDS. I had to withdraw funds from the Citizens Building & Loan, have them subsequently issue checks to me that I could deposit in Suburban Trust so I could pay Hutchinson, Rivinus for their bill.

Senator CURTIS. Now, and Baker told you that the political end of it, \$25,000, wasn't to be turned over to him all at one time?

Mr. REYNOLDS. Bobby told me he could not take all of the additional money and he would instruct me at which point and how much he could take.

Senator CURTIS. What were those instructions that followed?

Mr. REYNOLDS. He told me that he would like \$5,000 at a time, sir. But only to do it when he told me, and he told me under no circumstances to bring him a check from me or from the building and loan, but to take that check and go to another institution or to obtain cash for it.

Senator CURTIS. Well, now, did he tell you how you were to get the money out of the building and loan? When you would take \$5,000 at a time you just go withdraw it or how did you do it?

Mr. REYNOLDS. Well, sir, on one occasion—and whether it was the first or second occasion that he wanted \$5,000 I do not know—but Mr. Fred B. Black, Jr., had called Bobby and Bobby told me to come pick him up at his office, which I did; I took him by Mr. Black's office at the Carlton Hotel. I parked my car and went up to Mr. Black's room with him and Mr. Black handed him an envelope containing money and he said: "Here is \$10,000 for our next President, our boy Lyndon."

Senator CURTIS. Black said that?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Who did he hand the money to?

Mr. REYNOLDS. To Robert G. Baker.

Senator CURTIS. Yes. Who was he?

Mr. REYNOLDS. Bobby, sir. Bobby Baker said to me: "Now, Don, you see Fred's produced so it is time we take five from you because it can be funneled without any problem at this point," and I said,

"How much money do you have from him?" And he said, "It is supposed to be 10 grand here."

Senator CURTIS. How did you get the \$5,000 out of the savings and loan?

Mr. REYNOLDS. Bobby went with me to Silver Spring, sir, and sat in the car, to the best of my knowledge, or walked on the corner. I didn't watch him. I went out and withdrew funds from the savings and loan.

Senator CURTIS. How did you withdraw it? Did you withdraw it in cash or did you get a check or a draft or take it to some other bank or how did you do it? Or did you do it differently the five times?

Mr. REYNOLDS. It was done differently each time. Once, for example, I believe, to the best of my knowledge, the Citizens gave me cash. Once I had to take their check to Suburban Trust and then Bobby said:

No; don't do it again there. Take their check down to Riggs National or American Security & Trust and get it.

Senator CURTIS. But every time your payment to Baker was in cash?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. What was it intended for?

Mr. REYNOLDS. He told me from what I had interpreted the conversation with Mr. McCloskey that \$15,000 of the \$25,000 was to be directed to the presidential campaign, sir.

Senator CURTIS. And what was the other 10?

Mr. REYNOLDS. The other 10 would be directed for political purposes as Bobby and Mr. McCloskey saw fit, or to Bobby, and I was never sure, sir.

Senator CURTIS. Well, now, are you sure that any of it got into any political campaign?

Mr. REYNOLDS. No, sir; I can't swear it got any place.

Senator CURTIS. Now fix the time as best you can, the period over which you were delivering this \$25,000 to Baker; over what month and what years?

Mr. REYNOLDS. It would have begun—excuse me, sir—it would have begun in 1960. The first date, the maximum it could go from, and to, would have been February or March 1960, even before the bond was issued, because Bobby told me he was damn sure the thing was going through. Or the ultimate date would have been July 19, 1962, at which time Bobby told me he needed money, and he asked me to help arrange a loan, personal loan for him, and the banks turned him down, and then he in turn asked me to make a loan for him, and I had the Suburban Trust to issue a check to me, to make a loan and issue a check to me for \$5,000 and make it jointly to Bobby and his wife Dorothy. Then the banker said to me: "Don, if we don't have faith in this man's ability to pay, why should you have?"

Senator CURTIS. And so you didn't give him that \$5,000?

Mr. REYNOLDS. No, sir. To the best of my knowledge this check was returned to the bank.

Senator CURTIS. Well now, coming back to the first \$10,000—your portion out of the \$73,631.28—you transmitted \$63,599.72 to Hutchinson, Rivinus & Co. You get to keep all of the \$10,000?

Mr. REYNOLDS. I think it is in the record, sir, that from this amount Mr. Baker, even before I got the checks, had a check for \$4,000 that I had drawn on my personal account.

Senator CURTIS. And that was by check?

Mr. REYNOLDS. That is correct, sir.

Senator CURTIS. And that is the one that is in the hearings of your previous testimony which has been released to the public?

Mr. REYNOLDS. That is right, sir.

Senator CURTIS. So you paid Baker \$4,000 out of that portion?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Did you pay anybody else any part of that premium?

Mr. REYNOLDS. Subsequently I did, sir. I paid Mr. McLeod—William McLeod—\$1,000 and a \$500 payment that is also in testimony, sir.

Senator CURTIS. And how much total did you give Mr. McLeod?

Mr. REYNOLDS. \$1,500, sir.

Senator CURTIS. Now did Baker ever come to you and have you write any insurance, life insurance, on any U.S. Senator or former Senator?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Who was it?

Mr. REYNOLDS. The then Senator Lyndon B. Johnson.

Senator CURTIS. In total how much life insurance did you or your company in which you had some part or received some benefit from, how much total life insurance did you write?

Mr. REYNOLDS. The face amount of the death benefit would have been \$200,000, sir.

Senator CURTIS. Now, did Baker direct you to make any purchases for anyone by reason of having written that life insurance?

Mr. REYNOLDS. Yes, sir; and I would like to preface it by a statement that Bobby said to me:

I do not expect anything at all from this contract; any kickback or any rebate that you are going to work out will all go to the purchaser.

Senator CURTIS. Who was the purchaser?

Mr. REYNOLDS. The LBJ Co. in one case and Mr. Lyndon B. Johnson in the other.

Senator CURTIS. Previously you testified that you bought Mr. Johnson a hi-fi set?

Mr. REYNOLDS. That is correct, sir.

Senator CURTIS. Where did you buy it?

Mr. REYNOLDS. From the Magnavox Co., in Fort Wayne, Ind., sir.

Senator CURTIS. Do you remember approximately how much you paid for it?

Mr. REYNOLDS. No; I don't. Five-hundred-and-some dollars wholesale value.

Senator CURTIS. Do you have anything to refresh your mind there?

Mr. REYNOLDS. I am sure that I could find it; yes, sir. I think I have it, sir, on page 38¹ of the Senate hearing.

Senator CURTIS. The testimony on page 38?

¹ The page numbers mentioned herein refer to pt. 1, testimony of Don B. Reynolds, of the hearings before the Committee on Rules and Administration on the financial or business interests of officers or employees of the Senate, Jan. 9 and 17, 1964.

Mr. REYNOLDS. Right, sir. I think it is check No. 1035, which is \$542.25, sir.

Senator CURTIS. To the Magnavox Co.?

Mr. REYNOLDS. That is correct, sir.

Senator CURTIS. And on page 40 and 41 there is what appears as an invoice from the Magnavox Co.; is that what that is?

Mr. REYNOLDS. It is, sir. It is a copy of the invoice from the Magnavox Co., sir.

Senator CURTIS. Which page is the invoice?

Mr. REYNOLDS. On page 40, sir, is the invoice for what they call a companion speaker for a stereo set. In other words, it was not all contained in one unit, sir. It was the main compartment, and then there was a secondary or auxiliary unit that was part of a stereo unit.

Senator CURTIS. That was \$82.65?

Mr. REYNOLDS. Right, sir.

Senator CURTIS. Then on page 41 is there an invoice for the hi-fi set itself?

Mr. REYNOLDS. There is, sir.

Senator CURTIS. And how much is that?

Mr. REYNOLDS. \$382, sir.

Senator CURTIS. What is the number of the invoice on the Magnavox?

Mr. REYNOLDS. 55496.

Senator CURTIS. That is the Magnavox Co. number?

Mr. REYNOLDS. Right, sir.

Senator CURTIS. And what is the date of the invoice?

Mr. REYNOLDS. June 26, 1959, sir.

Senator CURTIS. And who does the invoice show it was shipped to?

Mr. REYNOLDS. Shipped to Senator Lyndon Johnson, 4921 30th Place NW, Washington, D.C.

Senator CURTIS. And billed to whom?

Mr. REYNOLDS. Billed to Don Reynolds, 8484 Fenton Street, Silver Springs, sir.

Senator CURTIS. What is the number on the invoice of the auxiliary speaker?

Mr. REYNOLDS. It looks like an S, but it could be a 5, sir.

Senator CURTIS. It looks like a 5 to me.

Mr. REYNOLDS. 51330, sir.

Senator CURTIS. What is the date of that?

Mr. REYNOLDS. June 5, 1959, sir.

Senator CURTIS. And to whom was that shipped?

Mr. REYNOLDS. To Senator Lyndon B. Johnson at 4921 30th Place NW, Washington, D.C.

Senator CURTIS. And to whom was it billed?

Mr. REYNOLDS. Don Reynolds, 8484 Fenton Street, Silver Spring, sir.

Senator CURTIS. Did you ever have a conversation with anyone to indicate, that brought you the information that the hi-fi set was delivered to Mr. Johnson?

Mr. REYNOLDS. Yes, sir. If you don't mind, on page 39 there is a photostat of a check made to Frank P. Mulgannon, Jr., dated July 20, 1959, for \$42.50.

Senator CURTIS. What is that for?

Mr. REYNOLDS. That is for the invoice for the installation and the arrangement of the stereo hi-fi set in Senator Johnson's home, sir, and Mulgannon was a service organization for the Magnavox Co., sir.

Senator CURTIS. In your previous conversation you said something about that the hi-fi set that you gave Mr. Johnson was not satisfactory. How did you get that information?

Mr. REYNOLDS. Mr. Mulgannon came back to me and he said, "This is a very difficult situation. Don't ever ask us to do it again." Because I had called long distance on several occasions to Mr. Froyman's secretary to the president of the Magnavox Co., and asked that they airfreight these stereo sets for a particular date because Mrs. Johnson needed it for a particular afternoon for musical purposes, and everything went wrong. In the first place it got on the wrong plane and ended up in Baltimore, and Bobby had to send a GSA truck over to Baltimore to the airport to pick it up. And when they got it there—Senator, I want to try to be as truthful as I can about this thing—young Mulgannon said to me, "My God, we moved it all over the house and it still didn't please him," and I said, "What is wrong?" and he said, "They don't have room for such a big set."

Senator CURTIS. Well, now, how did you happen to buy that hi-fi set? Did you think of it, did you do it, or what brought it about?

Mr. REYNOLDS. The motivation was caused by Mr. Robert G. Baker again—Bobby. He called me and he said, "Don, the Senator wants a stereo set. What can you do?" I said, "What do you mean, what can I do?" He said, "Well, what set can you get shipped right away? She has got to have it for a certain time and she wants the finest." I said, "The only people I have any contact with at all are the Magnavox Co., and I feel sure that they will probably try to help me obtain a hi-fidelity."

Senator CURTIS. Did you know that you were going to pay the bill for it?

Mr. REYNOLDS. Oh, Bobby told me I was.

Senator CURTIS. Why were you to pay the bill?

Mr. REYNOLDS. Because I had written insurance on the Senator's life, and I had been getting renewal on the life insurance contract, sir, and I hadn't been giving any kickback.

Senator CURTIS. Where did this conversation take place?

Mr. REYNOLDS. On the telephone in my office in Silver Spring, sir, and he asked me to bring a catalog or to send it to him—I am not sure which—so the Magnavox Co. could take it to Lady Bird.

Senator CURTIS. By reason of this life insurance did Bobby Baker have you do anything else that cost money for the benefit of Lyndon Johnson?

Mr. REYNOLDS. I am told, sir, and I am confused; they say in one statement he has no interest in LJB Co.

Senator CURTIS. Well, did Bobby have you do anything for the LBJ Co. by reason of this life insurance business that you got?

Mr. REYNOLDS. Yes, sir; station KTBC, which is a subsidiary or a holding company; I don't know the arrangement.

Senator CURTIS. Don't worry about that. This television station down at Austin—I understand there is one there—did you ever buy any advertising time on that station?

Mr. REYNOLDS. Yes; indeed I did, sir.

Senator CURTIS. Who asked you to?

Mr. REYNOLDS. Walter Jenkins.

Senator CURTIS. Was he the first one that mentioned it?

Mr. REYNOLDS. The one and only who discussed the question of advertising time with me, sir.

Senator CURTIS. Did anyone send you to Mr. Walter Jenkins?

Mr. REYNOLDS. Walter called me himself and told me to come down and see him, sir.

Senator CURTIS. Did Bobby know anything about it?

Mr. REYNOLDS. I later found that Bobby had knowledge I hadn't produced what he had expected, and he knew about it.

Senator CURTIS. Where did you have that conversation?

Mr. REYNOLDS. In the then Senator's office with Mr. Jenkins.

Senator CURTIS. Mr. Jenkins sent for you?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. What did he say to you?

Mr. REYNOLDS. He said, "Don, how about this advertising stuff? We have got letters here from Senator Johnson's"—I think he told me nephew or cousin, I am not sure, by the name of Huff Baines, B-a-i-n-e-s or B-a-i-n-s, that had he had the privilege of writing this contract, he would have bought α thousand dollars worth of advertising time, and "What are you going to do?"

Senator CURTIS. Was that what Jenkins said?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. What did you say?

Mr. REYNOLDS. I said:

I don't know what I am going to do with advertising time in Texas, Walter. Nobody knows Don Reynolds & Associates down there, and I am sure I am not going to get any business from it, but if you will give me an opportunity, I will look around to see if I can get somebody I can peddle it to.

Senator CURTIS. How much advertising time were you to buy?

Mr. REYNOLDS. This was—I think he indicated he would be satisfied if I bought \$1,500 worth at that time.

Senator CURTIS. Ultimately you did buy some?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. How much did you pay for it?

Mr. REYNOLDS. I actually paid \$1,208, but the invoice that they showed was for a little more, and I think Walter worked it out to compromise.

Senator CURTIS. Have you got anything to show for that?

Mr. REYNOLDS. Yes, sir; we have got a photostat of an invoice here.

Senator CURTIS. Did you find it, Mr. Reynolds?

Mr. REYNOLDS. I will find it, sir. I have two envelopes. It takes a little time.

Mr. McLENDON. They are both in the record here.

Mr. REYNOLDS. No, sir. This one from station KTBC I do not believe is in the record, sir.

Senator CURTIS. Is that one that you couldn't find?

Mr. REYNOLDS. No, sir. This was furnished to me yesterday by Senator Williams, sir, and it shows an invoice for \$1,314 as the total amount of time for the programs on TV used by the Mid-Atlantic Stainless Steel Products Co., but it was settled for the \$1,208 total consisting of two checks, sir, one for \$1,000, sir, and one for \$208.

Senator CURTIS. Do you have photostats of those checks?

Mr. REYNOLDS. They are of record here, and I do have photostats, sir.

Mr. McLENDON. The first one is on page 36.

Mr. REYNOLDS. I have here a check for \$1,000; it is a certified check made to the Mid-Atlantic Stainless Steel Co. with me as purchaser, and it was endorsed to station KTBC by Mr. Albert G. Young, president of Mid-Atlantic Stainless Steel Co. Secondly, I have a check No. 819 dated March 1, 1958, to station KTBC in the Mid-Atlantic Stainless Steel Co. for \$208 for the balance on advertising radio TV time, which in turn was endorsed to station KTBC by the Mid-Atlantic Stainless Steel Co., Mr. Young, and endorsed by the LBJ Co.

Senator CURTIS. Yes. Now that \$1,208 was paid by you?

Mr. REYNOLDS. That is correct, sir.

Senator CURTIS. Out of your funds?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. You were told to pay it by Walter Jenkins?

Mr. REYNOLDS. That is correct.

Senator CURTIS. And it was for advertising time on a television station in Austin, Tex.?

Mr. REYNOLDS. Right, sir.

Senator CURTIS. Did you ever use the time?

Mr. REYNOLDS. I personally never did. Mr. Young of the Mid-Atlantic Stainless Steel did go and—

Senator CURTIS. Is that the Mr. Young that testified here?

Mr. REYNOLDS. Yes, sir, indeed.

Senator CURTIS. You knew him?

Mr. REYNOLDS. I knew him quite well, sir.

Senator CURTIS. Does he live close to you?

Mr. REYNOLDS. He is a neighbor, sir.

Senator CURTIS. What is his business?

Mr. REYNOLDS. He sells stainless steel cookery or commonly called, I guess, pots and pans.

Senator CURTIS. How much did you salvage out of your payment of \$1,208?

Mr. REYNOLDS. Mr. Young and I made an agreement that he would pay his expenses to go to Texas, sir, and that as a result of the television programs he put on from the net profits that he made excluding his expenses to and from, that we would split 50-50 all profits up to the time I could recover my \$1,208. I received approximately \$160, sir, from Mr. Young.

Senator CURTIS. So you are out a little over \$1,000 on the deal?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Now had Mr. Young sold his product by direct selling over radio and TV before this, or was it—

Mr. REYNOLDS. No, sir. As a matter of fact, Mr. Young said to me, "I have never tried this and it may be worth while and it may not be." He said, "I need someone to call and verify to the fact that if I use this time, that I myself am not obligated to pay for the television time."

Senator CURTIS. In other words, as a matter of good business practice, since it involved a third person, the television station, he wanted some verification that it was all right with them?

Mr. REYNOLDS. Yes, sir, because he wouldn't go otherwise.

Senator CURTIS. He told you that?

Mr. REYNOLDS. He did, sir.

Senator CURTIS. Where did you have these conversations with Mr. Young?

Mr. REYNOLDS. In his office or at his home. They are both in the neighborhood, sir.

Senator CURTIS. What did you say to him in response to his request that he wanted some verification from some part owner or somebody in authority at this television station?

Mr. REYNOLDS. He said to me, as well as I remember, "With whom did you discuss it and who has authority enough to guarantee me that if I go to Texas to use it, that you are going to pay for it?" So I said, "Well, Walter Jenkins. He is the only man I discussed it with."

Senator CURTIS. What else did you say?

Mr. REYNOLDS. And I said, "You can call Walter." He says, "No; you had better have Walter call me because he won't know me from Adam's housecat."

Senator CURTIS. Now my recollection is that, when Mr. Young testified before the committee, he stated he did receive a telephone call and that the caller identified himself as Walter Jenkins, and they proceeded to talk about this.

Mr. REYNOLDS. Right, sir.

Senator CURTIS. Did he so report to you?

Mr. REYNOLDS. He did. Mr. Young told me he received the call.

Senator CURTIS. And I think his testimony is without dispute that he did go to Texas and use the time. Now I have one more question, but before I ask that, Mr. Chairman, I think that this invoice from the television company that we didn't have before should be made an exhibit, should be incorporated in the record.

Mr. McLENDON. That was in our files. I think it went in the record. I am not too sure.

Mr. REYNOLDS. It is not in the record, to the best of my knowledge. It is not in this one, sir.

Mr. McLENDON. There is testimony about it, at any rate. The amount was reduced to \$1,208.

Senator CURTIS. May we have a conditional order that it be printed in the record unless the staff finds it is already printed?

The CHAIRMAN. That is perfectly all right. It is so ordered.

(Invoices from station KTBC-TV for sale of television time to Mid-Atlantic Stainless Steel Co. may be found as Young exhibits 14 and 15 at pp. 207 and 209 of pt. 2 of the Hearings Before the Committee on Rules and Administration on the Financial or Business Interests of Officers or Employees of the Senate, January 30 and 31, 1964.)

Senator CURTIS. At this point, Mr. Reynolds, I want to ask you something else. This is about the \$35,000. I realize it wasn't an even \$35,000, but \$35,000 or a little more, which was added to the bill for this performance money. Could that have represented anything else that McCloskey & Co. owed to you for any other kind of insurance?

Mr. REYNOLDS. Never. I never had any business before or since, sir.

Senator CURTIS. And in your direct discussion, how many people knew that this \$35,000, after you got your extra money out of it, would go for political purposes?

Mr. REYNOLDS. Bobby Baker and Matt McCloskey, sir.

Senator CURTIS. And the detailed direction was handled by which one?

Mr. REYNOLDS. I understood that Bobby would give me the orders that he received or the arrangements, and this is what happened, sir.

Senator CURTIS. And that is what happened?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Now after the stadium legislation was completed, the contract is let and the bond is written, and you billed them for something over \$109,000, then at that point you knew, after all that happened, what some of this conversation that had taken place when Bobby would call you aside and talk to Matt McCloskey about using his friend Don to channel funds through?

Mr. REYNOLDS. In retrospect I knew, sir.

Senator CURTIS. Yes; but it wasn't fully explained to you in the first instance?

Mr. REYNOLDS. No, sir; nor did I understand the shenanigans to begin with at all.

Senator CURTIS. That is all.

Mr. McLENDON. Let's return to where I stopped. Returning to the point where you mailed this invoice for \$109,000; do you recall?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. At the time you mailed that invoice, did you and Bobby Baker have an understanding as to what was to be done with the proceeds from the invoice?

Mr. REYNOLDS. Bobby told me he would instruct me when and how that the proceeds above the \$10,000 that I could have.

Mr. McLENDON. That is all the information you had at the time you mailed the invoice?

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. So does that mean that at the time you mailed this false invoice, according to your testimony, that you knew you were going to be paid \$10,000 personally for this fraud?

Mr. REYNOLDS. \$10,000, which Baker and Mr. McCloskey I assumed justified on the grounds that had I written this bond through my own agency, the total commissions I would have received including the loss ratio premium to me would equal about \$20,000, sir, and I—

Mr. McLENDON. Return to my question. At the time you mailed that invoice, was it understood between you and Baker that you were being paid, would be paid, \$10,000 for your participation in this fraud?

Mr. REYNOLDS. In the bagman act.

Mr. McLENDON. What was the agreement with Baker about what to do with the rest of the money?

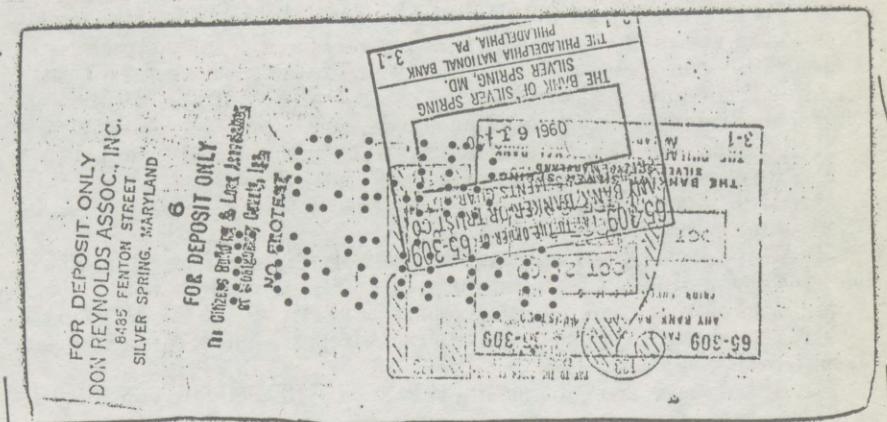
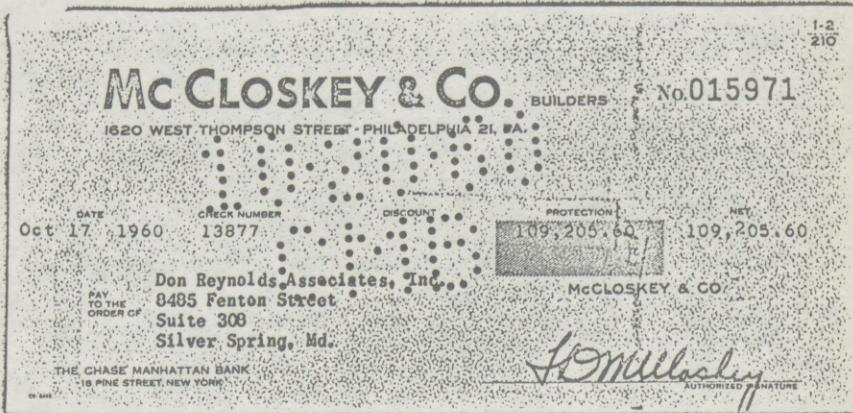
Mr. REYNOLDS. He was to instruct me when to bring it to him, and the \$15,000 of it would go to the national presidential contribution, I guess—campaign fund. I don't know what it is called—and that the additional \$10,000 would be directed by Bobby or kept by him according to how he saw fit.

Mr. McLENDON. Give him exhibit 20, please. Look at exhibit 20 and tell us whether that is a correct copy of McCloskey & Co.'s check payable to Don Reynolds & Associates, Inc., in the amount of \$109,205.60?

Mr. REYNOLDS. It is, sir.

(The check referred to and endorsement thereof follow:)

Exhibit 20



Mr. MCLENDON. Does it contain an endorsement on the back: "For deposit only, Don Reynolds Associates, Inc., 8485 Fenton Street, Silver Spring, Maryland"?

Mr. REYNOLDS. It does, sir.

Mr. McLendon. Can you tell the date of the deposit from any of those endorsements?

Mr. REYNOLDS. I can't be sure because I don't know whether they stamped it the same day or the following day.

Mr. McLendon. I am talking about the stamp on the back. Doesn't it show one stamp there as dated October 19?

Mr. Reynolds. But that is the bank of Silver Spring, sir.

Mr. McLendon. It doesn't make any difference. I am talking about the deposit. The endorsement shows one date there of October 19, which would be 2 days later than the date on the check, would it not?

Mr. Reynolds. I can't answer because I have no stamp showing the date it was deposited, sir.

Mr. McLendon. Can you tell us what day you deposited it in the Silver Spring building and loan?

Mr. Reynolds. No; I can only say just prior to the time it was stamped there, sir.

Mr. McLendon. You have seen the bank records, haven't you?

Mr. Reynolds. Yes, but I don't remember the exact date, sir.

Mr. McLendon. Well, was it within 2 or 3 days after you received the check?

Mr. Reynolds. I think it was immediately in terms of maybe a couple of days. I don't know, sir.

Mr. McLendon. At the time you received this check, did you present it to Baker before you deposited it?

Mr. Reynolds. I asked him what I should do with it, sir.

Mr. McLendon. Did you show it to him?

Mr. Reynolds. I told him I had received it, and he told me to read the details to him.

Mr. McLendon. And what did he tell you to do with it?

Mr. Reynolds. He said, "You take it to a building and loan association where you normally don't have routine business for your corporation and deposit it, because it will accumulate interest, because I can't handle all the money at one time. And secondly, that you will be getting some dividends from the money on deposit."

Mr. McLendon. Wasn't this money all to be disbursed promptly?

Mr. Reynolds. No, sir; not immediately, sir.

Mr. McLendon. Wasn't it understood what the proceeds were to be used for?

Mr. Reynolds. No; Bobby made it absolutely clear he couldn't receive it at one time. He would instruct me when and how to get his.

Mr. McLendon. You had previously paid Rivinus & Co. \$63,000?

Mr. Reynolds. Not previously, sir. After the check came and had been cleared.

Mr. McLendon. So subtracting that from \$109,000 left you \$45,000, didn't it?

Mr. Reynolds. Right, roughly.

Mr. McLendon. And your commission on the first \$73,000 was \$10,031?

Mr. Reynolds. Right, sir, or approximately.

Mr. McLendon. You subtract that and that leaves a balance of \$35,574 representing the excess over and above the legitimate charge for the bond?

Mr. Reynolds. That is correct, sir.

Mr. McLendon. Now what agreement did you have with Baker as to what was to be done with that \$35,000?

Mr. Reynolds. The \$10,000 that I should keep for Don Reynolds as being bagman.

Mr. McLENDON. Was that an even 10?

Mr. REYNOLDS. He said more or less. He said, "You keep around 10."

Mr. McLENDON. How much did you keep?

Mr. REYNOLDS. I can't answer your question until I break it down because Mr. McLeod got a little out of it, too.

Mr. McLENDON. You mean after all this lapse of time and the many times that you talked about this, you can't tell the committee how much you kept out of this check?

Mr. REYNOLDS. I can't tell you the exact penny, sir. I can tell you this—

Mr. McLENDON. Why can't you?

Mr. REYNOLDS. Major McLendon, I am not a calculator.

Mr. McLENDON. You didn't handle funds like this in this volume very often, did you?

Mr. REYNOLDS. Not every day, sir; but I had handled greater and less.

Mr. McLENDON. Your bank account shows in only one instance during that time did you make a deposit larger than this.

Mr. REYNOLDS. All right, sir.

Mr. McLENDON. So this would stick in your mind, would it not?

Mr. REYNOLDS. Not the exact amount; no, sir.

Mr. McLENDON. You mean you can't tell this committee even at this late date the total amount that you kept and put in your pocket?

Mr. REYNOLDS. I can tell you that the intent was to get about \$10,300—\$10,000 plus from the basic premium, the correct premium—and from that Mr. Robert G. Baker got approximately \$4,000, which has been introduced as evidence, and a check; and Mr. William McLeod got \$1,500 as produced in evidence in the form of a check. And I can also tell you that I got \$10,000 plus; whether \$300 or \$400 above the \$25,000 paid Baker, I can't tell you exactly, sir, but it is somewhere in that area.

Mr. McLENDON. Did you have an agreement with Baker as to how the rest of the \$35,000, after taking out your commission, would be paid, and to whom it would be paid?

Mr. REYNOLDS. Baker instructed me it would be paid in cash to him.

Mr. McLENDON. How much?

Mr. REYNOLDS. \$25,000, sir.

Mr. McLENDON. Will you look at this exhibit No. 15, which is your statement dated August 18, 1964, and tell the committee if there is a word in there to the effect that you paid Baker \$25,000?

Mr. REYNOLDS. Major McLendon, I pointed this out to you last Friday.

Mr. McLENDON. I am not asking you what you pointed out to me. My question is: Will you look at this statement?

Mr. REYNOLDS. I am looking.

Mr. McLENDON. That you signed, and you testified you gave to Senator Williams, and tell the committee if there is a word in there about what you were to do with the rest of the money.

Mr. REYNOLDS. I can tell you that my intention was to word it so that it would say what I wished for it to. But I can see from the way you are reading there is no intention to understand it that way.

Mr. McLENDON. OK. Suppose I read it then. On the top of page 2 of exhibit 15:

Sometime during September 1960 I received an invoice from the Hutchinson, Rivinus & Co. indicating the gross cost of bond release commissions and the net due to the Hutchinson, Rivinus & Co. After receiving a check from McCloskey & Co. for the \$109,205.60 I forwarded my check to the Hutchinson, Rivinus & Co. for the \$63,599.72.

That left in your pocket or in your bank \$45,605.58. And you took out \$10,031.56 as your commission in accordance with the Rivinus letter, did you not?

Mr. REYNOLDS. The original; yes, sir.

Mr. McLENDON. That reduced it to \$35,000. Now look at your statement on page 2 of exhibit 15:

In compliance with the previous agreement with Bobby I transferred \$5,000 to Bobby Baker on three separate occasions, each time consisting of fifty \$100 bills. Bobby had informed me that I could not issue checks for the campaign contribution. I was told that these funds were to be directed for use in Mr. Johnson's campaign, and they came from the excess funds submitted to me by McCloskey & Co.

Three payments of \$5,000 each.

Mr. REYNOLDS. But I also informed you that the additional \$10,000 I turned over to Mr. Baker will be the understanding in cash, sir, that Mr. Baker would direct whether he should keep it or turn it over to any other funds he directed to.

Mr. McLENDON. You told me Friday, you mean?

Mr. REYNOLDS. Yes.

Mr. McLENDON. But you didn't say that in this statement.

Mr. REYNOLDS. Sir, oftentimes you write things that you don't say what you mean to at the time.

Mr. McLENDON. You were writing a truthful statement to Senator Williams, weren't you?

Mr. REYNOLDS. I was trying to do the best I could.

Mr. McLENDON. And you knew he read it on the floor of the Senate. It was in the Congressional Record. You saw that, didn't you?

Mr. REYNOLDS. Later I did.

Mr. McLENDON. And did you correct it?

Mr. REYNOLDS. I made no effort to correct it because I think I had informed the Senator later that there was an error.

Mr. McLENDON. You did inform him?

Mr. REYNOLDS. Later.

Mr. McLENDON. By letter or how?

Mr. REYNOLDS. In conversation.

Mr. McLENDON. In conversation. When did you so inform him?

Mr. REYNOLDS. I don't remember, because I was in the country trying to escape all this political hullabaloo.

Mr. McLENDON. I see. Now let's look at page 1 again, the second paragraph. I read: "The original agreement was for excess money to be paid to me which would be directed part toward the Democratic campaign fund, part toward Mr. Baker"—that meant to Baker individually, didn't it?

Mr. REYNOLDS. Or whatever he wished to do at his direction.

Mr. McLENDON. "Part for Bill McLeod"—that meant to Bill McLeod individually?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. "And an additional part for me."

Mr. REYNOLDS. That is right.

Mr. McLENDON. So this fund was to be divided into four parts: one for the Democratic campaign fund, one for you, one for McLeod, and one for Baker. That is what you said, isn't it?

Mr. REYNOLDS. Not divided. You used the word "divided." It is to be shared out among the group. This is correct, sir.

Mr. McLENDON. So you say here in this statement that Baker personally was to get some of this money?

Mr. REYNOLDS. I said Baker was to have it for his personal use or direction, sir.

Mr. McLENDON. Well, that is what it says here: part to you, part to McLeod, and part to Baker.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. Now how much did you give to Baker personally to keep?

Mr. REYNOLDS. I gave to Bobby a total of \$25,000 in cash, sir, on five separate occasions.

Mr. McLENDON. Why didn't you say that in this statement?

Mr. REYNOLDS. Sir, I don't know why I don't do a lot of things; but I make errors, and I think to err is human, to forgive divine.

Mr. McLENDON. You are not quoting the 32d chapter of St. John now, are you?

Mr. REYNOLDS. No, but it is still rather well known.

Mr. McLENDON. Well, there are only 21 chapters in the Book of St. John; do you know that?

Mr. REYNOLDS. That is true.

Mr. McLENDON. Where did you find the 32d chapter?

Mr. REYNOLDS. The 32d verse, of the 8th chapter.

Mr. McLENDON. The 32d verse?

Mr. REYNOLDS. Of the eighth—

Mr. McLENDON. Oh, you made a mistake. OK. Now let's return to this statement. The large paragraph on page 2—do you find the paragraph which says, "The other \$14,000 plus that has appeared in testimony regarding Robert G. Baker"? Was that with reference to these numerous payments that you testified to when you were before the committee before?

Mr. REYNOLDS. About Bobby giving me the notes and all? That is correct, sir.

Mr. McLENDON. A long list of checks that you either gave to him or paid for him?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. Aggregated about \$14,000?

Mr. REYNOLDS. I think this is right.

Mr. McLENDON. And this was a reference to that money?

Mr. REYNOLDS. This is correct.

Mr. McLENDON. And you say that that money has nothing whatsoever to do with the foregoing \$15,000?

Mr. REYNOLDS. Because that was for political contributions, sir.

Mr. McLENDON. But I am talking about the figure \$15,000. You didn't say \$25,000.

* * * the foregoing \$15,000 as those additional moneys are evidenced by checks to Mr. Baker and by notes given to me by Bobby Baker at his own insistence with

full knowledge and understanding that they were worthless and that no effort at any time would be made or expected as far as collections were concerned on them. These moneys referred to in committee hearings were Bobby's payoff for having engineered the stadium bill and having negotiated with Mr. McCloskey a method which permitted Mr. McCloskey to siphon moneys toward the campaign fund of Mr. Johnson.

What did you intend by that to say; that this \$14,000 did not come out of the \$109,000?

Mr. REYNOLDS. Not at all, sir; not a word that says that.

Mr. McLENDON. Did you intend to say that the \$14,000 did come out of it?

Mr. REYNOLDS. I did not intend to say that the \$14,000 came out of the \$109,000 either, Major McLendon.

Mr. McLENDON. What did you mean then? Where did the \$14,000 come from?

Mr. REYNOLDS. Major McLendon, when the Internal Revenue came around and picked up the books, I knew that I had given to Bobby certain funds and checks, and I wished to truthfully account for them as best as I could for those funds. I tried to. Of the funds that we are talking about, the \$15,000, they are entirely separable when we are talking about \$15,000. This was for political contributions in campaigns; I knew this, from beginning to end. The \$10,000 additional that was given to Bobby in cash, I knew that was to be used for Bobby or to direct to sources at his discretion.

Mr. McLENDON. Why didn't you say that in the statement?

Mr. REYNOLDS. Because, sir, at the time I did it I did not think of putting it in.

Mr. McLENDON. And you didn't put it here, the exact amount that you got, either?

Mr. REYNOLDS. No.

Mr. McLENDON. And you didn't put in the exact amount that McLeod got, did you?

Mr. REYNOLDS. Sir, I thought that was of record, of McLeod and Bobby having got \$4,000.

Mr. McLENDON. But you didn't testify, Mr. Reynolds, that the \$4,000 and the \$1,500 paid to Bobby and to McLeod came from this money from McCloskey, did you?

Mr. REYNOLDS. I think if you will read it it will show, sir, that it came from the premium bond on the direct earned premium, sir.

Senator CURTIS. May I ask a question? Were you interviewed by the Internal Revenue Service concerning Bobby Baker's business affairs?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. So you state in accounting for your payments to Baker that there was \$15,000 delivered to Baker that it was your understanding should go to the national presidential campaign fund?

Mr. REYNOLDS. That is correct.

Mr. McLENDON. Of some sort?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. Then you stated here that there was another \$14,000 went to Bobby, and that was the \$4,000 out of the original?

Mr. REYNOLDS. \$4,000 of the \$14,000 is correct, sir.

Senator CURTIS. Yes, and \$10,000 out of the excess.

Mr. REYNOLDS. But \$10,000 out of the excess went to Bobby in cash, Senator.

Senator CURTIS. Yes.

Mr. REYNOLDS. Right, sir.

Senator CURTIS. So you accounted for in this statement to Mr. Williams, you accounted for the full \$25,000 in cash to Bobby Baker, and also accounted for the \$4,000 check?

Mr. REYNOLDS. I thought I had done so, sir.

Senator CURTIS. But in so doing, you attempted to do the fair thing from the standpoint of the examination of the Internal Revenue Service, because it was your understanding that Baker was accepting the \$15,000 for the campaign fund.

Mr. REYNOLDS. That is correct.

Senator CURTIS. And the other might, or might not, be that he will be accountable for it?

Mr. REYNOLDS. That is right, sir.

Senator CURTIS. And you also told them in this statement that it had nothing to do with any notes?

Mr. REYNOLDS. It had nothing whatsoever to do.

Senator CURTIS. That is what is in here, isn't it?

Mr. REYNOLDS. To the best of my knowledge and intent.

Senator CURTIS. I think it is. I think that we would get a lot further here if counsel would ask questions for information rather than continuing trying to becloud the record and discredit the witness.

Mr. McLENDON. Mr. Reynolds, you did make an affidavit to the IRS about these payments to Baker and McLeod, did you not?

Mr. REYNOLDS. About the payments from the premium? Yes, sir.

Mr. McLENDON. And that was shortly after the disclosure of the Baker affair?

Mr. REYNOLDS. They came in immediately after it hit the fan, sir.

Mr. McLENDON. And you enumerated in that affidavit all of the payments that you had made to Baker, did you not?

Mr. REYNOLDS. All of the payments that had been made to Baker, Major McLendon, that were of written record, sir.

Mr. McLENDON. And you did not mention these payments that we are now talking about?

Mr. REYNOLDS. Because I knew from the beginning until the end that I was a bagman for transferring these funds and cash.

Mr. McLENDON. I am not asking you—

Mr. REYNOLDS. I am telling you what I did.

Mr. McLENDON. Did you disclose in that affidavit to the IRS that you participated in the overpayment on the McCloskey bond to the tune of \$35,000, of which Baker got \$15,000 or \$20,000 or any amount?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Or that you got \$10,000? You didn't disclose that?

Mr. REYNOLDS. I beg your pardon; in my returns, sir.

Mr. McLENDON. I am not talking about your returns. I am talking about this affidavit.

Mr. REYNOLDS. No, sir; because the returns would have shown it.

Mr. McLENDON. And the affidavit said that the "foregoing list of expenditures to Bobby Baker represents all money, is a summary of all money, that I have ever paid to Baker"; not the exact words, but that is the gist of it?

Mr. REYNOLDS. At the time I made it I knew that it was not all moneys passed to Baker. They were all moneys that I paid to Bobby Baker, sir. But there is a difference between being a "bagman" and passing money and paying, Major McLendon.

Mr. McLENDON. There is? You mean a "bagman" doesn't pay? What does he do?

Mr. REYNOLDS. Sir, the "bagman" is the man that gets pushed around for having been the medium.

Mr. McLENDON. Are you saying, Mr. Reynolds, that in this solemn affidavit you made to the IRS concerning your tax returns that—

Mr. REYNOLDS. Sir, I did not—

Mr. McLENDON. Wait just a moment.

Mr. REYNOLDS. The IRS has this under discussion. There is no reason for me to make any statement at all here until they have given me an absolute clearance on my tax returns.

Mr. McLENDON. You are not refusing to testify about it, are you?

Mr. REYNOLDS. No, but I don't think it is pertinent at this point, and I don't think it is material, sir.

Mr. McLENDON. You don't think it is material that you said in a sworn statement to the IRS that the "foregoing list represents all money paid by me"?

Mr. REYNOLDS. Paid.

Mr. McLENDON. At any time to Bobby Baker.

Mr. REYNOLDS. Sir, you can be a medium of passing along without paying, Major McLendon.

Mr. McLENDON. I am not asking you what you can be.

Mr. REYNOLDS. I was, sir. I was a medium of passing moneys along. I did not pay Bobby Baker. Matt McCloskey paid Bobby Baker \$25,000 through me, sir.

Mr. McLENDON. But you delivered it.

Mr. REYNOLDS. I did, sir.

Mr. McLENDON. Sir? Give me exhibit 21, please. Is that the affidavit that you made before the IRS on the 20th of November 1963?

Mr. REYNOLDS. It is a photostatic copy of it, sir.

(The affidavit referred to is as follows:)

EXHIBIT 21

STATE OF MARYLAND,
County of Montgomery, to-wit:

I HEREBY CERTIFY that on this 20th day of November, A.D. 1963 before the subscriber, a Notary Public of the State of Maryland, in and for Montgomery County, personally appeared DON B. REYNOLDS who, by me having been first duly sworn in the manner and form required by law, on oath deposes and says:

1. That he is an adult, a citizen of the United States, a resident of the State of Maryland, County of Montgomery, residing at 13122 Venetian Road, Silver Spring, Montgomery County, Maryland, competent to testify, and has personal knowledge of the matters and things hereinafter set forth, and that the statements herein contained are true and correct to the best of his knowledge, information and belief; that he makes this statement at the request of the United States Treasury Department, Internal Revenue Service, Intelligence Division.

2. That he has examined the books and records of Don Reynolds Associates, Inc., a Maryland corporation, and finds therefrom that the organizers of the said corporation were Don B. Reynolds, Chester H. Keller and Robert G. Baker; that at the organization meeting, the said organizers subscribed to equal shares of the Capital Stock of the said Maryland corporation; that thereafter the said Don B. Reynolds, and the said Chester H. Keller paid for their said stock and the same was issued to them; that it further appears from the said books and

records that thereafter the said corporation purchased the stock issued to Chester H. Keller and now holds the same as treasury stock; that the books and records of the said corporation do not show that Robert G. Baker ever paid for stock he had subscribed and the said books and records do not show that any stock of the said Maryland corporation, capital or otherwise, was ever issued to the said Robert G. Baker.

3. That the books of account and records of the said corporation show that the said corporation is the holder and payee of certain promissory notes, more fully described as follows:

a. One such promissory note, dated December 15, 1960, due and payable three years from the date thereof, payable to the order of Don B. Reynolds and Associates, in the face amount of Three Thousand Six Hundred Fifty and 10/100ths (\$3,650.10) Dollars, bearing interest at the rate of six (6%) per centum per annum, and bearing the genuine signature of Robert G. Baker, this note representing \$3,500.00 agreed upon by Robert G. Baker and your affiant as the total of various sums of money advanced to the said Robert G. Baker by your affiant prior to December 15, 1960, and \$150.10 represented by check No. 1304, hereinafter described in Paragraph 6, subparagraph e. hereof.

b. One such promissory note, dated December 15, 1960, due and payable ninety (90) days from the date thereof, payable to Don Reynolds and Associates, Inc., in the face amount of Five Thousand (\$5,000.00) and no/100ths Dollars, bearing interest at the rate of six (6%) per centum per annum, and bearing the genuine signature of Robert G. Baker. This note marked "Secured by new note plus interest dated March 15, 1961," was originally received as payment in full of the note hereinafter described in paragraph 5, hereof, together with \$1,000.00 by check No. 1352 hereinafter described in paragraph 6, subparagraph g. hereof.

c. One such promissory note, dated March 4, 1961, due and payable three (3) years from the date thereof, payable to the order of Don Reynolds and Associates, in the face amount of Fifteen Hundred (\$1,500.00) and no/100ths Dollars, bearing interest at the rate of six (6%) per centum per annum, and bearing the genuine signature of Robert G. Baker, securing the sum of money advanced by check No. 1420 hereinafter described in paragraph 6, subparagraph h. hereof.

d. One such promissory note, dated March 15, 1961, due and payable two hundred seventy (270) days from the date thereof, payable to the order of Don Reynolds, in the face amount of Six Thousand One Hundred Forty and no/100ths (\$6,140.00) Dollars, bearing interest at the rate of six (6%) per centum per annum and bearing the genuine signature of Robert G. Baker, this note tendered as payment of the note described in subparagraph b. hereof, and as security for the proceeds of check No. 1325 hereinafter described in paragraph 6, subparagraph f. hereof, and \$140.00 in insurance premiums.

e. One such promissory note, dated October 15, 1963, due and payable three (3) years from the date thereof, payable to the order of Don B. Reynolds and Associates, in the face amount of Four Thousand Seven Hundred Sixty-four and 06/100ths (\$4,764.06) Dollars, bearing interest at the rate of six (6%) per centum per annum, and bearing the genuine signature of Robert G. Baker, tendered as payment of the note described in subparagraph a. hereof, as well as certain other payments of insurance premiums at the direction of Robert G. Baker, as computed by the said Robert G. Baker and not verified by your affiant.

5. Your affiant does further state that as an individual, on October 15, 1960, he loaned the said Robert G. Baker, the sum of \$4,000.00, secured by one certain promissory note, dated October 15, 1960, payable to the order of Don B. Reynolds, in the face amount of Four Thousand (\$4,000.00) and no/100ths Dollars, bearing interest at the rate of six (6%) per centum per annum, and bearing the genuine signature of Robert G. Baker, which said note was paid as hereinbefore described in paragraph 3, subparagraph b. hereof.

6. Your affiant does further state that Don Reynolds Associates, Inc. has issued the following checks to the order of Robert G. Baker, or Bobby G. Baker:

a. Check No. 558, dated December 29, 1955, drawn on The Suburban Trust Company for the sum of One Hundred (\$100.00) and no/100ths Dollars. This check represents payment for "entertainment expense" in the solicitation of business for the insurance firm, and was deducted in that year as such.

b. Check No. 1175, dated March 19, 1960, drawn on the Suburban Trust Company for the sum of Five Hundred (\$500.00) and no/100ths Dollars. This

check was endorsed back to the corporation in the payment of insurance premiums, and was deducted in the 1959 corporate return as legal fees paid to Robert G. Baker.

c. Check No. 1186, dated April 15, 1960, drawn on the Suburban Trust Company for the sum of Five Hundred (\$500.00) and no/100ths Dollars, and was deducted in the 1959 return as legal fees paid to Robert G. Baker.

d. Check No. 1309, dated October 24, 1960, drawn on the Suburban Trust Company for the sum of One Hundred Thirty-five (\$135.00) and no/100ths Dollars, which check was endorsed back to the corporation in the payment of insurance premiums, and was deducted in the 1960 return as employee's expenses.

e. Check No. 1304, drawn on the Suburban Trust Company, undated, but cleared on October 24, 1960, for the sum of One Hundred Fifty and 10/100ths (\$150.10) Dollars, endorsed back to the corporation in the payment of insurance premiums and deducted in the 1960 corporate return as Legal Fees.

f. Check No. 1325, drawn on the Suburban Trust Company for the sum of One Thousand (\$1,000.00) and no/100ths Dollars, dated November 12, 1960, and deducted in the 1960 corporate return as employee's expenses. This check was paid as payment of the expense of Robert G. Baker in attending the Savings and Loan League Convention in Florida for the purpose of soliciting insurance business for the corporation.

g. Check No. 1352, drawn on the Suburban Trust Company, dated December 15, 1960, for the sum of One Thousand (\$1,000.00) and no/100ths Dollars, and carried on the corporation books as a loan to an officer of the corporation.

h. Check No. 1420, drawn on the Suburban Trust Company, dated March 4, 1961, in the face amount of Fifteen Hundred (\$1,500.00) and no/100ths Dollars and deducted in the 1960 corporation return as legal fees paid to Robert G. Baker.

7. Your affiant does further state that the said corporation has issued the following checks on account of the said Robert G. Baker:

a. Check No. 1014, drawn on the Suburban Trust Company, dated May 20, 1959, payable to the order of the Magnavox Co., in the face amount of Five Hundred Eighty-eight (\$588.00) and no/100ths Dollars in payment of a Hi-Fi phonograph given to the said Robert G. Baker as a gift.

b. Check No. 1371, drawn on the Suburban Trust Company, dated January 16, 1961, payable to the order of the Equitable Life Assurance Society of the United States for the sum of One Hundred Three and 05/100ths (\$103.05) Dollars issued in payment of a life insurance premium on the life of the said Robert G. Baker.

c. Check No. 1541, drawn on the Suburban Trust Company, dated August 11, 1961, payable to the order of American Express Co. for the sum of Two Hundred Nine and 94/100ths (\$209.94) Dollars, and deducted in the 1961 corporate return as entertainment expense, on the representation of Robert G. Baker that these funds had been expended in the solicitation of business for the corporation.

d. Check No. 1695, drawn on the Suburban Trust Company, dated February 21, 1962, payable to the order of Hartford Fire Insurance Co. Group for the sum of One Hundred Fifty and 75/100th (\$150.75) Dollars, this check issued as a loan for the payment of insurance premiums on the Novak-Baker motel, and this loan has been fully repaid.

e. Check No. 1790 drawn on the Suburban Trust Company, dated June 20, 1962, payable to the order of E. L. A. S. for the sum of Six Hundred twenty-eight and 11/100th (\$628.11) Dollars, included a payment of 11/12ths of annual premiums for life insurance in the amount of Three Hundred thirty-four and 85/100ths (\$334.85) Dollars (net after commissions deducted), with a gross premium of Six Hundred Eighty-one and no/100ths (\$681.00) Dollars (including commission).

f. Check No. 1937, drawn on the Suburban Trust Company, dated January 10, 1963, payable to the order of E.L.A.S. for the sum of Two Hundred Eighty and 77/100ths (\$280.77) Dollars, and paid as a life insurance premium for Robert G. Baker.

8. Your affiant does further state that he has disbursed the following personal checks to or on account of the said Robert G. Baker:

a. Check No. 1864, drawn on the Suburban Trust Company for the sum of Four Thousand (\$4,000.00) and no/100ths Dollars, the proceeds of the loan hereinbefore described in paragraph 5 hereof.

b. Check No. 2196, drawn on the Suburban Trust Company, dated May 4, 1962, and payable to the order of E.L.A.S. for the sum of Two Hundred forty-three and 66/100ths (\$243.66) Dollars, which check included a loan to the said Robert G. Baker in the sum of Sixty-five and 75/100ths (\$65.75) Dollars.

9. Your affiant does further state that it was tacitly understood and agreed that in exchange for the continued effort of the said Robert G. Baker to introduce your affiant into circles which would lead to a substantial increase in his insurance business, both general insurance and life insurance, and in exchange for services rendered by the said Robert G. Baker for the solicitation of general and life insurance business, then, and in the event of the success of such efforts, the aforesaid loans would not be repaid; that the foregoing description of notes and checks, and the purposes therefor, constitutes and is a summary of all business transactions between your affiant and/or Don Reynolds Associates, a corporation, and Robert G. Baker, to the best of your affiant's knowledge, information and belief.

DON B. REYNOLDS.

MARIAN H. SELTZER,
Notary Public.

My commission expires May 3, 1965.

Mr. McLENDON. And it was sworn to, was it not?

Mr. REYNOLDS. It was, sir.

Mr. McLENDON. And it enumerates in nine paragraphs the various payments that were paid from time to time by you to Baker or for Baker?

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. I ask you to look at the last paragraph on page 5. Before I ask you to read that, I ask you if the total of those payments preceding paragraph 9 isn't exactly the same amount you testified to when you appeared before the committee before, and the same thing that you referred to in this statement, exhibit No. 15, as the \$14,000 figure?

Mr. REYNOLDS. That is correct, sir.

Mr. McLENDON. You say in here:

Your affiant does further state that it was tacitly understood and agreed that in exchange for the continued effort of the said Robert G. Baker to introduce your affiant into circles which would lead to a substantial increase in his insurance business, both general insurance and life insurance, and in exchange for services rendered by the said Robert G. Baker for the solicitation of general life insurance business, then, and in the event of the success of such efforts, the aforesaid loans would not be repaid; that the foregoing description of notes and checks, and the purposes therefor, constitutes and is a summary of all business transactions between your affiant and/or Don Reynolds Associates, a corporation, and Robert G. Baker, to the best of your affiant's knowledge, information, and belief.

Mr. REYNOLDS. It still is, except you do not have the words "monkey business" in there, sir.

Mr. McLENDON. Monkey business. So you say by leaving out the words "monkey business" that this is an honest affidavit?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. You knew at the time you signed this affidavit—

Mr. REYNOLDS. I knew.

Mr. McLENDON. Wait a minute. You knew at the time you signed this affidavit that you were a party to the scheme by which you now say you passed on to Bobby Baker \$20,000, \$25,000?

Mr. REYNOLDS. I was the low man on the totem pole; yes, sir.

Mr. McLENDON. I am not asking you about the totem pole. I am asking you if you didn't know at the time you signed this affidavit that you had passed on, to Baker, according to your testimony today, \$25,000 in currency?

Mr. REYNOLDS. Right.

Mr. McLENDON. And you didn't say a word about it?

Mr. REYNOLDS. No, sir.

Senator CURTIS. Did you regard that \$25,000 as a payment out of your insurance profits to Baker?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Therefore it is true that you didn't regard it as your business transaction?

Mr. REYNOLDS. No, sir. I was a medium only of transferring funds.

Senator CURTIS. From McCloskey to Baker?

Mr. REYNOLDS. To Baker, sir.

Mr. McLENDON. Then you talked with Senator John Williams, in the early fall of 1963 right after Baker resigned, did you not?

Mr. REYNOLDS. Before he resigned.

Mr. McLENDON. Before he resigned?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. And you told him about this bond transaction, did you not?

Mr. REYNOLDS. I did, sir.

Mr. McLENDON. But you didn't tell him about this \$35,000—

Mr. REYNOLDS. I told him there was an irregularity, sir.

Mr. McLENDON. I beg your pardon?

Mr. REYNOLDS. I told him—that is, I told Senator Williams—some time along the line there was an irregular financial transaction, and he told me he needed documents, that I would have to get a photostat of something that he could use instead of my words.

Mr. McLENDON. Well, did you tell him that you had participated in a scheme by which McCloskey overpaid the bond premium by the amount of \$35,000?

Mr. REYNOLDS. I subsequently told him that; yes, sir.

Mr. McLENDON. I am talking about when you first talked to him.

Mr. REYNOLDS. No, sir. When I first talked with you I didn't tell you everything I know, either.

Mr. McLENDON. I am not asking you that. Senator Williams testified before this committee under oath on two occasions, and presented your documents that you had given to him.

Mr. REYNOLDS. Did he state they were all I had?

Mr. McLENDON. And he did not present the check for \$109,000 and he did not present your invoice for \$109,000, and he said that is all he had. Now you are not impeaching Senator Williams in saying that he testified falsely, are you?

Mr. REYNOLDS. Nor do I have the slightest intention.

Mr. McLENDON. Well, then you had not given him the \$109,000 invoice.

Mr. REYNOLDS. Sir, the \$109,000 invoice I did not have.

Mr. McLENDON. What became of it?

Mr. REYNOLDS. Mr. Baker had the copy of it.

Mr. McLENDON. Well, you knew he had it?

Mr. REYNOLDS. But how could I get it from Bobby under the terms that were existing then, sir?

Mr. McLENDON. You mean to say that you couldn't get the invoice from Bobby?

Mr. REYNOLDS. Senator Williams said that he needed documents, that one word was worth—one photostat or document was worth 10,000 pictures—I am sorry—10,000 words.

Senator CURTIS. Didn't this committee get all of Bobby Baker's documents? Didn't we get Bobby Baker's documents?

Mr. McLENDON. What documents?

Senator CURTIS. All that he has.

Mr. McLENDON. No.

Senator CURTIS. This committee has the power of subpoena.

Mr. McLENDON. We subpoenaed him.

Senator CURTIS. We didn't get them?

Mr. McLENDON. No. He came before the committee and took the fifth amendment.

Senator CURTIS. Then I don't suppose Reynolds could get them if we couldn't.

Mr. McLENDON. He certainly could have gotten this invoice.

Mr. REYNOLDS. How could I, sir, when he was angry with me for having gone down and talked to Mr. Williams?

Mr. McLENDON. Mr. Reynolds, you have been testifying about this invoice this afternoon, and never before right this minute did you suggest that you didn't have a copy. You said you showed it to Baker after you wrote it.

Mr. REYNOLDS. I beg your pardon, sir; if you will check the testimony, I said Bobby kept a copy of it.

Mr. McLENDON. I know you did.

Mr. REYNOLDS. And the other copy was sent to Mr. McCloskey, sir.

Mr. McLENDON. So you only made an original and one copy.

Mr. REYNOLDS. That is correct.

Mr. McLENDON. And sent the original to McCloskey?

Mr. REYNOLDS. And a copy to Mr. Baker.

Mr. McLENDON. A copy to Baker. That is the first time you told us that.

Mr. REYNOLDS. I think if you will check the testimony, you will find it previously this afternoon, sir.

Senator CURTIS. Mr. Chairman, I wonder if Senator Williams could make a statement here.

The CHAIRMAN. Certainly. I have no objection.

Senator CURTIS. Do you object to being sworn? I am not asking it. I heard one of the staff back here mention it.

Senator WILLIAMS. I was just going to point out the fact that this \$109,000 check and the copy I did not receive I think it was sometime in August. I think at this time I told you. But I did advise the committee early in the spring of last year of the importance of checking the amount which had been paid, and in the testimony on March 23, 1964, on pages 2130, 2131, and 2132, you have a statement that was put in the record by Mr. Meehan of your committee in which they had checked the amount of this bond or the amount that had been paid to Mr. Reynolds, and he conferred with Mr. McCloskey, and this is Mr. McCloskey's statement as transmitted to your committee by your staff member, in which they insisted that the amount—I will quote here:

Mr. McCloskey stated that later when he obtained the contract for constructing the stadium, he recalled this conversation and did purchase his performance bond

through Don Reynolds. He recalled the approximate total premium paid for him was about \$73,000.

Now later in July of this year or this past year, in the discussion on the floor of the Senate, and I with your permission will furnish a copy of that at this point in the record, I in a discussion on the floor of the Senate with the chairman, I again emphasized the importance of getting the exact copy of the check from Mr. McCloskey as paid to Mr. Reynolds, because I felt that that should be examined by the committee.

I was not in a position to go further than that, but that was put in the Congressional Record in a discussion which I had with the chairman of the committee, and I would like to have that put in at this time. It was later that I did get the copy of the check and from that time on was able to proceed and reconstruct this somewhat, which led up to this meeting here today.

(The discussion referred to follows:)

[From the Congressional Record of July 27, 1964]

Mr. WILLIAMS of Delaware. I concur in what the Senator from Nebraska stated. Mr. McCloskey should have been called. It would have been far better.

There is one other missing link which may have only supported the other testimony or it may have raised other questions. Some of the canceled checks were in the committee hearings and I have them before me.

The committee has also the canceled check by which Bobby Baker got his \$4,000. The committee has the canceled check for \$1,500 that Mr. McLeod received. But what the committee does not have and which the committee should have and which I hope it will still try to obtain, is a copy of Mr. McCloskey's check to Mr. Reynolds as payment for this stadium insurance. I think it would be very important to have that information.

Mr. JORDAN of North Carolina. I think Mr. Reynolds' record shows what the amount is. The report shows what he paid for the performance bond. But I shall not argue that point.

Mr. WILLIAMS of Delaware. It shows that Mr. Reynolds was to get \$73,631.28 from Mr. McCloskey.

He paid Hutchinson, Rivinus, & Co., who handled the insurance for Reynolds, \$63,599.72. That left a difference for his commission of \$10,031.56. Out of that \$10,031.56 he wrote a check for \$4,000 to Bobby Baker and two checks to Mr. McLeod, one for \$1,000 and one for \$500.

While it may be merely routine, I should like to see the \$73,631.28 check to see if that is exactly what was paid. I would suggest that even now the committee could obtain a copy of that check. It may be interesting.

Mr. McLENDON. Senator, would you object to putting in the record when Don Reynolds first told you that he had participated in this fraud, collecting \$35,000 in excess of the bond premium?

Senator WILLIAMS. I don't know when I got the exact amount, and I can't say. I know there was something said about an overpayment or that led me to think there was an overpayment. Otherwise I wouldn't have impressed on the committee back in March the importance of getting Mr. McCloskey's testimony correct as to the amount that had been paid. I am sorry the committee did not take that seriously enough to get Mr. McCloskey to testify.

Mr. McLENDON. Well, you didn't, either.

Senator WILLIAMS. No.

Mr. McLENDON. You took Reynolds' word for it. So did we.

Senator CURTIS. Oh, no. Listen, the minority made a request after request that Mr. McCloskey be called, and that is in the record.

Senator WILLIAMS. And in July, in discussing on the floor of the Senate with the chairman, a copy of which we will put in the record at this point, I specifically spelled out the importance of having this check obtained, and this full transaction followed through. Now I was not in a position to say categorically that something was wrong. I was very suspicious of it.

The CHAIRMAN. Senator Williams, I am glad you brought that up, because the first time I ever heard anything about this overpayment, and \$109,000 payment for a bond, instead of the \$63,000 or \$73,000 whichever it was, was when you brought it up on the Senate floor.

Senator WILLIAMS. That was the first time that I had the exact amount.

The CHAIRMAN. Yes; but you had said under oath before this committee that any time you received any documents or you got any other information, you would give it to the committee, which you did not do.

Senator WILLIAMS. Oh, yes; I did.

The CHAIRMAN. Oh, no; you didn't.

Senator WILLIAMS. Yes; wait a minute. The committee—in July you had decided you were done with this case. You dissolved and you weren't even in business. So therefore having no committee with which to present it, I went to the floor of the Senate with the request that we reinstruct your committee to go back and do the job which you hadn't done in the first place.

The CHAIRMAN. Yes. I understand that debate you had on the floor there, but Mr. Meehan, who is here today, was still employed by the Senate Committee on Rules and Administration, and was still turning over information—

Senator WILLIAMS. Your report had been filed, Mr. Chairman. Your report had been filed, and you were out of business, and to all purposes you were done.

The CHAIRMAN. Well, this committee has never gone out of business. It is still in business, and we will hope—we were hoping for any additional information which was new information, which I got on the Senate floor. I was phoned in my office that you were making a speech on the floor about the Bobby Baker case. I hurried over to see what you were saying. That is the first I heard of it, about a new piece of information which he now reveals he turned over to you.

Senator WILLIAMS. Well, it was the second time you had heard about it. Maybe it was the first time you paid attention to it, because in July when we were discussing this same case on the floor, I specifically pointed out to you the importance of your committee not stopping until after you had examined this particular transaction, and I spelled out the particular check and all involved in it. I regret that you did not follow through, but you are here. Now let's proceed and develop the facts.

The CHAIRMAN. We didn't get the check. Let's be plain and honest about this; we didn't get the check until we got the check from Mr. McCloskey in Philadelphia, a copy of the check. You turned over the papers to me after I wrote you for them, to the committee. You have a letter to that effect.

Senator WILLIAMS. Sure, after you had been instructed by the committee—

The CHAIRMAN. After you mentioned it on the floor. That is the first I ever heard of it.

Senator CURTIS. I think the report shows it was ordered printed on July 8, 1964, and it was regarded as an interim report. It says:

The committee submits the following report to the Senate with recommendations.

The CHAIRMAN. That was all of the information that you or Senator Williams or anybody else had turned over to this committee. Now every member of this staff will tell you the same thing. We would have taken it up a long time ago had we known of this irregularity, but we did not. We took your testimony as being honest.

Mr. REYNOLDS. You took Mr. McCloskey's, also, sir.

The CHAIRMAN. We got the check from Mr. McCloskey.

Mr. REYNOLDS. No; I am talking about previously in his transatlantic telephone conversation, because Bobby Baker had called me and said:

You had better keep quiet about this because I am talking to Senator Jordan in the evening and I see everything that transfers.

The CHAIRMAN. He said what?

Mr. REYNOLDS. He said:

I am seeing Senator Jordan in the evening and I have access to the committee and everything that flows.

The CHAIRMAN. Who said that?

Mr. REYNOLDS. Bobby Baker.

The CHAIRMAN. He said he talked to me?

Mr. REYNOLDS. Yes, sir.

The CHAIRMAN. That is a complete lie. I have not spoken to Bobby Baker since—the only time is when he appeared before this committee—by telephone or in person.

Mr. REYNOLDS. Sir, I can believe you, but I still was told that.

The CHAIRMAN. I know that—

Mr. REYNOLDS. But by the same token he called me and he told me that I had better keep quiet about it because they already had gotten wind of it on the committee, and if they weren't careful that he and Matt were going to get together and hang me.

The CHAIRMAN. Oh, I see. I see. Well, now we interviewed Mr. McCloskey—not I, but Mr. Meehan did—immediately after we found out about this. I sent Mr. Meehan to Philadelphia immediately that week to see Mr. McCloskey, which he did. He got a copy of this check. He got a copy of the invoice which you sent him, and—

Mr. REYNOLDS. I am talking about way back in March, sir, or January when I appeared in testimony, sir, the first time.

The CHAIRMAN. We took your testimony as being honest; that you told us all you knew about it. You said, "Here is a copy of the check." It is in the record. We put in everything you told us.

Mr. REYNOLDS. For the correct amount of the premium. And also, sir, you accepted Mr. McCloskey's statement without appearing as a witness, sir.

Mr. MCLENDON. We didn't accept any statement from Mr. McCloskey. What are you talking about?

Mr. REYNOLDS. Would you mind reading it, sir?

Mr. McLENDON. That is a report of a telephone conversation. That wasn't testimony.

Senator CURTIS. I know. I think it is outrageous that you didn't call him; that you put in this unsworn stuff in the record. And the record also shows that Mr. Reynolds was never asked what he billed McCloskey for, and never asked what he received.

Mr. McLENDON. Mr. Reynolds testified that he received this invoice to his firm, to McCloskey in care of Reynolds Associates.

The CHAIRMAN. It is in the record.

Mr. McLENDON. Therefore, he collected from McCloskey the net amount, \$73,000, kept his commission, and forwarded his check to Rivinus.

Mr. REYNOLDS. If you read it I do not think you will find those words there, sir. I told you that I received payments, and from that I deducted my commission and sent him a net check.

Senator CURTIS. Four, five, six, seven.

Mr. McLENDON. Show him exhibit 22.

The CHAIRMAN. You are going back to McCloskey and the testimony we took from Mr. McCloskey. I readily admit that Mr. McCloskey was not brought before this committee. We thought that all the information which we had was sufficient. It relatively tied in with what you had told us.

Mr. McLENDON. Exactly tied in.

The CHAIRMAN. Senator Clark of this committee called Mr. McCloskey. He was Ambassador to Ireland. Discussed it with him. The next day Mr. Meehan called him again and discussed it with him again. We didn't think it was necessary to bring him back to more or less verify what you told us.

Mr. REYNOLDS. Mr. McCloskey knew, Senator Jordan, that at all times I had sent him a bill for \$109,000 and he had paid it, sir.

The CHAIRMAN. Well, of course, he might have, but we don't know that. We don't know it yet. We haven't heard from Mr. McCloskey. We know that he did pay a bill for \$109,000; that you invoiced him for that. And what he owed it for, I don't know, except for what your invoice calls for, because you sent the invoice.

Mr. REYNOLDS. He didn't owe any more than \$73,000.

The CHAIRMAN. I don't know what he owes. You sent him an invoice.

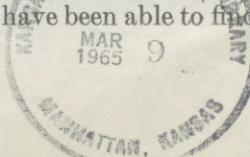
Mr. REYNOLDS. I do.

The CHAIRMAN. That will have to be developed further, but I know that you did send an invoice for \$109,000-and-some-odd, and he paid \$109,000-and-some-odd to you on your invoice and here is a copy of the check made to you. It wasn't made to Bobby Baker. It wasn't made to anybody but your company.

Mr. REYNOLDS. It was made on his instructions, Robert G. Baker.

The CHAIRMAN. I don't know about the instructions. Somebody wrote the check and you cashed it.

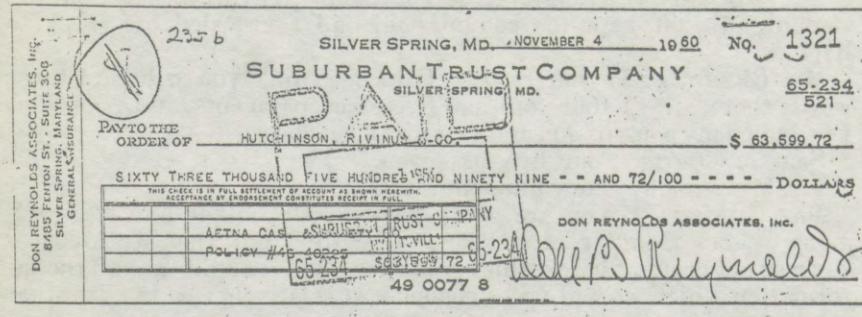
Mr. McLENDON. Give him exhibit 22. The truth about this thing, so far as I am concerned, is this: Never was there any suggestion made by this witness or anyone else that the invoice of \$73,000 was not correct, nor that the payment by this witness to Hutchinson, Rivinus was not correct by this check of November 4 in the amount of \$68,000. The first time any suggestion was made that I have been able to find in



any record was on July 27 in the Congressional Record when Senator Williams hinted at it. He didn't say that this wasn't the correct amount, but he said something to the effect that it would be interesting to know or it should be explored. At that time the committee report had been filed, Senator.

Senator WILLIAMS. That is correct.
(The check referred to is as follows:)

EXHIBIT 22



Mr. McLENDON. And it was not until September 1 that you disclosed on the Senate floor that you had knowledge of the \$109,000 check, and that you had it in your possession.

Senator WILLIAMS. That is correct.

Mr. McLENDON. That is the first time anybody on this committee or on the staff had the slightest information that what Reynolds had testified to was not absolutely true, nor that what McCloskey said over the telephone wasn't true.

Senator WILLIAMS. But the reason of that is that not until September at the time I spoke on the floor last that I had the exact proof of it. Now where the error came on the part of the committee is overlooking these direct hints, because when I told you that, I said you were overlooking a bet if you didn't take it more seriously, and it is true that—

Mr. McLENDON. Senator, there is not an instance anywhere—and I defy anybody to point to a single instance—where you ever called my attention by phone or letter to anything that wasn't thoroughly investigated. It would have been easy for you to just pick up the phone and say, "Are you sure about this thing? Hadn't you better look into it?"

Senator WILLIAMS. We will have the record here in a moment, and I will read it to you.

Mr. McLENDON. I guarantee you it would have been looked into.

Senator CURTIS. Mr. Chairman, I want to read three or four lines from a couple of pages. I refer to page 4 of the hearings, part 1, of Don B. Reynolds. Near the bottom of page 4:

Mr. McLENDON. And what was the amount of the premium?

Mr. REYNOLDS. I think the gross amount was in the neighborhood of \$73,000 or \$74,000.

Mr. McLENDON. And do you remember the amount of your commission?

Mr. REYNOLDS. It was about \$10,000, sir.

Mr. McLENDON. I show you a document dated September 13, 1960, on the stationery of Hutchinson, Rivinus & Co., addressed to you, and I ask you to state whether you received that.

Mr. REYNOLDS. I did, sir.

(The document referred to was marked "Reynolds Exhibit 1" and is as follows:)

And it is printed.

Mr. McLENDON. I show you next a copy of a check drawn on Suburban Trust Co., Silver Spring, Md., dated November 4, 1960, payable to that firm, Hutchinson, Rivinus & Co., in the amount of \$63,599.72 and ask you whether that is your company's check in payment of the premium on that bond?

Mr. REYNOLDS. It is, sir.

Mr. McLENDON. Mark that No. 2, please.

(The document referred to was marked "Reynolds Exhibit 2" and is as follows:)

And then they print it. Then Mr. McLendon goes on and asks him about the payment of \$4,000 to Baker. As near as I can figure out, Mr. Reynolds' answers that I read were absolutely correct. He was never asked at any time what he billed McCloskey for or what McCloskey paid. The counsel never asked such a question.

Mr. McLENDON. It is inconceivable to me that any intelligent person could testify that he received a bill for \$63,000, or \$73,000, he collected that from McCloskey, and paid out of the \$63,000 to the people who invoiced it, knowing at the time that he had collected \$109,000 without saying so. The only reason he wasn't asked the direct question about the \$109,000, nobody conceived of such a thing.

Senator CURTIS. He wasn't asked if he paid this. He was asked, "Is that your company's check."

Mr. McLENDON. Yes.

Senator CURTIS. And he said yes, that is his company's check.

Mr. McLENDON. That is right, and the invoice he identified as \$73,000. Now it turns out that he claims the invoice that was paid was not this \$73,000 but \$109,000.

Senator CURTIS. I think he stated in his statement that he did not go into that until he could find the check.

Mr. McLENDON. That is the very point.

Mr. REYNOLDS. Sir, may I ask a question? Did I not make a request of Senator Jordan in writing that I be permitted to reappear in public?

Mr. McLENDON. No, sir.

Mr. REYNOLDS. And make a public statement?

Mr. McLENDON. I have that letter. It does not contain any request for you to reappear.

Mr. REYNOLDS. It doesn't?

Mr. McLENDON. No; I would be glad to put it in the record.

Mr. REYNOLDS. I would appreciate it, sir.

Mr. McLENDON. It does contain a demand by you on Senator Jordan that he, Senator Jordan, state that everything you testified to was the truth.

Mr. REYNOLDS. Or I believe, sir, that I be permitted to reappear.

Mr. McLENDON. No.

Mr. REYNOLDS. Check it, sir.

Mr. McLENDON. I will bring it in. Don't rely on my recollection.

Mr. REYNOLDS. No; mine, either.

The CHAIRMAN. I was a little reluctant to give you that letter. I didn't want to hurt your feelings, either.

(The letter referred to is as follows:)

EXHIBIT 22A

DON B. REYNOLDS

Citizens Saving Building

8485 Fenton Street, Silver Spring, Md.

MARCH 16, 1964.

Hon. SENATOR EVERETT JORDAN,
Senate Office Building, Washington, D.C.

DEAR SIR: This letter is written with the expressed 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 affidavits.

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 KTCB is true and correct, and that the supplemental affidavit concerning further attempts to obtain rebate on the 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 the treatment of conflicting testimony between witnesses.

I feel that as an American citizen, an ex-serviceman, and civil servant, my character is at stake and that my rights have been abridged. It appears that you have permitted a conspiracy to discredit my testimony for having known these people and 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 still 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 yours,

DON B. REYNOLDS.

Mr. McLENDON. How much longer are you going to operate? It is 5 o'clock.

The CHAIRMAN. How much longer will it take on Mr. Reynolds? Half an hour?

Mr. McLENDON. Yes, sir, or more.

The CHAIRMAN. I am perfectly willing to stay until we get through.

Senator CURTIS. I think we ought to go until about 7. We have waited a long time for this testimony.

The CHAIRMAN. It suits me fine.

Mr. McLENDON. In addition to talking to Senator Williams and furnishing him the information which he later turned over to the committee, without including this \$109,000 transaction, were you interviewed by the FBI?

Mr. REYNOLDS. Was I interviewed? I was interviewed by the FBI several times.

Mr. McLENDON. About six times in all, were you not?

Mr. REYNOLDS. I don't remember the number, but they were a nuisance.

Mr. McLENDON. A nuisance?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. I ask you if it isn't true that on January 20, 1964, you were interviewed by two representatives of the FBI concerning the sale by you as broker of the performance bond on the stadium?

Mr. REYNOLDS. I don't remember. I would have to get the notes.

Mr. McLENDON. And if you didn't say at that time that none of the money that you gave at any time to Baker related to the District of Columbia Stadium in any way?

Mr. REYNOLDS. I don't remember such a statement directly, sir.

Mr. McLENDON. You were under oath?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. Don't you know he put you under oath?

Mr. REYNOLDS. Not to my knowledge.

Mr. McLENDON. Didn't you also say in that same interview that you had never made a contribution to the National Democratic Party and never been solicited to make one?

Mr. REYNOLDS. I don't remember any such statement.

Mr. McLENDON. I ask you again if, on January 22, 1964, you weren't again interviewed under oath and at that time you stated that you had been designated by the McCloskey Co. as their broker in obtaining the performance bond in connection with the construction of the District of Columbia Stadium, but you said that you had personally never talked to anyone representing the McCloskey Co. concerning this performance bond since all of the dealings were with Robert Baker?

Mr. REYNOLDS. No, sir; I don't remember such a statement.

Mr. McLENDON. Did you further say at that interview that when you received the statement from Hutchinson, Rivinus for the premium on the bond that you called Baker?

Mr. REYNOLDS. I told him I received—that this much is true. He wanted to know when I got it, sir, and that is when he gave me the instructions as to how to bill him.

Mr. McLENDON. And that you later mailed a bill to Mr. McCloskey?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. After this—

Mr. REYNOLDS. After receiving instructions from Baker.

Mr. McLENDON. So you didn't tell the FBI when they questioned you about the \$109,000?

Mr. REYNOLDS. No question was asked of it.

Mr. McLENDON. Well, you didn't tell them. You told them about the \$73,000 but you didn't tell them about the \$109,000?

Mr. REYNOLDS. They asked me about the premium and the commissions, Major McLendon, and I still say the correct premium is correct, \$73,000 plus. The correct commission is still \$10,000 plus.

Mr. McLENDON. In other words, you are saying you would never disclose the truth about this unless somebody had information in some

mysterious way that you had received \$109,000, and the question was asked, "Did you receive \$109,000?"

Mr. REYNOLDS. Sir, I would not divulge any information to anyone including anyone around at any point except our good Lord up above, of anything that may personally hurt anyone else, unless I thought it would serve a useful purpose.

Mr. McLENDON. The truth always serves a useful purpose, does it not?

Mr. REYNOLDS. Sometimes truth is a question of judgment, sir.

Mr. McLENDON. A question of judgment?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Is there any doubt in your mind that you got the \$109,000?

Mr. REYNOLDS. None whatsoever.

Mr. McLENDON. Is there any doubt in your mind that you didn't tell the FBI that?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. Any doubt in your mind that you didn't tell this committee that?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. You were interviewed here in this building the very day that President Kennedy was assassinated, were you not?

Mr. REYNOLDS. And I was questioned in the same manner you are doing now, sir.

Mr. McLENDON. You mean by that that you were asked to tell the truth?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. And you wouldn't tell it?

Mr. REYNOLDS. With a hostile intent manner, sir.

Mr. McLENDON. All right; because you were examined in a hostile atmosphere, that justified you in refusing to tell the truth?

Mr. REYNOLDS. No, sir, but may I give you a statement?

Mr. McLENDON. No; I don't want any statements.

Mr. REYNOLDS. I know you don't.

Mr. McLENDON. I am trying to get at the facts. You were interviewed practically the whole day of November 22, weren't you?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Well, a large part of the day?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Well, how long?

Mr. REYNOLDS. Until, oh, 1 o'clock; about 10 to 1.

Mr. McLENDON. By Mr. Drennan?

Mr. REYNOLDS. I don't remember who it was.

Mr. McLENDON. It was nobody that is with the staff now, was it?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. And you knew he had made a written report of the interview?

Mr. REYNOLDS. No; I didn't.

Mr. McLENDON. Your counsel was present?

Mr. REYNOLDS. But I did not know about a written report.

Mr. McLENDON. Your counsel was present?

Mr. REYNOLDS. Right.

Mr. McLendon. And you didn't tell Mr. Drennan or the interviewer about the \$109,000?

Mr. REYNOLDS. That is right, sir.

Mr. McLendon. And then later, before you testified, I interviewed you in my office, did I not?

Mr. REYNOLDS. Yes, sir.

Mr. McLendon. You didn't tell me about the \$109,000?

Mr. REYNOLDS. No, sir.

Mr. McLendon. And then finally you testified before this committee on January 9 and 17, 1964, both times under oath; you testified about this bond transaction, but you never told about the \$109,000.

Mr. REYNOLDS. I testified about the premium and commission, Major McLendon.

Mr. McLendon. But you didn't tell about the \$109,000 check, though?

Mr. REYNOLDS. Would you have, sir?

Mr. McLendon. Sure I would if I was testifying to a transaction that I participated in and made \$20,000 in cash out of, and you would, too. Why did you not disclose that to the committee?

Mr. REYNOLDS. From the moment I came down to you with the information I had and the information you were trying to protect other people from, sir, I felt that no matter what I did would be misconstrued, and what I said, sir.

Mr. McLendon. You were passing judgment on the committee?

Mr. REYNOLDS. Yes, sir.

Mr. McLendon. And saying because the committee didn't act like you thought they ought to, that, therefore, you were not going to tell the truth?

Mr. REYNOLDS. No, sir; I did not.

Mr. McLendon. Well, what other reason can you give for not disclosing this fact?

Mr. REYNOLDS. It is very simple, sir.

Mr. McLendon. All right; let's have it one more time.

Mr. REYNOLDS. The way you asked me would make me, if I were on the field of battle, to destroy you.

Mr. McLendon. You don't feel that way toward me now, do you?

Mr. REYNOLDS. I mean your attitude, sir.

Mr. McLendon. I hope not.

Mr. REYNOLDS. And the second one is if you asked me for something in a kindly sort of way, I would break my neck to try to get it for you, sir, but there are two ways to get things done. One is with fly-paper and one with honey, sir.

Mr. McLendon. Well, you mean if we had approached you with honey, that you would have told us the truth but, because we were searching in our questions, you told us a falsehood?

Mr. REYNOLDS. No, sir. You are putting words. If you had approached me objectively without trying to insulate certain people that I had information on that may do damage and not calling them down as witnesses, I would not have objected, sir.

Mr. McLendon. Mr. Reynolds, according to the records of this case you have had 8, 9, 10 opportunities, including the 6 interviews with the FBI; 2 appearances before this committee; the affidavit you made with

IRS; the interview that you had with the staff of this committee; your communications to Senator Williams; you had 10 opportunities to disclose this \$109,000 before you ever did it—10 times—and your reason, the only reason you give now, is because you didn't like the way the committee was acting.

Mr. REYNOLDS. Sir, it is not that I approve or disapprove. But when you are trained for a battlefield soldier, you don't like to get shoved around and other people protected around who have participated.

Mr. McLENDON. All right; let's leave it.

The CHAIRMAN. May I just make one observation? When you or any other person is interviewed by any of the staff, including Major McLendon, they are not there under subpena, they are not under oath, they can leave any time they want to. The only time that a person has to appear is when he is under subpena to be here at a certain day and a certain hour. So you could have left any time you felt that you were being abused or talked to in any way that you didn't think you should have been. You were perfectly free to leave, and I have had people who were interviewed tell me personally that they were treated very, very nicely; they appreciated the courtesies extended to them. So I don't think that you have much—

Mr. REYNOLDS. Senator Jordan, had you told me originally when I was interviewed by Mr. Meehan what you told me today, I would have gotten up and walked out to begin with.

The CHAIRMAN. Well, you were free to do it, and if you wanted to—

Mr. REYNOLDS. I did not know it, sir.

The CHAIRMAN. You didn't know what?

Mr. REYNOLDS. When he threw the book down on the floor and told me I did not talk with Walter Jenkins about the TV advertising time, I talked to Bobby Baker, I knew it was a falsehood and I was not going to be intimidated, sir, and had I known it, I would have gotten up and walked out and gone and had a Coke or a milkshake.

The CHAIRMAN. You had your attorney with you, didn't you?

Mr. REYNOLDS. I didn't ask him and he didn't tell me. But had I known it, I definitely would have left, sir.

Mr. McLENDON. I don't want to suggest that your statement is correct by not asking you a question about that, but I want to move on to another thing.

Senator CURTIS. May I ask one thing there? When did you first find out that somebody had located the \$109,000 check?

Mr. REYNOLDS. Senator Williams called me sometime; I think it was in September.

Senator CURTIS. Of what year?

Mr. REYNOLDS. 1963, sir, and he told me that at last he had been able to put his hands—

Senator CURTIS. 1963 or 1964?

Mr. REYNOLDS. 1964. I am sorry, sir. He said that he had been able to locate the check for the overpayment which I had referred to, and would I please come down and see him and talk to him, and I told him I would be glad to, sir.

Senator WILLIAMS. Mr. Chairman, at that point may I, just to complete the record, I referred a few moments ago to my conversation on

the floor of the Senate in July, and I have this record here, and I think this would clarify the point that we were discussing earlier, if I may read this for a moment.

The CHAIRMAN. I am perfectly willing for you to put it in the record. I want to say before you read it, though, that I don't accept it because I still say that I didn't know anything about this \$109,000 check until you stated it on the Senate floor.

Senator WILLIAMS. I don't question your own position as to what you knew. I would just like to state the record as it is. I have here the committee report which was filed July 8, 1964, and this is filed by your committee pursuant to Senate Resolution 212, Committee on Rules and Administration. It goes on down; at the end it says:

Having concluded such study it submits the following report to the Senate together with recommendations.

Now this is evidence that on July 8 you had submitted your final report. Now we were discussing this on the floor of the Senate July 27, page 16458 of the Congressional Record, and during that colloquy Senator Curtis made this statement, and I will quote Senator Curtis first:

The facts are not all available. Mr. McCloskey was never called. I do not deny that there was a telephone call. But McCloskey was never called as a witness. Until he is called and placed under oath, and until we have the power to examine and cross-examine, we do not know what the facts are. I, for one, do not accept the premise that it is none of our business. The taxpayers had to pay \$14 million to build a stadium. If there was a meeting held under the dome of the Capitol, and the contractor and others assembled there, and as a result of that meeting kickbacks were made to two employees of the Government, it is our business; and any investigation to be complete would require the testimony of the colleagues of Mr. McCloskey.

Mr. WILLIAMS of Delaware. I concur in what the Senator from Nebraska stated. Mr. McCloskey should have been called. It would have been far better. There is one other missing link which may have only supported the other testimony or it may have raised other questions. Some of the canceled checks were in the committee hearings and I have them before me. The committee has also the canceled check by which Bobby Baker got his \$4,000. The committee has the canceled check for \$1,500 that Mr. McLeod received.

But what the committee does not have and which the committee should have and which I hope it will still try to obtain is a copy of Mr. McCloskey's check to Mr. Reynolds as payment for this stadium insurance. I think it would be very important to have that information.

Mr. JORDAN of North Carolina. I think Mr. Reynolds' record shows what the amount is. The report shows what he paid for the performance bond, but I shall not argue that point.

Mr. WILLIAMS of Delaware. It shows that Mr. Reynolds was to get \$73,631.28 from Mr. McCloskey. He paid Hutchinson, Rivinus & Co., who handled the insurance for Reynolds, \$63,599.72. That left a difference for his commission of \$10,031.56. Out of that \$10,031.56 he wrote a check for \$4,000 to Bobby Baker and two checks to Mr. McLeod, one for \$1,000 and one for \$500. While it may be merely routine, I should like to see the \$73,631.28 check to see if that is exactly what was paid. I would suggest that even now the committee should obtain a copy of that check. It may be interesting.

I did later obtain that and it was most interesting.

The CHAIRMAN. I remember that colloquy very well.

Senator WILLIAMS. I apologize to the committee for not having been able to obtain this information for you. I cooperated the best I could. I made all the information available to you that I could and I will continue to cooperate. I hope I won't be criticized if I can't develop this case quite as fast as it should be developed.

Senator CURTIS. As one member of the committee, I want to thank you because there has been considerable effort to resist information. You have poured it in in spite of this.

The CHAIRMAN. I resent every word of that. If you had come to this committee with your information instead of running to Senator Williams, this case would have been over a long time ago. You knew who was investigating this case, didn't you?

Mr. REYNOLDS. Senator, if I had had the confidence in you I have in Senator Williams, I would have done so.

The CHAIRMAN. You were afraid to tell the truth, weren't you?

Mr. REYNOLDS. No, sir. The truth stands on its own.

The CHAIRMAN. It certainly has stood in your case.

Mr. REYNOLDS. I know whose friends are who and who is protecting whom.

The CHAIRMAN. I don't know who you are talking about protecting. We haven't protected anybody. We have put all the information we have on the record.

Mr. REYNOLDS. That is your opinion.

The CHAIRMAN. The only reason we used the \$73,000 is because that is what you testified. We knew nothing about the \$109,000 until we sent Mr. Meehan to Philadelphia, from the information we got on the Senate floor, to see Mr. McCloskey. He readily admitted it, said, "Here is the invoice; I will give you a copy; here is a copy of the check." He brought it back to us and it is here in the record. Now that is the first we knew of it. We closed this hearing because that is all of the information we had. If we had that \$109,000 we would have closed it on \$109,000, but we have never said that we would close this investigation as long as we had pertinent information that had anything to do with the facts of this case. And we thought we were through with it.

Senator CURTIS. When did all of this happen?

The CHAIRMAN. What?

Senator CURTIS. That you wouldn't close the hearing until you had all pertinent information? We were voted down time and time again to call witnesses.

The CHAIRMAN. I know you were. We readily admit that. But we put everything in the record that needed to be put in the record, if it is pertinent to this case, and what we didn't put in we didn't have the facts on.

Mr. REYNOLDS. Sir, did you not give Mr. McCloskey a chance to verify the amounts?

The CHAIRMAN. We called him twice on the telephone.

Mr. REYNOLDS. And what did he say, sir?

The CHAIRMAN. I was presuming that a man who was Ambassador to Ireland, there was not a necessity to bring him back just to answer that question. Now I presumed that you had told the truth. That is where I made a mistake. That is where I made a very serious mistake.

Mr. REYNOLDS. And he also did not tell.

The CHAIRMAN. I don't know what he told. We haven't heard him yet, but we will give him a chance to tell us about it. Go ahead.

Mr. McLENDON. Let's resume the examination. Will you now tell the committee in detail when and how you paid Baker \$25,000?

Mr. REYNOLDS. I paid him on five separate occasions.

Mr. McLENDON. When was the first one?

Mr. REYNOLDS. I cannot give you the definite date.

Mr. McLENDON. Why? Why can't you give the definite date?

Mr. REYNOLDS. Because we had difficulty in tracing the checks because Baker never wanted the check drawn from a particular bank, and the money picked up and given to him in cash. I had to go on occasions to three separate ones.

Mr. McLENDON. You made no memorandum of the date of payment?

Mr. REYNOLDS. No, sir. He told me not to leave any written notes.

Mr. McLENDON. So you can't tell the committee the date of the first payment?

Mr. REYNOLDS. I can't tell you exactly; no.

Mr. McLENDON. About when was it?

Mr. REYNOLDS. I would say Mr. Hugler can probably help in this in determining the brackets between the dates.

Mr. McLENDON. Give us some idea when the first payment was made.

Mr. REYNOLDS. In 1960 certainly, sir; in the spring of 1960.

Mr. McLENDON. In the spring of 1960?

Mr. REYNOLDS. The spring or early summer.

Mr. McLENDON. Six months before the contract was awarded?

Mr. REYNOLDS. Major McLendon, I am not sure that Bobby got more than one payment before the contract was awarded, but he told me that it could not fail.

Mr. McLENDON. You said you gave him one payment in the spring of 1960. The contract wasn't awarded until July 7.

Mr. REYNOLDS. He told me there was no question about it coming through; that he wanted the money.

Mr. McLENDON. I am not asking you why, but you made a payment to him?

Mr. REYNOLDS. Right.

Mr. McLENDON. Before you ever received the \$109,000 check, didn't you? Didn't you do that?

Mr. REYNOLDS. I am not sure of the exact date of it, sir.

Mr. McLENDON. Well, it was before you collected the \$109,000?

Mr. REYNOLDS. I paid Bobby also a check for \$4,000 that you have in the record, before I received this check.

Mr. McLENDON. That is right.

Mr. REYNOLDS. Because he told me McCloskey had sent it and I accepted his word for it.

Mr. McLENDON. That is right. So you paid Baker \$4,000 and another \$5,000 before you ever collected the invoice from McCloskey & Co.?

Mr. REYNOLDS. Roughly. I am not sure. I know the four is correct.

Mr. McLENDON. And didn't you tell Mr. Hugler that you paid a second payment in 1962 before you got—

The CHAIRMAN. In 1960.

Mr. McLENDON. In 1960.

Mr. REYNOLDS. I told him I was not sure, sir.

Mr. McLENDON. When did you pay the second one?

Mr. REYNOLDS. I cannot be sure without having access to the records.

Mr. McLENDON. Mr. Reynolds, you have been alerted to this for a long time, and you come now and can't tell the committee these important facts?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. You were served with a subpoena in this case, were you not?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. You have got the copy there before you?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Didn't you bring your copy with you?

Mr. REYNOLDS. I don't know whether we have it or not.

Mr. McLENDON. The first item in the subpoena reads "to have and bring with you"—

The original retained carbon copy of a letter dated on or about September 14, 1960, addressed to Mr. Matthew H. McCloskey, 1621 Thompson Street, Philadelphia 21, Pennsylvania, and signed Don B. Reynolds; and all correspondence, letters, memoranda, and other documents received by Don B. Reynolds from McCloskey and Company, and copies of such documents addressed or delivered to McCloskey and Company or any officer or agent of said company by Don B. Reynolds.

There has been put in evidence your invoice for \$109,000 which was addressed to McCloskey; is that right?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. And a check for \$109,000 you received from McCloskey.

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. And the invoice from Hutchinson, Rivinus, for \$73,000 for McCloskey.

Mr. REYNOLDS. Right.

Mr. McLENDON. Addressed to you for McCloskey.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And you paid them the \$63,000 shown on that invoice?

Mr. REYNOLDS. That is correct.

Mr. McLENDON. Any other records now that you have on McCloskey?

Mr. REYNOLDS. I gave you my file that I had to give to the committee, the file that I had on this, sir.

Mr. McLENDON. Mr. Reynolds, what you gave us Saturday or Monday morning didn't have anything like this in it. I say that to you right now. You called me Saturday and said you had discovered your stadium file.

Mr. REYNOLDS. I said the stadium insurance, Major McLendon. There is a difference between suretyship and insurance.

Mr. McLENDON. There is nothing in that file relating to this matter.

Mr. REYNOLDS. It deals with the question of insurance on the stadium, sir; the complete file does.

Mr. McLENDON. That is not involved in what you are testifying to now, is it?

Mr. REYNOLDS. No, but you asked me for anything dealing on the District of Columbia Stadium, sir.

Mr. McLENDON. All right. You were also asked to bring—

all memorandums, receipts, canceled checks or other documents showing the amounts and dates and payments of money by Don B. Reynolds to or for William N. McLeod or Congressman John L. McMillan during the years 1960-63.

You haven't produced anything except the two original checks, one for \$1,000 and one for \$500 to McLeod, have you?

Mr. REYNOLDS. As far as I know, there are no other checks that I have in my possession, sir; no.

Mr. McLENDON. That is right. Those are the only ones you produced, and you say they are the only checks you ever paid to McLeod.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And you only produced two checks from McMillan, did you not?

Mr. REYNOLDS. I think your committee produced that; I am not sure.

Mr. McLENDON. They were in your files. I couldn't have gotten them.

Senator CURTIS. He wouldn't have checks from McMillan unless they were noncashed.

Mr. McLENDON. You produced two checks that were paid to you by McMillan, did you not?

Mr. REYNOLDS. No, sir; I did not.

Mr. McLENDON. Didn't you tell us that one of the \$5,000 payments that you made to Baker was represented by a \$3,000 check from McMillan and a \$2,000 check from McMillan?

Mr. REYNOLDS. But that was a check given to me by Mr. John McMillan, and I do not possess it. It went back to his own files, sir. I told you the FBI had got to him, and he had given them a photostat of it showing payment, sir.

Mr. McLENDON. Would you recognize the checks if I showed them to you?

Mr. REYNOLDS. I believe I would, sir.

Mr. McLENDON. And you told us that those two checks were used to make one payment of \$5,000 to Baker, did you not?

Mr. REYNOLDS. The ultimate use of the funds were for Baker, sir.

Mr. McLENDON. I asked you did you say that those two checks were used to pay Baker?

Mr. REYNOLDS. The benefit of the cashing of the checks and transfer of the checks was to obtain ultimately \$5,000 in cash to give Bobby Baker; yes.

Mr. McLENDON. Look at this exhibit. Give him this one, 23. Tell me whether that is one of the checks that you are talking about that you got from Mr. McMillan.

Mr. REYNOLDS. It is, sir.

(Facsimile of check referred to is as follows:)

EXHIBIT 23

Subscribed and sworn to before me this 13th
 day of October, 1964,
 at Oakland Maryland

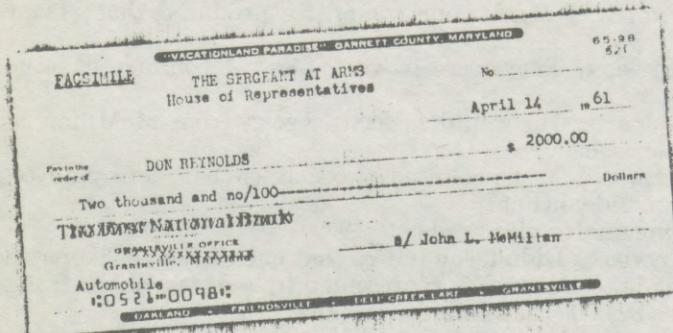
Frank Kipor
 (Signature)

Special Agent
 (Title)

Internal Revenue Service

U. S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

FORM 2311 (7-58)



s/Don B. Reynolds
 For Deposit
 First National Bank of
 Oakland
 Fred A. Thayer, atty

1

NAME DON B. REYNOLDS OR GERALDINE M. REYNOLDS
18122 VENETICIAN ROAD

Mr. McLENDON. It is? And it is endorsed by whom?

Mr. REYNOLDS. Fred Thayer, of Oakland, Md.

Mr. McLENDON. And you did not use that then to pay Baker?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. What?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. How?

Mr. REYNOLDS. Very simply.

Mr. McLENDON. How?

Mr. REYNOLDS. Because from this \$2,000 fund, if you will check the account you will find there was a \$2,000 check drawn approximately the same time to substitute in lieu thereof for the \$2,000 that I had used for personal use, sir.

Mr. McLENDON. I don't get that.

Mr. REYNOLDS. All right, sir.

Mr. McLENDON. This check here was endorsed by Thayer and deposited in the bank, was it not?

Mr. REYNOLDS. This check was.

Mr. McLENDON. Yes.

Mr. REYNOLDS. I substituted \$2,000.

Mr. McLENDON. Substituted with whom?

Mr. REYNOLDS. With myself, sir.

Mr. McLENDON. Oh, with yourself.

Mr. REYNOLDS. And gave to Bobby the combination of the \$3,000 check that he said he would only accept in a \$5,000 amount and that I should keep the first check until Mac called me and told me to deposit the second check, that it was all right. He told me to hold the second check until he called me and told me there were adequate funds there.

Mr. McLENDON. These two checks represented the purchase price of a Cadillac automobile that you had bought and paid for?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And that was for Mr. McMillan?

Mr. REYNOLDS. That is correct.

Mr. McLENDON. And later he gave you two checks to reimburse you, \$3,000 and \$2,000?

Mr. REYNOLDS. I think one of them was given to me before, or both of them were given to me before he accepted delivery, sir.

Mr. McLENDON. What is the date of that \$2,000 check?

Mr. REYNOLDS. April 14, sir.

Mr. McLENDON. 19 what?

Mr. REYNOLDS. 61, sir.

Mr. McLENDON. And so, as late as 1961, in April, you were making a payment to Baker, a cash payment to Baker?

Mr. REYNOLDS. Right.

Mr. McLENDON. So you had been paying him this \$25,000 from early in the spring of 1960 to at least as far as April 1961?

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. And why did you stretch out this \$25,000 over such a long period of time?

Mr. REYNOLDS. Major McLendon, I should like to repeat it again. Bobby told me that I should give him the money when he asked for it.

Mr. McLENDON. You mean over \$15,000 of it was campaign funds?

Mr. REYNOLDS. I had no proof either way. I assume it was.

Mr. McLENDON. He told you that, did he not?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. The campaign was over in April of 1961, wasn't it?

Mr. REYNOLDS. But he said there was a big deficit.

Mr. McLENDON. Oh, a deficit.

Senator CURTIS. You never got the \$109,000 until October 17.

Mr. McLENDON. That is right.

Senator CURTIS. Which was just a little bit before the election; isn't that right?

Mr. REYNOLDS. That is right.

Mr. McLENDON. That is right, and he began paying back long before he got the check and continued to pay him long after he got the check.

Mr. REYNOLDS. Sir, you obviously don't know Bobby. He said that he couldn't fail, and he was always needing money, and whether he needed it for the committee or himself I will never know.

Mr. McLENDON. You were subpenaed to bring every written document that would tend to show the payment of any of this money, any money to Baker, and you haven't produced a word, have you?

Mr. REYNOLDS. I produced with your man who had subpenaed from the building and loan, because I have no record. The statute of limitations has run, sir.

Mr. McLENDON. We examined your bank account and you couldn't point out a single check that was identified as payable to Baker.

Mr. REYNOLDS. Oh, no.

Mr. McLENDON. They were all payable in cash; weren't they?

Mr. REYNOLDS. Yes; he didn't want them payable to—

Mr. McLENDON. I didn't ask you that. I am asking you if you can produce any documentary evidence that you ever paid a cent of money to Baker.

Mr. REYNOLDS. The \$4,000 and the other—

Mr. McLENDON. I am excluding those two, of course.

Mr. REYNOLDS. Right.

Mr. McLENDON. Can you produce any documentary evidence that you paid this particular \$25,000 to Baker?

Mr. REYNOLDS. No, sir; but if I believe—if you will take his own financial statement and compare approximate times that I made withdrawals from my account and make comparisons, you will find out where the funds went, or take the Democratic National Committee and compare the times I made withdrawals and see if the funds were deposited.

Mr. McLENDON. That is a queer way to go about accounting for paying somebody \$25,000, isn't it?

Mr. REYNOLDS. It is odd, sir.

Mr. McLENDON. Very odd.

Mr. REYNOLDS. But it is queer, sir.

Mr. McLENDON. I believe you testified that Baker told you to handle the bank account like you did?

Mr. REYNOLDS. Yes.

Mr. McLENDON. You are all confused; no doubt about that.

Mr. REYNOLDS. Completely.

Mr. McLENDON. You wrote numerous checks to yourself and it is difficult to trace them in any other bank accounts.

Mr. REYNOLDS. That is right, sir.

Mr. McLENDON. All that was done, you say, because Baker told you to do it?

Mr. REYNOLDS. He told me Mr. Abe Fortas was his lawyer, sir, and he had the smartest lawyer in existence, and I should listen to him and don't try to question it.

Mr. McLENDON. So every time you would draw a check you would call up Baker and say, "How much should I draw this check?"

Mr. REYNOLDS. No, sir.

Mr. McLENDON. How could you scramble the eggs like you did without having someone standing on your shoulder?

Mr. REYNOLDS. Sir, Mr. Baker called me—please—and he said to me, "I am ready for it; go ahead."

Mr. McLENDON. "I am ready" for what?

Mr. REYNOLDS. "I am ready for the money; go get it," and I said, "When do you want it?" He said, "I need it yesterday."

Mr. McLENDON. And you can't produce a single document showing that you ever paid him any money when he was ready?

Mr. REYNOLDS. No, sir, but if Mr. Baker would come down here and tell you the truth, he could do it.

Mr. McLENDON. I am not responsible for whether he comes or whether he tells the truth. I am trying to get you to tell the truth.

Mr. REYNOLDS. Well, I am trying to tell you.

Mr. McLENDON. Then you were asked to produce all the documents, if any you had, to show, to support your reported income for that year, were you not?

Mr. REYNOLDS. What year, sir?

Mr. McLENDON. The year ending in July 1961.

Mr. REYNOLDS. Sir—

Mr. McLENDON. Wait a minute. You were on a fiscal year basis for tax purposes.

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. And you were asked to produce all those documents.

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. And you haven't produced them.

Mr. REYNOLDS. They were destroyed, Major McLendon, the reason being, the committee is entitled to know, Mr. Hauft called me at some point when I was on the farm and he said the statute of limitations ran out 1 or 2 years, I don't remember which, "Should I send them to you?" I don't know which. I said, "Do whatever you want to with them."

Mr. McLENDON. Did he send them to you?

Mr. REYNOLDS. He did not send any returns to me whatever.

Mr. McLENDON. I am not talking about returns. I am talking about tax data.

Mr. REYNOLDS. No, sir.

Mr. McLENDON. You deny that he sent some of these tax statements and information to you by parcel post?

Mr. REYNOLDS. He did not, sir. He sent me an account from the U.S.F. & G.

Mr. McLENDON. Do you deny that later he reported to you that he had an interview with us about these records and that he then did not have them in his possession?

Mr. REYNOLDS. The reason being, he told me subsequently in the last few days since I have been back, that he remembered he destroyed them.

Mr. McLENDON. He destroyed them?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. So you can't produce any documents then to support the reported income for the fiscal year ending July 1961?

Mr. REYNOLDS. No, but you can, sir.

Mr. McLENDON. No; I can't, either.

Mr. REYNOLDS. You have got the ledger account from the U.S.F. & G., and from the different companies showing the income, sir.

Mr. McLENDON. But it doesn't support your figure, Mr. Reynolds.

Mr. REYNOLDS. It is under.

Mr. McLENDON. Under?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. I believe you told me the other day that you overstated your income?

Mr. REYNOLDS. That is right.

Mr. McLENDON. Why did you overstate your income?

Mr. REYNOLDS. I have always gone on the assumption, based on the advice of Mr. Hauft, overpay it if it costs you a little more, if any question is ever asked you have got more to come at them with.

Mr. McLENDON. That wasn't the reason you gave the other day for overstating your income.

Mr. REYNOLDS. I said I always did it because I was advised to, Major McLendon.

Mr. McLENDON. Mr. Reynolds, didn't you say in the presence of Senator Williams that you overstated your income so that you would inflate it in case somebody came along—wait a minute—somebody came along and wanted to buy your business, you could get a better price for it because your income was bigger?

Mr. REYNOLDS. You heard what you wished to, sir.

Mr. McLENDON. You deny that you said that?

Mr. REYNOLDS. I said there were two parts of it, Major McLendon.

Mr. McLENDON. All right; tell us both parts.

Mr. REYNOLDS. Part 1 was that I always tried to overstate income and to understate the amount of expenses, No. 1, because of any questions being asked I would always be in the clear. But No. 2, should anyone wish to purchase my business, I never wanted to show that it was in the red; that it is better for me to pay taxes on the amount that I really didn't have than for me to try to sell a business that was in the red.

Mr. McLENDON. So you actually falsified your own income tax returns so you could pay more money to the Government so you could defraud somebody that wanted to buy your business?

Mr. REYNOLDS. I don't like your words, sir.

Mr. McLENDON. I don't like them, either.

Mr. REYNOLDS. Well, sir, it is not true.

Mr. McLENDON. What would it be if you misrepresented your income to somebody who was a purchaser?

Mr. REYNOLDS. Sir, if they wished to check the amount of insurance policies issued, they would have been there for them. They can check them. They are available. And I am sure that nobody is going to buy an insurance account without checking them. But the point of it is when he asked me a question, "Have you ever been in the red?" I could say "No."

Mr. McLENDON. I see, even though you had been in the red?

Mr. REYNOLDS. No. Now there is a difference between being in the red, sir, and making a little bit and a little bit more.

Mr. McLENDON. Well, I suppose that is enough of that. Now I would like to ask you about exhibit No. 16. Show it to him. I have got several exhibits here. You have No. 16 there. Give him another one. You signed this exhibit No. 16 on the same day that you signed the one that has been given as No. 15, haven't you?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. August 18, 1964.

Mr. REYNOLDS. Right.

Mr. McLENDON. That purports to narrate what occurred on the night of the passage of the stadium bill?

Mr. REYNOLDS. Correct, sir.

Mr. McLENDON. Did you know that the record shows that the stadium bill was passed on a voice vote without a single dissenting vote?

Mr. REYNOLDS. I was told by Mr. Gross that it was, sir.

Mr. McLENDON. And both Houses voted on it by voice vote, did they not?

Mr. REYNOLDS. I cannot answer for the Senate because I was in Bobby's office the entire evening.

Mr. McLENDON. What was the purpose in your making this statement; to show that Baker was running the Senate and the House?

Mr. REYNOLDS. No, sir; but I think it intimated that the Texans were running both sides.

Mr. McLENDON. That the Texans were? Was that the reason you gave this?

Mr. REYNOLDS. No, sir; but it gave some indication that Mr. Baker could do what he had promised to do for me, and the letter he had on both sides, sir.

Mr. McLENDON. So you are suggesting then that Mr. Baker controlled the passage of this bill in both the House and the Senate?

Mr. REYNOLDS. No, sir. I think the final ultimate control for the passage of the House bill, sir, was by Mr. Rayburn, now deceased.

Mr. McLENDON. Any one Senator could have called for a vote, could he not?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. A rollcall?

Mr. REYNOLDS. Sir, Mr. Gross did ask for a rollcall, to the best of my knowledge.

Senator CURTIS. It takes 20 percent of those present, and there is no way of knowing whether a voice vote is unanimous or not.

Mr. McLENDON. Anyway, there is no record of any dissenting vote, as far as the record shows.

Senator CURTIS. I think Mr. Gross did.

The CHAIRMAN. But you picked out a dead man to lay it on, didn't you?

Mr. REYNOLDS. I see nothing wrong in what he did.

The CHAIRMAN. I don't, either. He was a fine man, sir.

Mr. McLENDON. I ask you about exhibit 24, which purports to be a copy of a letter written by you to William N. McLeod, dated January 25, 1960. Will you tell us why this letter was written, first?

Mr. REYNOLDS. Mr. McLeod—Bill McLeod—asked that I write him one so that he might contact the Armory Board to see what he could do in getting me to bid on the insurance, not the bond, sir.

(The letter referred to is as follows:)

EXHIBIT 24

JANUARY 25, 1960.

Mr. WILLIAM N. MCLEOD,
Old House Office Building,
Washington, D.C.

DEAR BILL: This letter will serve a double purpose. One is to renew old acquaintance and friendship of many years standing as fellow South Carolinians, and the other is to inform you of my desire to be placed on the list for consideration for any necessity in the field of general insurance and bonding in conjunction with the construction of the Municipal Stadium in the District of Columbia.

I have followed closely, with keen interest, the development and problems connected with the final passage of a stadium bill. Indeed, it has been an unusual pleasure to note that Mac and you were able to overcome all the local problems in the House, and that through a fellow South Carolinian in the Senate you were able to obtain final passage.

I am a direct agent, and agency, for the United States Fidelity & Guaranty Co. of Baltimore, Md., and, as such am able to issue all lines of insurance. This general insurance field includes surety bonds, and as the act requires a completion and performance bond as part of the contractual agreement for the construction, I should consider it a privilege in working with the Board and/or general contractor in placing this bond. General liability insurance, workmen's compensation, fire, extended coverage, and all other forms of insurance required by the act, can be completely serviced through this one outstanding company. At this point, I think it is appropriate to state that I maintain a nonresident broker's license in the District of Columbia. Also, I represent several other companies.

Due to the fact that I know you will be considering such questions as insurance and surety bonds in the near future, I shall appreciate anything that you may do in order that I may be placed in a position to meet the Board officers, or other personnel, in an effort to obtain this insurance coverage. My agency now has many large accounts, including one nationwide.

Very sincerely yours,

DON B. REYNOLDS,
President, Don Reynolds Associates, Inc.

Mr. McLENDON. Why was he interested in that?

Mr. REYNOLDS. I imagine it was because of the fact I had known Bill 15 or 20 years, and he knew that I was in business.

Mr. McLENDON. Had you promised to pay him?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. He wasn't working for a reward?

Mr. REYNOLDS. No, sir; as far as I know.

Mr. McLENDON. Or expectation of a reward?

Mr. REYNOLDS. Nor did we discuss it or imply it or otherwise, sir.

Mr. McLENDON. And this letter refers to experience of your company in writing bonds and different kinds of insurance?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And did you write it?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Who wrote it?

Mr. REYNOLDS. My new secretary, Mr. FitzGerald.

Mr. McLENDON. Your attorney?

Mr. REYNOLDS. Yes, sir. I didn't realize it until he clarified it.

Mr. McLENDON. What was the purpose of it again?

Mr. REYNOLDS. Mr. McLeod asked me that I should write him a letter so that he might present it to the Armory Board, sir, and get me in the position to compete, to submit bids for the insurance on the stadium.

Mr. McLENDON. Why was he interested in that?

Mr. REYNOLDS. Sir, you must ask him. I don't know. How do I know what Bill McLeod had in mind, sir? All I know, that I accepted Bill McLeod as a friend, sir.

Mr. McLENDON. That is the only explanation you can give for that letter?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. Did you ask Mr. McMillan to intercede on your behalf with the Armory Board?

Mr. REYNOLDS. I asked Mr. McMillan if he would introduce me to the necessary people to see if I could present a bid for the insurance on the stadium, sir.

Mr. McLENDON. And did he, in fact, invite you and Mr. Fields, a member of the Armory Board, to lunch?

Mr. REYNOLDS. I don't know any Mr. Fields.

Mr. McLENDON. Maybe I have the name wrong. Let me see.

Mr. REYNOLDS. I met a man named Mr. Reilly, sir.

Mr. McLENDON. Reilly; I am sorry; you are right. It is Reilly.

Senator CURTIS. Mr. Chairman, I was the one that suggested we run for some time. I overlooked the fact that this witness has been testifying since about 11 o'clock this morning, and I do not want to unduly influence the committee as to how long we should go, but if we are to go for some time, I suggest that maybe we ought to give the witness a 5-minute break.

The CHAIRMAN. Do you wish a 5-minute break?

Mr. REYNOLDS. I would like to be able to walk around a bit, sir. I am getting partially paralyzed.

The CHAIRMAN. All right; go ahead. We will recess for 5 minutes.

(At this point a short recess was taken.)

The CHAIRMAN. The committee will please come to order. We will resume our hearings and get through as soon as possible. Are you ready to proceed?

Mr. McLENDON. Mr. Reynolds, Mr. Reilly, a member of the Armory Board, testified before this committee that Mr. McMillan made an engagement for lunch with you and Mr. Reilly, and you did have lunch together. Do you remember that?

Mr. REYNOLDS. Yes, sir, with Mr. McMillan.

Mr. McLENDON. Was that at your request?

Mr. REYNOLDS. I do not remember, but I believe it was at Mr. McMillan's own thought. I do not know, sir.

Mr. McLENDON. And what was the purpose of the meeting?

Mr. REYNOLDS. To introduce me to one of the functional members, to the best of my knowledge, on the Armory Board, where at least he would know me as a person instead of a file number, sir.

Mr. McLENDON. And Mr. Reilly was the member of the Board who was appointed by the two chairmen, the chairman of the House committee and the chairman of the Senate committee, was he not?

Mr. REYNOLDS. I am not familiar with who appointed him, sir.

Mr. McLENDON. What did Mr. McMillan say to him?

Mr. REYNOLDS. The only thing that I remember is that he had known me since I was a young kid and from his district, and I was in the insurance business, and that I would like the opportunity to see if I could do a job compatible with their desires, et cetera, for the insurance on the District of Columbia Stadium, sir.

Mr. McLENDON. Did he have any interest in it except his interest in you personally?

Mr. REYNOLDS. Not to my knowledge, sir.

Mr. McLENDON. Have you and he been in the habit of doing favors for each other?

Mr. REYNOLDS. Only as normal friends would for each other, Major McLendon.

Mr. McLENDON. You bought a Cadillac automobile for him, didn't you?

Mr. REYNOLDS. With his money.

Mr. McLENDON. And he paid you back later?

Mr. REYNOLDS. He paid me back part at the time of delivery and part later, sir.

Mr. McLENDON. Do you know whether one of those checks that he gave you was dated long before—the one check that was produced was dated long before the transaction?

Mr. REYNOLDS. I don't remember. I think he told me he had so much money immediately, and that he would pay me in full soon after he got it, but he would tell me when he had adequate funds.

Mr. McLENDON. Did you feel under any obligation to compensate Mr. McMillan for his services in getting the stadium bill through?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Did you feel any obligation to McLeod to compensate him?

Mr. REYNOLDS. I felt that Bill had been the functional man, and that Bill had told me he had been trying to get the stadium bill through for years through Mr. Oren Harris or some such person, and that I had appreciated all the times I had gone to Bill McLeod to ask him to do personal favors for me, and the combination of these presented a composite picture as to why—that I gave McLeod the money, sir.

Mr. McLENDON. Would you say that the predominant motive on your part was to compensate him for his services in getting the bill through or as expression of gratitude for his past services?

Mr. REYNOLDS. I really don't know, sir, in a quick judgment, which is more important.

Mr. McLENDON. Well, you testified before under oath on this thing, and you asked permission to make a statement about McLeod, didn't you?

Mr. REYNOLDS. I think if you will read it, I did.

Mr. McLENDON. Let me read it to you.

Mr. REYNOLDS. All right, sir.

Mr. McLENDON. This was when you were being asked why you paid this man \$1,500. You said:

I have known Bill McLeod for maybe 20 years. We are from the same district in South Carolina, and many times in having known Bill, he has helped me to obtain tickets for sports events, for clients, myself, and on occasion I have asked him if he would help expedite some technical help for some person, not remotely connected with me or him, and a procedural thing, that is, time element, in the District of Columbia. So in a true sense the \$1,500 that was given to him as a compromise, sir, represented what I considered some sort of reward for his having tried to help me over a period of years, sir, when I was in no position to help people, to give him financial remuneration, sir, as well as his extensive effort, and in helping the bill go through the House.

Mr. REYNOLDS. That is still the truth, sir.

Mr. McLENDON. Is that the truth?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. How much of it would you say he had earned in getting the bill through the House?

Mr. REYNOLDS. I don't know any way to evaluate it, sir.

Mr. McLENDON. Did he ask you to pay him or did you voluntarily suggest it?

Mr. REYNOLDS. No; to the best of my recollection, sir, I said to Bill:

You have worked hard on it and you have helped me out many a time, and I have made some money out of it. I think it is time that I share with you in some of the funds that have come my way.

Mr. McLENDON. And did you suggest how the money would be paid?

Mr. REYNOLDS. No, sir; to the best of my knowledge he said, "I am a lawyer," and he said, "There is no reason I can't bill you for legal services," and he did. He billed me for legal services. He sent me the statement for two \$1,000 amounts, and I thought that was a little high, sir.

Mr. McLENDON. You thought that was too much?

Mr. REYNOLDS. Well, in my estimation I did, sir, and I said, "Well, how about a compromise on this thing?" So he said, "OK; I will accept \$500 for the final payment." I had previously paid him a thousand, sir.

Mr. McLENDON. Did you get advice from your auditor about that transaction?

Mr. REYNOLDS. I asked, I believe; I discussed with him about it, and he said to the best of my knowledge that I should take Bill McLeod's advice because Bill McLeod was a lawyer and he was not.

Mr. McLENDON. The auditor was not?

Mr. REYNOLDS. He was not a lawyer, sir.

Mr. McLENDON. And did you treat it as legal expenses?

Mr. REYNOLDS. I am sure that I did. I have not reexamined the record, but to the best of—

Mr. McLENDON. You mean in the face of all this investigation, you haven't looked back to see whether you claimed that as a tax-deductible item?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. And you can't tell the committee now?

Mr. REYNOLDS. No, sir, but your staff can.

Mr. McLENDON. No; I don't think they can.

Mr. REYNOLDS. I think they can, sir.

Mr. McLENDON. Why don't you tell us? You are the man who made the tax return.

Mr. REYNOLDS. Excuse me, sir. I do not truthfully know.

Mr. McLENDON. Why don't you know, Mr. Reynolds?

Mr. REYNOLDS. Because, sir, in the first place I don't have any tax returns, nor do I have the working sheets for the taxable year in which they were paid, sir.

Mr. McLENDON. Well, you don't contend that the Internal Revenue Service wouldn't permit you to see your own return, do you?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. You have been before the Service. You have made affidavits down there, and you and your counsel have conferred with them. You didn't ask them to show you your return, did you, and they refused?

Mr. REYNOLDS. I didn't think it was material or important enough. I thought that you already knew that I treated them as a business expense, sir.

Mr. McLENDON. So you haven't made any effort to produce the facts with respect to that transaction insofar as it related to your tax return?

Mr. REYNOLDS. Sir, the facts are self-evident in the record as previously given.

Mr. McLENDON. Well, I don't recall that you ever testified definitely that you deducted the payments to McLeod; did you?

Mr. REYNOLDS. Well, sir, have you read it recently?

Mr. McLENDON. I am asking you. Did you say that?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. You did?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. All right; we will leave it that way then. You are now saying you made a deduction of it?

Mr. REYNOLDS. That is right, sir, to the best of my knowledge.

Senator CURTIS. I think it is covered in the previous hearings, page 72:

Senator CURTIS. Was there any conversation about legal fees at the time you paid him the \$1,500?

Mr. REYNOLDS. There was a discussion as to how he could pick it up as income, sort of.

Senator CURTIS. How what?

Mr. REYNOLDS. How Mr. McLeod could pick it up as income and my books would show as a legal expense.

Senator CURTIS. And you treated it as an expense?

Mr. REYNOLDS. As a legal expense, sir.

Mr. McLENDON. There is a difference between that and what the return actually shows. Hand this to the reporter.

Senator CURTIS. You mean he didn't charge it off?

Mr. McLENDON. I am not absolutely sure. I don't want to answer that question because I am not an accountant. I haven't examined the return in detail.

Senator CURTIS. Who has the information?

Mr. McLENDON. Mr. Hugler has the information about it.

Senator CURTIS. Of this committee?

Mr. McLENDON. Yes. We will get to that. I want to offer in evidence now a copy of the subpoena and the exhibit attached to it served on Don Reynolds with his acceptance of service endorsed on the back of it.

(The subpoena and attached documents are as follows:)

EXHIBIT 25

UNITED STATES OF AMERICA
Congress of the United States

To Don B. Reynolds, individually, Don B. Reynolds, Officer and Agent of Don Reynolds Associates, Inc., a corporation

Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to ^{H.Q.A.} appear before the Committee on Rules and Administration ^{DSR} 151 DAY OF DECEMBER of the Senate of the United States, on the 19th day of November, 1964, at 10:00 o'clock a.m., at their committee room 305 old Senate Office Building, then and there to testify what you may know relative to the subject matters under consideration by said committee, and to bring with you and produce all of the books, records, and documents listed and described in Exhibit "A" attached to this subpoena and made a part hereof.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To W. Ellis Meehan

to serve and return.

Production of these records at the Committee's Office in Washington will be waived at this time if made available for inspection forthwith.

(Sgd.) B. Everett Jordan

Chairman, Committee on Rules and Administration

EXHIBIT "A"

1. The original retained carbon copy of a letter dated on or about September 14, 1960, addressed to Mr. Matthew H. McCloskey, 1621 Thompson Street, Philadelphia 21, Pennsylvania, and signed Don B. Reynolds; and all correspondence, letters, memoranda, and other documents received by Don B. Reynolds from McCloskey and Company, and copies of such documents addressed or delivered to McCloskey and Company or any officer or agent of said company by Don B. Reynolds during the years 1960 and 1961.

2. All correspondence, letters and memoranda received by Don B. Reynolds from William N. McLeod and copies of all such documents addressed or delivered to William N. McLeod by Don B. Reynolds during the years 1957 to 1963, inclusive, and specifically retained copy of a letter signed by Don B. Reynolds and addressed to Mr. William N. McLeod and dated January 25, 1960.

3. All memoranda, receipts, cancelled checks, or other documents showing the amounts and dates of payment of money by Don B. Reynolds to or for William N. McLeod or Congressman John L. McMillan during the years 1960 to 1963, inclusive.

4. All letters, receipts, cancelled checks and all other documents showing payments and delivery of money in cash or otherwise by Don B. Reynolds to Robert G. Baker or to anyone for him during the years 1960 to 1964, inclusive, except the documents identified and recorded in the testimony of Don B. Reynolds before the Senate Committee on Rules and Administration on January 9 and January 17, 1964.

5. Complete copies of all written statements, letters, affidavits, and other documents made to or delivered to Senator John J. Williams since January 1, 1964, by Don B. Reynolds or any other person and relating to matters under investigation by the Senate Committee on Rules and Administration pursuant to Senate Resolution 212 and Senate Resolution 367.

6. Copies of the corporate Federal Income Tax Returns filed by Don Reynolds Associates, Inc., for the fiscal years 1961 and 1962, and copies of the individual Federal Income Tax Returns filed by Don B. Reynolds and his wife, Geraldine Reynolds, for the years 1960, 1961, and 1962.

7. All memoranda, invoices, letters, worksheets and other documents showing an itemization and supporting the total income reported by Don Reynolds Associates, Inc., in its Federal Income Tax Returns for the fiscal years 1961 and 1962 and all memoranda, invoices, bills, worksheets, and other documents itemizing and supporting the total gross income reported by Don B. Reynolds and wife, Geraldine Reynolds, in their Federal joint income tax returns for the years 1960, 1961, and 1962.

8. All documents, books, records, memoranda, and worksheets delivered to Don B. Reynolds by M. L. Haft since August 18, 1964, relating to and containing information used in the preparation of the Federal Income Tax Returns of Don Reynolds, Associates, Inc., for the fiscal years 1961 and 1962, and the Federal individual income tax returns of Don B. Reynolds and wife, Geraldine Reynolds.

I hereby accept Service of this Subpna this 25th day of November 1964.

DON B. REYNOLDS.

Mr. McLENDON. Will you hand him exhibit 26 now, please? Did you furnish this exhibit 26 to Senator Williams?

Mr. REYNOLDS. I did, sir.

Mr. McLENDON. What is it?

Mr. REYNOLDS. It is a memorandum that was given to me by Bobby Baker in his office with the statement that he had accomplished what I had called about.

Mr. McLENDON. And where did you get it?

Mr. REYNOLDS. In Bobby's office, and he gave it to me, sir, and I inadvertently stuck it in my pocket in file 13, sir.

(The memorandum referred to is as follows:)

EXHIBIT 26

ROBERT G. BAKER

UNITED STATES SENATE

SECRETARY FOR THE MAJORITY

MEMORANDUM

Sept. 14—11.

Don Reynolds called about stadium bill. See if you can get the bill that passed the Senate (also passed the House) which now has a resolution attached to it passed today.

White House has assured that the bill will be signed.

Bible was to check with Morse this morning to see if he would approve.

Mr. McLENDON. The date at the top is so badly blurred that the reproduction doesn't show what it is. Would you help us about the date?

Mr. REYNOLDS. Well, sir, Mr. FitzGerald has the original on this, and I asked him for it. He said he thought it was in the portfolio he left in his car, because he does have the original. But I believe it is the same year; that is the same month that the stadium bill was passed, sir.

Mr. McLENDON. That would be in 1959, wouldn't it?

Mr. REYNOLDS. 1959, I believe, is right.

Mr. McLENDON. And this is a memorandum apparently made by Baker's secretary.

Mr. REYNOLDS. Mrs. Tucker.

Mr. McLENDON. Recording a telephone call from you?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And she passed it on to Baker?

Mr. REYNOLDS. Bobby, and Bobby told me that he had taken care of it.

Mr. McLENDON. And then you visited Baker's office, and he gave you a copy of it?

Mr. REYNOLDS. He said, "Here it is, Don. I have got your note, and I have taken care of it."

Mr. McLENDON. And it contains a statement that the White House has assured that the bill will be signed?

Mr. REYNOLDS. That is not my statement, sir.

Mr. McLENDON. I didn't say that. I said this statement says.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON (reading):

White House has assured that the bill will be signed.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And then it says "Bible." Who is that?

Mr. REYNOLDS. I don't know unless it is Senator Bible, of Nevada.

Mr. McLENDON. Chairman of the Senate committee?

Mr. REYNOLDS. I assume so, sir.

Mr. McLENDON. "Was to check with Morse." Who is Morse?

Mr. REYNOLDS. I don't know, sir. This is not my typing.

Mr. McLENDON. Didn't you talk to Baker about it?

Mr. REYNOLDS. No. He said:

I have taken care of it. It is all done. You don't have to worry. Here it is.

Mr. McLENDON. Didn't you have any curiosity to find out what this thing meant?

Mr. REYNOLDS. Sir, I only wanted the completed action, not the details.

Mr. McLENDON. Weren't you interested in what the man was doing?

Mr. REYNOLDS. No, sir, or how.

Mr. McLENDON. Why would you even read it then if you had so little interest in it?

Mr. REYNOLDS. Because he gave it to me, said, "I got your note," pulled this out, and "taken care of it."

Mr. McLENDON. Why did you keep it if it was valueless? Why did you keep it?

Mr. REYNOLDS. I cannot answer that truthfully except faith, sir.

Mr. McLENDON. Can you tell the committee whether you did in fact on that date call Baker about the stadium bill?

Mr. REYNOLDS. I cannot verify that on that date I did, but I could believe that I had called him, sir.

Mr. McLENDON. Well, if you saw Baker and he gave you this memorandum—

Mr. REYNOLDS. He told me to come to his office—

Mr. McLENDON. Wait a minute, Mr. Reynolds, please.

Mr. REYNOLDS. I am sorry, sir.

Mr. McLENDON. If you saw Baker on that day and he gave you the copy of the memorandum, wouldn't that refresh your recollection as to whether you called him by phone as this memorandum purports to say?

Mr. REYNOLDS. I would believe that I called and Bobby was busy and I spoke with Mrs. Tucker, his secretary, and I asked her to relay the message to Bobby. Subsequent to that time Bobby called me and told me to drop by the office.

Mr. McLENDON. What was the message you gave to his secretary to relay to Bobby?

Mr. REYNOLDS. I don't know. It must be this, sir.

Mr. McLENDON. Can't you recall it?

Mr. REYNOLDS. No, sir. How can I remember insignificant details?

Mr. McLENDON. How could you remember the memorandum if you didn't remember?

Mr. REYNOLDS. I found it, sir.

Mr. McLENDON. What was the purpose of your telephone call?

Mr. REYNOLDS. Well, I think it is pretty obvious that something had gotten bogged down in a parliamentary procedure. I don't know, sir.

Mr. McLENDON. Was there something bogged down?

Mr. REYNOLDS. I cannot answer that, either.

Mr. McLENDON. And you were the generalissimo and you were calling Bobby to get it straightened out; is that what you mean?

Mr. REYNOLDS. No; I knew Bobby had a lot of pressure, sir.

Mr. McLendon. President Eisenhower was here then, wasn't he?

Mr. REYNOLDS. To the best of my knowledge, certainly.

Mr. McLendon. Who gave the information that the White House had assured that the bill would be signed?

Mr. REYNOLDS. You will have to ask Mrs. Tucker or Mr. Baker. I do not know, sir.

Mr. McLendon. Is this the best explanation you can make of this document?

Mr. REYNOLDS. Yes, sir. I have no knowledge of who makes this statement.

Mr. McLendon. Why did you think it was significant enough to give Senator Williams?

Mr. REYNOLDS. I just gave him a whole bunch of papers I had, and at the moment I wasn't even sure I had given it to him or it was there, sir.

Mr. McLendon. Can you tell us the day, the first day that you told Senator Williams about the \$109,000 check?

Mr. REYNOLDS. You mean the exact amount, sir, or the overpayment?

Mr. McLendon. The date that you told him about the \$109,000 check?

Mr. REYNOLDS. No, sir.

Mr. McLendon. Can you tell the month?

Mr. REYNOLDS. No, sir.

Mr. McLendon. Can you tell whether it was before or after September 1?

Mr. REYNOLDS. No.

Mr. McLendon. 1964?

Mr. REYNOLDS. I cannot, sir.

Mr. McLendon. You have no idea about when it was?

Mr. REYNOLDS. I have no time fixed in my mind. It has all been a nightmare.

Mr. McLendon. All a nightmare? Is it still a nightmare?

Mr. REYNOLDS. Well, part of it.

Mr. McLendon. And most of the things you have been testifying to today is a nightmare?

Mr. REYNOLDS. No, sir.

Mr. McLendon. Well, how do you separate the nightmares from the rest of it?

Mr. REYNOLDS. From the pressures brought on you by harassment, sir.

Mr. McLendon. I see. When you are harassed it is a nightmare?

Mr. REYNOLDS. Yes.

Mr. McLendon. And when you are not harassed—

Mr. REYNOLDS. And when you are out in God's sunshine you feel a little better.

Mr. McLendon. And God's sunshine doesn't deter you at all on occasion from saying what you are saying. Well, let it go.

Mr. Reynolds, in connection with this insurance that you sold to the LBJ Co. insuring the life of Senator Johnson, you stated that when the television advertising time was first mentioned to you, the insurance policies had all been delivered and premiums paid; is that a correct statement?

Mr. REYNOLDS. I believe this is fundamentally correct, sir.

Mr. McLENDON. And you have stated that you were fuzzyminded about whether Baker or Walter Jenkins first mentioned it to you, but did recall that, in response to a telephone call, you did talk to Jenkins; is that correct?

Mr. REYNOLDS. I went to his office.

Mr. McLENDON. Wait a minute; let me get the first part. Are you fuzzy about which one of them first mentioned advertising time?

Mr. REYNOLDS. Major McLendon, I never inferred directly or intimated that Bobby Baker discussed television advertising time with me under any circumstances, sir.

Mr. McLENDON. So if it appears in your testimony, why, that is erroneous. You didn't intend to say that.

Mr. REYNOLDS. To the best of my knowledge this is correct, sir.

Mr. McLENDON. All right. Now was it after you delivered and collected the premium on the second policy that Jenkins first spoke to you?

Mr. REYNOLDS. I can say this to you, sir. Before the policy, any policy was ever issued, a check accompanied the application. They would not take it without it, sir.

Mr. McLENDON. Without what?

Mr. REYNOLDS. Without a check for the full premium at the time of the application, sir.

Mr. McLENDON. You are not answering my question.

Mr. REYNOLDS. I am trying to tell you, sir, that at the time of the application I had not discussed any payment of television advertising time with anyone, sir.

Mr. McLENDON. You have already answered the question that you first talked about the television time after the policy was issued and the premium paid. You stick to that, do you not?

Mr. REYNOLDS. After I had delivered the policy to Mr. Johnson on the Senate floor, sir.

Mr. McLENDON. Will you tell us one more time to whom you talked?

Mr. REYNOLDS. Mr. Walter Jenkins.

Mr. McLENDON. And what did he say to you? Now this is the first time he had ever mentioned television, isn't it?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. You have just said that you had sold the policy and the premium had been completed?

Mr. REYNOLDS. Timewise, Major McLendon, we have got to get this, in my mind I have got to fix the time. Walter Jenkins had called—I had many times on the medical requirements on the then Senator Johnson. I had been to Walter's office; I had been to the doctors at the Naval Medical Center and all different places, and to the best of my knowledge at no point along the line was any question. They were very intent on obtaining the coverage, and thank goodness I was able to come up with it, and to the best of my knowledge after I had delivered the policy to the then Senator Johnson, after Bobby Baker had called me from the Senate floor, sometime subsequent to that, sir, the question—

Mr. McLENDON. When he first mentioned it to you?

Mr. REYNOLDS. To the best of my knowledge.

Mr. McLENDON. Tell us what you heard. Use his words if you know them.

Mr. REYNOLDS. He showed me some letters, a whole folder of letters dealing, I assume, with Senator Johnson, sir, and said:

We have a letter here from Mr. Baines, who is the nephew or the cousin or some relationship of Senator Johnson—

And had he written it he had agreed to buy so much advertising time here. "What can you do?"

Mr. McLENDON. What did you say?

Mr. REYNOLDS. I said:

I don't need any advertising time in Texas. What could I do with it?

Mr. McLENDON. At that point you were under no compulsion to buy it, were you?

Mr. REYNOLDS. Compulsion or coercion, sir?

Mr. McLENDON. Either one; were you under any compulsion or coercion? You sold the policy, delivered it, collected the premium. Were you under any coercion or compulsion to buy the advertising time?

Mr. REYNOLDS. I felt that pressure was being applied to me to buy it, sir.

Mr. McLENDON. Was pressure applied to you?

Mr. REYNOLDS. Yes, sir; he stated I had to go ahead and show some good faith.

Mr. McLENDON. That is the first time you have ever said that. That is three times you have testified under oath. You have never said that before, have you?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. Let's finish it now. You say that Jenkins told you that you had to buy this time.

Mr. REYNOLDS. He said that I "should" buy it, I think is the word.

Mr. McLENDON. Should?

Mr. REYNOLDS. Yes, sir.

Mr. McLENDON. OK. And you—

Mr. REYNOLDS. Because, had it been sold in Austin through his cousin, et cetera, they would have bought so many thousand dollars worth of advertising time, sir.

Mr. McLENDON. I return to the question: Did that statement put you under compulsion to buy it?

Mr. REYNOLDS. The compulsion was in Walter Jenkins' personality, sir.

Mr. McLENDON. It was his personality and not what he said?

Mr. REYNOLDS. The personality and the words, sir.

Mr. McLENDON. So you are in error in having said that you were compelled to buy it, aren't you?

Mr. REYNOLDS. I beg your pardon, sir?

Mr. McLENDON. I say you were in error in having said that you were compelled to buy it?

Mr. REYNOLDS. I felt that it was expected of me, Major McLendon.

Mr. McLENDON. Even if it was expected, you were free, 21 years old, and an experienced insurance man. You knew you were under no legal obligation to buy it, did you not?

Mr. REYNOLDS. Legally not, sir.

Mr. McLENDON. Under no moral obligation to buy it, were you?

Mr. REYNOLDS. I questioned whether he felt that I was under a moral obligation.

Mr. McLENDON. I am talking about you.

Mr. REYNOLDS. I don't know what I thought.

Mr. McLENDON. Were you under any moral obligation?

Mr. REYNOLDS. Moral suasion.

Mr. McLENDON. What is the difference between suasion and obligation?

Mr. REYNOLDS. I don't know, sir.

Mr. McLENDON. You don't know that one. Now didn't you voluntarily state, when you testified before, that your primary motive in buying the advertising time was to establish good will so that if there should be any additional insurance, they would have you in mind. Isn't that what you said?

Mr. REYNOLDS. No. I said that I hoped as a result of my purchasing, showing my good intentions, going to the extent of having Mr. Young to go all the way to Texas to put on the show, that I intended to try to do something to reciprocate and hoped I could get future business.

Mr. McLENDON. I wish you would stick to the point I am trying to get you to testify to, please.

Senator CURTIS. May I ask a question? I have looked up what you said before. It isn't what Mr. McLendon would have the public believe. Now, if they took the insurance away from you and continued with Mr. Baines' company, even though you had received your commission on the original premium, you would be at a loss on certain renewal commissions, wouldn't you?

Mr. REYNOLDS. I don't believe they could change it without the company's permission, and I don't think the company would have done so.

Senator CURTIS. Now here is the testimony:

Senator CURTIS. Well now, did you buy this advertising time to advertise your insurance business?

Mr. REYNOLDS. No, sir.

Senator CURTIS. Why did you buy it?

Mr. REYNOLDS. Because it was expected of me.

Senator CURTIS. Who conveyed that thought to you?

Mr. REYNOLDS. Mr. Walter Jenkins, sir.

Senator CURTIS. Where?

Mr. REYNOLDS. In his office, sir.

Senator CURTIS. Anybody else present?

Mr. REYNOLDS. I don't believe I ever spoke with Walter in the presence of anyone else, sir.

Now I would like to ask the chairman what day he expects Mr. Walter Jenkins to appear as a witness.

The CHAIRMAN. I don't know. That will be a matter we will have to discuss with the full committee.

Senator CURTIS. We have had considerable discussion for several years; months, rather.

The CHAIRMAN. That will be a matter for the committee to decide, and it will be decided by the committee, and you will have a vote in it. You have always voted.

Senator CURTIS. Oh, yes; and you have always voted me down, 6 to 3, on that one. I suggest right now that before the counsel continues to sandbag the witness, trying to imply that he is not telling the truth on this, that we call Mr. Jenkins.

Mr. McLENDON. I am not trying to imply anything. I am trying my best to get the truth out of this witness.

Senator CURTIS. Oh, no. You know what you are doing.

Mr. McLENDON. That is a difference of opinion. You were asked this question by Senator Curtis:

Well, when I asked you who brought up this question of buying television or radio time you said you did not know.

Mr. REYNOLDS. That is right, sir.

Senator CURTIS. Well, did Baker?

Mr. REYNOLDS. Sir, I am not completely—it is fuzzy in my mind, whether a call from Mr. Jenkins' office or from Bobby—but one of the two brought it up, sir.

That is on page 107.

Mr. REYNOLDS. That was further testimony, sir, which showed that I knew beyond a reasonable doubt. It is difficult to remember the exact circumstances.

Mr. McLENDON. I am not so much interested in which ones you are talking about. I am interested in this expression you used that you were "compelled." That is a very strong word, that you were "expected," and you were "forced," and words of that kind. I believe you testified now that you were under neither legal nor moral obligation to buy.

Mr. REYNOLDS. Except the feeling that I felt inside, sir.

Mr. McLENDON. And it is a fact that after you sold the second policy, Mr. Johnson did come back in the market for another policy, did he not?

Mr. REYNOLDS. Later, a couple of years.

Mr. McLENDON. A couple of years.

Mr. REYNOLDS. Maybe 3 or 4.

Mr. McLENDON. And you tried to sell that policy, didn't you?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Sir?

Mr. REYNOLDS. No, sir.

Mr. McLENDON. Didn't you solicit—wait a minute—didn't you solicit several representatives of several companies to let you work with them, sort of a team, in selling this policy to Mr. Johnson?

Mr. REYNOLDS. Are you talking about the second hundred thousand?

Mr. McLENDON. Or the third policy.

Mr. REYNOLDS. There were two fifties, and the third would have been the \$100,000 annual renewal.

Mr. McLENDON. There was another hundred thousand bought later, wasn't there?

Mr. REYNOLDS. Not to my knowledge; only \$200,000 total, sir.

Mr. McLENDON. You mean he didn't buy any more after the \$200,000?

Mr. REYNOLDS. Not to my knowledge, sir.

Mr. McLENDON. You have no knowledge of that?

Mr. REYNOLDS. No.

Mr. McLENDON. And so this conversation that you had with Jenkins then occurred after all of the insurance that Johnson bought was bought and paid for?

Mr. REYNOLDS. No, sir; after the two fifties had been bought and paid for, because the \$100,000 annual renewal terms to the best of my knowledge was not purchased until Mr. Johnson was Vice President, sir.

Mr. McLENDON. I want to ask you about this statement which appears on page 111. Senator Curtis asked you this question:

And this arrangement—

Referring to this overcharge on the bond—
was made when several people were at Mr. Robert Baker's office?

Your answer:

Mr. REYNOLDS. I think the arrangement was made, sir, not in the presence of our being there at all. I think the question—whatever arrangements were made, sir, for the purchase of the bond, were not made in the presence of that little meeting, sir, at all.

I think it was Mr. McCloskey agreed to it directly with Mr. Baker, sir. I must assume that, sir, because I have no knowledge.

Now this refers to the bond and bill for \$73,000, and you testified you had no knowledge of the arrangements about that?

Mr. REYNOLDS. I stated at this meeting, if you will read the terminology, sir, at the meeting in Mr. Baker's office; I had no reference to a prior meeting. It was never mentioned, sir.

Mr. McLENDON. But you said you had no knowledge.

Mr. REYNOLDS. We are still talking about the meeting, sir. I might have knowledge of events far removed from this scene of one thing, and you don't connect them unless someone asks you.

Mr. McLENDON. But your language is that:

Whatever the arrangements were made, sir, for the purchase of the bond, were not made in the presence of that little meeting, sir, at all.

I think it was Mr. McCloskey agreed to it directly with Mr. Baker, sir. I must assume that, sir, because I have no knowledge.

Mr. REYNOLDS. At that meeting, sir; that is right.

Mr. McLENDON. You want to leave it that way?

Mr. REYNOLDS. In other words, maybe my English is so poor I can't express myself, sir. I make no excuse for it. I just don't know how to express it.

Mr. McLENDON. That is all, I think.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. I have asked several questions. I want to say something further if they have no questions.

The CHAIRMAN. Do you have any questions?

Senator PELL. I have a couple of small questions here. I was struck, Mr. Reynolds, by your statement that in your business you tended to overstate your income and understate your expenses. That must be welcome news to Uncle Sam, if all our taxpayers did that. I was wondering what you thought was the amount that you tended to overstate and understate.

Mr. REYNOLDS. I do not know, sir. For example, I never took off for personal entertainment for clients or whether it was on my farm or whether it was on the boat or different places. I made no deductions or claimed any, sir, such items as this.

Senator PELL. For instance, the stereo sets that you gave to Senator Johnson; you did not deduct that?

Mr. REYNOLDS. That is correct, sir.

Senator PELL. But as a general rule would you say you inflated your income by 5 percent, 25 percent, or 50 percent?

Mr. REYNOLDS. Senator, I really have no judgment as to what percentage, but I know that my accountant always said to me it is easier to keep the record clean to overestimate your income and to underestimate the expenses, sir.

Senator PELL. As you also pointed out, it would have perhaps a favorable effect on the selling price of the business as well.

Mr. REYNOLDS. Well, this I think was secondary because I think all businessmen want to keep their record as clean as they should in a business transaction, sir.

Senator PELL. I remember, too, from the hearings that you were at last year which were released to the public, that in your business, as I understand it, there is a rather stern attitude with regard to rebates and commissions of that sort. I was wondering if, as the result of this very frank testimony you have given us today, and the testimony that was put in the record last time, your industry had taken any steps to censure you?

Mr. REYNOLDS. Yes; I might say that it has, sir. I have suffered financially, emotionally, but the worst part of it is injuring my wife.

Senator PELL. Do you still have your license as an insurance broker?

Mr. REYNOLDS. Yes, sir.

Senator PELL. In spite of this question of rebates?

Mr. REYNOLDS. Yes, sir.

Senator PELL. I am struck. There is another question in my mind, the question of whether there is \$109,000 or \$73,000. Can you possibly recall when you first drew this to the attention of anybody besides yourself, the month or season of the year?

Mr. REYNOLDS. No, sir, except Baker was the one who first directed my attention to it after the things hit the fan in this case, sir.

Senator PELL. But you cannot recall the season of the year when it was first mentioned—

Mr. REYNOLDS. No; I have no time elements in which I can associate it with, to say it was autumn or spring or what the date was. I do not know, sir.

Senator PELL. I find that difficult to comprehend because your memory is very specific on various points, and really in probing into your memory you cannot recall when you first mentioned this to Senator Williams or anybody else?

Mr. REYNOLDS. No, sir; I remember when I went to Senator Williams and I felt that I had found a man in whom I could have implicit faith to elicit the entire truth. I made mention to him that there was an overpayment. When I do not remember, or where, even for sure but I would believe it was in his own office.

Senator PELL. Maybe Senator Williams could remember the day. Do you, sir?

Senator WILLIAMS. I have told you the best that I know the sequence, and I have apologized once for not having been able to develop this for you earlier. I do say this: If the committee had been half as interested in it as I was it would have had this information last March because you would have called Mr. McCloskey at the time I suggested. If you are trying to pin down the exact date where I got that check, that is not going to be told.

Senator PELL. I am trying to find out was it before we closed the hearings or after.

Senator WILLIAMS. In March I had a suspicion only that it was. I had not developed as to whether it was any particular amount. I don't think that Mr. Reynolds had told me too much, because at the time I had testified to you, I told you the best that I knew, and I knew nothing about the \$73,000. That was in October. Then in March I was suspicious of it, and I began questioning Mr. Reynolds further. I relayed that suspicion to the committee. You recognized it to the extent that you went to the trouble to get Mr. McCloskey's statement over the telephone. I joined with the other members of the committee, although I was not a member of the committee, saying you should have gotten Mr. McCloskey's statement under oath. But anyway you didn't.

Then in March—I mean you filed your final statement—the committee adjourned and made its final report on July 8. July 22 and somewhere between the 8th and the 27th—and I am just saying the first part of the month I had established in my own mind that I was convinced there was an overpayment of some size. I did not know the exact amount. Mr. Reynolds was unable to tell me, although he confirmed the fact that there was an overpayment. You couldn't move on that because you had to have the proof. That was the basis of my colloquy with Senator Jordan on the floor when I strongly urged and pleaded that you get that check to see if it was the exact amount. That was not an idle statement that I made at the time. I had a reason for that statement. I mentioned that to some of the members of the committee off the floor and urged it.

It was later—I don't have the exact date; I can give it to you from the office if you want it—that I did obtain this check; and I called Mr. Reynolds as soon as I could locate him. I called him and told him that I had located his check and that I wanted to confer with him again, and I don't know whether it was the next day or soon thereafter he came to my office. Out of that discussion developed the statement which I put in the record and the statement which I made in the record sometime in September. Now, again, perhaps it should have been developed sooner on my part. Perhaps it should have been developed sooner on your part. But the point is that it is developed; and rather than go back and look and debate how we got the information, you have the check now. You have the bill. You have the evidence and the statement of Mr. Reynolds here that there is an overpayment.

Let's find out from the other witnesses, Mr. McCloskey and Mr. Baker and Mr. Reynolds—we have Mr. Reynolds—Mr. McLeod and the others, and get their side of this story as to what they say happened about the \$35,000. I think that is the way we should move.

Senator PELL. I think that is exactly the direction that we will be going tomorrow and the next day.

Senator CURTIS. May I ask at this point—I direct this to our general counsel—when did any member of this staff, when was the date that they made an attempt to get this check from the McCloskey Co.?

Mr. McLENDON. In September, after Senator Williams spoke of it on the floor of the Senate; on September 1.

Senator CURTIS. Oh, no; that was after he had the check and put it in the record.

Mr. McLENDON. That was when he first disclosed he had the check; September 1, 1964.

Senator CURTIS. When did you first suggest they get the check?

Senator WILLIAMS. I suggested July 27, but I think the counsel is right. They made no effort to get this check until after I had produced it, and then they did make an effort to see whether or not I knew what I was talking about.

The CHAIRMAN. We didn't know where to go to hunt the check. You said you had given us all the documents you had.

Senator CURTIS. You can get the check from Mr. McCloskey.

Senator WILLIAMS. It is very easy to get the check. Mr. McCloskey had the check. You have the check and you can get the evidence. If I can get you some more I am going to cooperate. I believe in helping, I assure you.

Mr. McLENDON. It took a long time for you to help, because you swore when you appeared before the committee that as fast as you got information you would pass it on. You never communicated with the committee until September 1, when you made the statement.

Senator CURTIS. Mr. Chairman, I have sat here all day and heard the general counsel sandbag the witness, and now a Senator is on trial, when he is not even a member of this committee and not charged with investigating, and you are.

Mr. McLENDON. He ought to be on trial if he tells a misstatement.

Senator CURTIS. You ought to be on trial.

Mr. McLENDON. All right; put me on trial.

Senator CURTIS. You have resisted this investigation, and you know it.

Mr. McLENDON. I have not.

Senator CURTIS. You have.

Mr. McLENDON. I have not.

Senator CURTIS. The record is there; the record is there. You have called Senators down when they have asked questions. You have collaborated with the majority when they voted against calling the minority's witnesses, and it is a matter of record. And I resent your sandbagging a colleague.

Senator WILLIAMS. I don't—

Senator CURTIS. I want to ask you a question, Mr. Reynolds.

Senator PELL. May I just finish up? I have the floor.

Senator CURTIS. Thank you.

Senator PELL. I don't mean to sandbag the witness, but there have been statements in the press concerning your credibility as a witness, and I was wondering if you had any comments, there being allegations made in the press that your departure from the State Department or the military—I forget the order—were not entirely at your own volition. I wondered if you wanted to enlarge on that or if you felt the stories were inaccurate.

Mr. REYNOLDS. I have no statement to make regarding it. The record stands for itself, but a literary prostitute is not a good source for information.

Senator PELL. And you departed from the military and from the Foreign Service under your own steam completely?

Mr. REYNOLDS. I was never discharged dishonorably, to the best of my knowledge and belief, from either place, sir.

Senator CURTIS. Mr. Chairman, if Senator Pell wants to go into the matters discussed this morning at this morning's executive session, I will insist on the right to cross-examine on all issues.

Senator PELL. No.

The CHAIRMAN. Now, just a minute; before you start there, I want to say just one thing, which I think I have a right to say.

Senator CURTIS. Surely.

The CHAIRMAN. You questioned all the Democrats on the committee, and I want to say to you, sir, before this television audience and before these newspapers here, that the Democrats on this committee are just as honorable as the three minority members, and they have not done anything dishonorable, nothing, and they have not refrained from keeping you informed of every single bit of information that has come to them. It is true we didn't call every witness that you proposed; that is true; there is no question about that.

Senator WILLIAMS. Well, Mr. Chairman, as one who is not a member of the committee, I want the record to show that I have a great respect for all of you, and I am going to continue to help you.

Senator PELL. We welcome you as an honorary member.

Senator CURTIS. Is Mr. Young, who purchased the time in Texas, does he still live in this area?

Mr. REYNOLDS. Yes; I believe he does, sir.

Senator CURTIS. I am sure the chairman will insist upon calling Mr. Walter Jenkins as a witness. So far as you know, will Mr. Young be available to tell again about, be cross-examined again about, this telephone conversation?

Mr. REYNOLDS. I feel sure he would not object to that, sir. I will make an effort to contact him.

Senator CURTIS. I do not want you to relate what was stated in executive session this morning, but there was an executive session at which you testified, and it was agreed that we would go ahead today with the public hearing as planned involving the stadium and your previous testimony, any reference to your previous testimony. There were matters brought up this morning that the committee must go into in order to discharge their duty. Will you return and testify if requested?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. In public session?

Mr. REYNOLDS. Yes, sir.

Senator CURTIS. Thank you very much. That is all, Mr. Chairman.

The CHAIRMAN. Do you have any further questions?

Senator WILLIAMS. No.

The CHAIRMAN. Do you have any further questions?

Mr. McLENDON. No further questions.

The CHAIRMAN. Thank you very much, gentlemen. We will recess to meet tomorrow morning at 10 o'clock at the same place.

(Whereupon, at 6:40 p.m., the committee recessed to reconvene at 10 a.m., on Wednesday, December 2, 1964.)





